

Holbrook Academy
(A Company Limited by Guarantee)



Annual Report and Financial Statements
For the year 1 September 2015 to 31 August 2016

Company Registration Number:
07654882 (England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS

Governors (Trustees and Members) G Anstee-Parry (Resigned 20 June 2016)
I Bowell (Resigned 31 December 2015)
H Caston (Appointed 1 January 2016)
J Crabtree
L Cullen
R Edgell (Resigned 30 November 2015)
C Graham
J Hazlewood
R Lay
S Letman (Ex Officio)
A Marr (Chair of Governors)
D Marsh
M Offord (Appointed 1 January 2016)
M Pawlewski
F Rolfe
M Slattery
I Williamson (Resigned 12 July 2016)

Company Secretary S Beazley

Senior Leadership Team:

▪ Headteacher & Accounting Officer	S Letman
▪ Deputy Headteacher	N Shelley
▪ Assistant Headteacher	P Hart

Registered Office Ipswich Road
Holbrook
Ipswich
Suffolk
IP9 2QX

Company Registration Number 07654882 (England and Wales)

Independent Auditor Izod Bassett
105 High Street
Needham Market
Suffolk
IP6 8DQ

Bankers HSBC
12 Tavern Street
Ipswich
Suffolk
IP1 3AZ

REPORT OF THE GOVERNORS

INTRODUCTION

The Governors, (who are Governors under the Academies Act 2010, Trustees under the Charities Act 2011 and Directors under the Companies Act 2006), present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2015 to 31 August 2016. The annual report serves the purpose of both a trustees' report under charity law and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies on pages 21 - 23 of the attached financial statements, and comply with the Charitable Company's Memorandum and Articles of Association, the Companies Act 2006 and the requirements of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Charities SORP 2015 and the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area south of Ipswich. It has a pupil capacity of 600 and had a roll of 458 in the school census on 6 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Holbrook Academy, hereafter referred to as the Academy, is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association dated 1 June 2011 are the prime governing documents of Academy.

The Governors act as trustees for the charitable activities of the Academy and are also directors of the Charitable Company for the purposes of company law. Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

The name of the Charitable Company was changed at Companies House to Holbrook Academy with effect from 12 August 2013.

Members' Liability

The liability of the members of the Charitable Company is limited. 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.

Subject to the provisions of the Companies Act 2006, every Governor or other officer or auditor of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy.

Governors' Indemnities (Companies Act 2006 s236)

There were no provisions required for third party indemnity.

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.

REPORT OF THE GOVERNORS (continued)

Principal Activities

The Academy's object, as set out in its Articles of Association, is

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum;
- b) to promote for the benefit of the inhabitants of Holbrook and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Method of Recruitment and Appointment or Election of Governors

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Academy deed. The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any Governor shall be four years, save that this time limit shall not apply to either the Headteacher or Staff Governors, who shall hold office for so long as he/she continues to be employed as a teacher or member of support staff. Subject to remaining eligible to be a particular type of Governor, any Governor may be reappointed or re-elected. The Governors who were in office at 31 August 2016 and who served during the year are listed on page 2.

Policies and Procedures adopted for the Induction and Training of Governors

The training and induction provided for new Governors will depend on their existing experience.

Where necessary induction will include training on educational, legal and financial matters. All new Governors will be given the opportunity of a tour of the Academy, have the chance to meet with staff and students and be provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents they need to undertake their role as Governors. As there is expected to be only a small number of new Governors a year, induction will be carried out informally and will be tailored specifically to the individual.

Organisational Structure

The new Academy was set up with a management structure to support the Education Brief. The Academy's organisational structure consists of two levels: the Governors and the Senior Leadership Team.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring its financial and operational performance and making strategic decisions about the direction of the Academy, approving major items of expenditure and making senior staff appointments.

The Committee structure comprises the Finance and Personnel Committee and the Quality and Monitoring Committee. Each Committee meets twice a term. During the course of the 2015-16 academic year the full Governing Body formally met 5 times.

The Governors have approved a scheme of financial delegation which clearly sets out the level of financial authority delegated to the Headteacher during the year.

REPORT OF THE GOVERNORS (continued)

The Senior Leadership Team (SLT) included the Headteacher, Deputy Headteacher, and Assistant Headteacher (Learning and Progress). Together with Senior Teachers linked to faculties, the SLT are responsible for day to day operation of the Academy, in particular organising the teaching staff, students and resources.

Arrangements for setting pay and remuneration of key management personnel

Governors review the Appraisal and Pay Policy annually. Pay scales for teachers are based on STRB (School Teachers Pay and Conditions document). Pay scales for support staff are based on Suffolk County Council's Single Status Agreement and local pay and grading arrangements.

Annual pay progression is not automatic. It will only be considered where staff have met the expectations described in the Pay Policy and the school's Appraisal Policy and through their appraisal process, and will be subject to the maximums of the employee's relevant pay range/grade/grade mid-point and the governing body's annual decision making processes.

Assessment of performance is based on evidence from a range of sources, as described in the school's Appraisal Policy. Although the school will establish a firm evidence base in relation to the performance of all employees, there is a responsibility on the individual and their appraiser to work together. Employees should gather any evidence that they deem is appropriate in relation to their objectives and other relevant criteria (e.g. the Teachers' Standards and criteria to be paid on Upper Pay Range), so that such evidence can be taken into account at the performance review. Appraisal objectives will become more challenging as staff progress up their pay range/grade.

Connected Organisations

The Academy purchased services from Suffolk County Council, under normal business arrangements.

Related Party Relationships

The Academy purchased careers advice for students from an organisation called Career Directions. The advisor is Mrs Sarah Pawlewski, the wife of one of the governors, Mr M Pawlewski. An exercise was done to check availability and cost of similar services and it was determined that this service was the best in terms of price and quality. The value of the transactions during 2015-16 totalled £455 excluding VAT. The Academy also purchased the services of Anthony Cullen for his photographic expertise to offer enrichment classes to the students during 2015-16. Mr Cullen is the husband of Mrs L Cullen, one of the governors. A value for money exercise was undertaken. The value of transactions during 2015-16 totalled £1,000.

The Academy employs a member of staff, Mrs J Howell who is also the wife of one of the governors, Mr Ian Howell. She was employed at the Academy from 9 January 2006, before the governor was appointed on 2 December 2011. Mr Howell resigned as a Governor with effect from 31 December 2015.

The Academy employs a member of staff, Miss Sarah Caldwell who is also the partner of one of the governors, Mr Dave Marsh. She was employed at the Academy from 1 May 2015, before the governor was appointed on 15 June 2015.

Risk Management

During the course of 2015-16, the Academy considered its risk management arrangements. The Strategic Risk Register was updated and is scheduled for review on a regular basis. The Strategic Risk Register seeks to both identify the likelihood of a risk occurring, its impact and actions that are being taken to mitigate the risk. Risks included on the Register are varied but include educational risks such as the Academy not achieving the targeted student exam results, not achieving an increase in student numbers, a poor Ofsted inspection result and an inability to improve and maintain parental and wider community support. In addition, the register records the risks associated with major incidents, ICT system failures, failure to deliver its planned building project on time and several financial and operational risks, including budgetary risks and health and safety and safeguarding of

REPORT OF THE GOVERNORS (continued)

student risks. Some significant financial risks such as public and employee liability are covered by insurance.

The Academy operates systems of internal financial control and checks which are examined periodically by the Academy's auditor and by internal and independent professional reviews. Schools Choice completed 2 independent professional reviews on 20th April 2016 and 29th June 2016 more visits are scheduled for 2016-17.

OBJECTIVES AND ACTIVITIES

Aims and Objectives of the Academy

The Academy objectives are set out in its Articles of Association and referred to on page 4. In summary it is to establish, maintain, manage and develop a school offering a broad curriculum and to provide community facilities.

In accordance with the Articles of Association, the Academy has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which students are drawn, and that the curriculum should comply with the substance of the National Curriculum with an emphasis on English and Mathematics.

Objectives, Strategies and Activities

The Academy has a vision to produce young people with exemplary attitudes who will make a positive contribution to the community in which they live and to the wider world in the future. Our aim is that everybody can be somebody. The Academy has the ambition to become the educational hub to serve the local community.

The stated purpose of the Academy is to ensure that children learn for life by providing a distinctive educational experience and helping them to search for the qualities which will help them to stand out from the crowd. The Academy has a commitment to relentlessly focus on pupil achievement and the quality of provision in all areas. This will be achieved by continually improving teaching and learning and providing the best possible opportunities for all children to do the best they can.

A key objective is that examination results will improve so that all students will maximise their full potential.

The Academy's Improvement Plan is reviewed six times a year at meetings of the Governing Body.

Public Benefit

The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

STRATEGIC REPORT

Achievements and Performance

The Academy had another very strong year in terms of the progress and outcomes of students. A full Ofsted inspection conducted in October 2015 concluded that the Academy was 'Good' in all areas. Inspectors noted that standards and achievement at the Academy had risen rapidly in recent years and that pupils make good progress and are served well by the Academy.

The results on the Ofsted 'Parent View' website continued to improve over the year. 97% of parents who completed the survey stated that their children were happy and safe at school, which was the same percentage as the previous year. A similarly high proportion still felt their children were making good progress and that the Academy was well led and managed.

REPORT OF THE GOVERNORS (continued)

Students' face-value results in 2015-16 matched the previous year, with 69% of Year 11 students achieving 5 or more A*-C grades including English and maths. This is now a defunct performance measure. 73% of students achieved A*-C grades in English and maths, placing the school among the top eight schools in Suffolk. Applying the new 'Progress 8' national performance measure, the outcome of +0.25 also placed the academy among the best performing schools in the County and was a better outcome than 79.3% of 'Good' schools nationally and better than 43.6% of 'Outstanding' schools nationally.

Key Financial Performance Indicators

The total number of students on roll in the year ended 31 August 2016 numbered 437.

From 1 September 2011 the Academy has a PAN (Pupil Admissions Number) each year of 120.

FINANCIAL REVIEW**Overview**

During the year the Academy received total income of £2,545,114. Of this sum £1,960,502 was received from the Department of Education (DfE) via the Education Funding Agency (EFA) in respect of its General Annual Grant, used for its day to day running costs. Expenditure for the year totalled £2,585,161

The budget position for revenue excluding the restricted pension fund was as follows:

	Unrestricted Funds £	Restricted Funds £	Total Revenue £
Revenue			
Income	165,320	2,109,206	2,274,526
Expenditure	180,427	2,162,081	2,342,508
Net deficit for year	(15,107)	(52,875)	(67,982)

The revenue reserves position is shown as follows:

	Unrestricted Funds £	Restricted Funds £	Total Revenue £
Revenue			
Reserves b/fwd as at 1 Sep 2015	2,193	35,623	37,816
Net deficit for the year	(15,107)	(52,875)	(67,982)
Reserves c/fwd to 1 Sep 2016	(12,914)	(17,252)	(30,166)

In total the Academy has negative revenue reserves totalling £30,166

The Governors have a duty as a public body to be transparent about the Academy's finances and are fully cognisant of the Academy's financial risks. As a result, a management plan to address them is already in place and is under constant review.

The Academy applied to the Education Funding Agency in August 2015 for interim support, as budget forward planning highlighted that due to an historical falling roll, the Academy's GAG funding for the next few years will be far lower than in earlier years and that for the next 4 years the Academy would have to set deficit budgets. The Education Funding Agency agreed phased repayable advance funding of £155,000, £80,000 to be paid in 2015-16 and £75,000 to be paid in 2016-17. The Academy will repay the advance in three instalments £50,000 in 2019-20, £50,000 in 2020-21 and £55,000 in 2021-22.

With close management of expenditure during 2015-16 the Academy managed a final deficit of £30,166 better by £24,496 than the predicted deficit of £54,662. Pupil numbers continue to rise and the Academy is on track to repay the advances as planned.

REPORT OF THE GOVERNORS (continued)

Reserves Policy

The Governing Body reviews the reserve levels of the Academy throughout the year, annually at the year-end and as a part of its medium term budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Governors determine what the level of uncommitted reserves should be. The main aims are 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.

Fixed Assets / Capital

The Academy held **£7,047,335** restricted fixed asset funds as at 31 August 2016. The fixed asset fund reflects both the funding received for capital investment purposes and the net book value of assets. It should be noted that the Academy's land and buildings are on a 125 year lease from Suffolk County Council.

The Academy invested £202,523 during 2015-16 on the new roof funded by the Academies Capital Improvement Fund grant following a successful bid to the Education Funding Agency.

Pension Fund (Local Government Pension Scheme)

Under Accounting Standard FRS102 it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for our non-teaching staff to a specific restricted reserve. As at 31 August 2016, the deficit on this reserve amounted to **£985,000**. It should be noted however that this does not present the Academy with a current liquidity problem. Increased contributions to the pension scheme are being made in order to reduce the deficit.

Investment Policy

During the period of these financial statements the Academy operated two bank accounts, one which was an interest bearing deposit account for surplus funds. In balancing risk against return the Academy policy is geared towards carefully managing the cash flow and maximising returns where possible but at very low risk.

Principal Risks and Uncertainties

The Academy has an established Strategic Risk Register which is reviewed when significant changes occur. The top financial risks that it has identified and is managing, include:

- not achieving planned increases in student numbers,
- not delivering the forecast necessary savings over the medium term,
- not maintaining sustainable improvements in student performance,
- uncertainty about central government funding in the future

The Academy implemented management action during 2015-16 in order to mitigate these risks and continues to review its medium term financial plan, in particular to make significant savings.

REPORT OF THE GOVERNORS (continued)

PLANS FOR FUTURE PERIODS

Our focus in 2016-17 and beyond is to continue to build on the success recognised in the Academy's most recent full Ofsted Inspection report. To this end, a new Improvement Plan was launched in September 2016, which involves teams of Governors working more closely with Senior Staff to bring about more rapid, targeted improvements. The inspectors noted that:

- the Academy was now 'Good' across all aspects. This was the target set for 2014-15;
- standards and achievement have risen rapidly;
- there is strong leadership and a clear vision;
- there are high expectations and standards; and
- teaching is of a high standard.

Whilst maintaining these high standards, areas for the Academy to work on are:

- improving the attendance of some disadvantaged students;
- ensuring that assessment information is used even more effectively and
- achieving more consistency in terms of the progress of some disadvantaged students.

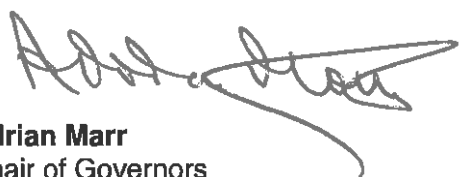
A new attendance strategy has been introduced which is already having a significant impact.

AUDITORS

Insofar 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.

Governors' report, incorporating strategic report, approved by order of the members of the Governing Body on 19 December 2016 and signed on its behalf by:



Adrian Marr
Chair of Governors

GOVERNANCE STATEMENT**Scope of Responsibility**

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

The Governing Body has delegated the day to day responsibility to the 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 assigned to it in the Funding Agreement between Holbrook Academy and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
G Anstee-Parry (Staff governor)	2	3
I Bowell	0	1
H Caston	2	2
J Crabtree (Staff governor)	3	4
L Cullen	4	4
R Edgell	1	1
C Graham	4	4
J Hazlewood	4	4
R Lay (Staff governor)	1	4
A Marr (Chair)	3	4
D Marsh	3	4
M Offord	2	2
M Pawlewski	3	4
F Rolfe	4	4
M Slattery	4	4
I Williamson	1	4
S Letman (Headteacher and Accounting Officer)	4	4

The main challenges during the year were associated with maintaining the outstanding results achieved by Year 11 students in 2015 and developing a new strategic plan to improve key aspects of the Academy still further with a view to becoming an 'Outstanding' school at the next Ofsted inspection. Integral to this was to ensure prudent management of financial resources at a time when the school roll was growing at a faster rate than had been anticipated. This was achieved due to outstanding work on the part of the Finance Officer and her staff.

Governance Review

Governors undertake a review of their work and effectiveness on a yearly basis and incorporate areas of improvement in their development plan and training plan.

GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

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

- The first priority for the year in question was to amend the Academy curriculum offer to address significantly increased enrolments. Improved GCSE results in 2015 and the rapidly improving profile of the school in the locale has resulted in more rapid than predicted applications. The Academy returned to a four form entry at 11+ and expanded the number of classes at 12+. Although challenging, this was achieved within existing staff resources and within the agreed budget.
- The second priority was to continue driving systems improvements in line with a very positive Ofsted inspection. During the course of the year, strong improvements in pupils' progress and outcomes were maintained.
- The third priority was to achieve another set of outstanding GCSE results in the summer of 2016 in order to maintain the strong position of the Academy in the local area. The Academy has transformed itself from a poorly performing school which lacked direction and leadership, into a consistently high-performing school which achieves the ambitious goals it sets itself. Holbrook has worked very hard indeed to achieve this remarkable transformation and is now, quite justifiably, recognised as a formidable school and one of the very best in South Suffolk.

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. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the 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 in place for Holbrook Academy for the year ended 31 August 2016 has been developed and strengthened during the course of this year.

- (i) Policies and procedures continued to be reviewed and implemented.
- (ii) Financial delegations were approved by the Governing Body.
- (iii) The Governing Body appointed Schools Choice an independent organisation within Suffolk County Council to provide an internal audit service which includes checks on financial controls.
- (iv) The development of data processes for tracking student progress and initiating intervention strategies continued.
- (v) Monitoring arrangements for assessing the quality of teaching and learning continued, including detailed faculty reviews by governors and internal staff

GOVERNANCE STATEMENT (continued)

Capacity to Handle Risk

The Governing Body is reviewing the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been or are being implemented to mitigate those risks.

During the course of the year the systems for identifying, evaluating and managing the Academy's significant risks were developed and strengthened. Notably:

- (i) Key Performance Indicators were refined and agreed with Governors.
- (ii) The revised Governing Body Committee structure continued to fortify performance monitoring and communication in the Academy and between the Governors themselves.
- (iii) The updating of the Strategic Risk Register included tracking of progress of mitigating actions

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:

- (i) Periodic reviews by the Governing Body of reports against its approved annual budget which indicate financial forecasts against budget,
- (ii) A scheme of financial delegation which includes the need for major spending decisions to be considered and approved by the Governing Body before commitments are made,
- (iii) Internal staff delegations of authority and separation of duties.

The Governors are cognisant of the Academy's key risks and have implemented management action accordingly.

The governors confirmed the re-appointment of Izod Bassett to act as the Academy's external auditor.

The Governing Body had considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

As set out in clause (iii) on page 11, the Governing Body appointed Schools Choice an independent organisation within Suffolk County Council to provide an internal audit service for the year in question. This role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. Schools Choice carried out two visits during 2015-16 to look at payroll, purchasing, petty cash, governance, the planning cycle and insurance and reported their findings to the Governing Body during the year. There were no material control issues identified by Schools Choice the overall rating was rated 'Outstanding'. The reports were circulated and discussed by the Finance & Personnel committee and full Governing Body.

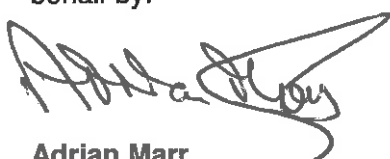
GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

- the work of the external auditor,
- the work of the independent internal audit service by Schools Choice,
- an update of the academy's financial policy and procedures
- the work of the Finance & Personnel Committee which has responsibility for the monitoring of the internal control framework
- the strong financial skill set of the Finance & Personnel Committee.

Approved by order of the members of the Governing Body on 19 December 2016 and signed on its behalf by:



Adrian Marr
Chair of Governors



Dr Simon Letman
Headteacher and Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Holbrook Academy I have considered my responsibility to notify the academy trust governing body 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. 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 governing body 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 governing body and the Education Funding Agency.

Signed.....

Dr Simon Letman
Accounting Officer

19 December 2016

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who act as Trustees for charitable activities of Holbrook Academy and are also the directors of the Academy for the purposes of company law) are responsible for preparing the Report of the Governors and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

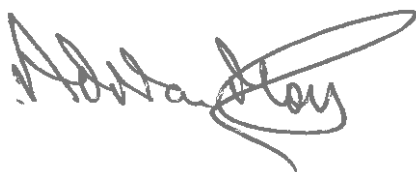
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS102] have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that disclose with reasonable accuracy the financial position of the Academy 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 Academy 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 Academy applies financial and other controls, which conform to the requirements both of priority 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 Governors are responsible for the maintenance and integrity of the corporate and financial information included on the Academy'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 Governing Body on 19 December 2016 and signed on its behalf by:



Adrian Marr
Chair of Governors

Holbrook Academy

Independent Auditor's Report to the members of Holbrook Academy

We have audited the financial statements of Holbrook Academy for the year ended 31 August 2016 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Charities SORP 2015 and the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 15, the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust'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 and the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Christopher L Bassett (Senior Statutory Auditor)

For and on behalf of Izod Bassett, Statutory Auditor, 105 High Street, Needham Market, Suffolk, IP6 8DQ
19 December 2016

Holbrook Academy

Independent Reporting Accountant's Assurance Report on Regularity to Holbrook Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 27 September 2013 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 Holbrook Academy 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 Holbrook Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Holbrook Academy 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 Holbrook Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Holbrook Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Holbrook Academy's funding agreement with the Secretary of State for Education dated 01 July 2011 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 trust's income and expenditure.

The work undertaken to draw our conclusion includes:

- enquiry of governors, officers and staff;
- inspection of accounting records and related documentation;
- review of responsible officer reports, meeting minutes, policy and other relevant documents.

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



Christopher L Bassett (Senior Statutory Auditor)
Izod Bassett, Chartered Accountants
105 High Street, Needham Market, Suffolk, IP6 8DQ

19 December 2016

Holbrook Academy

Statement of Financial Activities for the year ended 31 August 2016

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Fund	Total 2016	Total 2015
		£	£	£	£	£
Income from:						
Donations and capital grants	4	912	3,892	270,588	275,392	131,515
Charitable activities						
Funding for the academy's educational operations	5	-	2,070,824	-	2,070,824	2,266,166
Other income	6	59,911	31,754	-	91,665	93,892
Other trading activities	7	104,350	2,736	-	107,086	120,726
Investment income	8	147	-	-	147	367
Total income		<u>165,320</u>	<u>2,109,206</u>	<u>270,588</u>	<u>2,545,114</u>	<u>2,612,666</u>
Expenditure on:						
Raising funds	9	103,116	1,267	-	104,383	122,542
Charitable activities:						
Academy educational operations	10	77,311	2,192,814	210,653	2,480,778	2,698,605
Total expenditure	9	<u>180,427</u>	<u>2,194,081</u>	<u>210,653</u>	<u>2,585,161</u>	<u>2,821,147</u>
Net income/(expenditure)		(15,107)	(84,875)	59,935	(40,047)	(208,481)
Transfers between funds	19	-	-	-	-	-
Other recognised gains and losses:						
Actuarial losses on defined benefit pension scheme	26	-	(363,000)	-	(363,000)	(4,000)
Net movement in funds		<u>(15,107)</u>	<u>(447,875)</u>	<u>59,935</u>	<u>(403,047)</u>	<u>(212,481)</u>
Total funds brought forward		<u>2,193</u>	<u>(554,377)</u>	<u>6,987,400</u>	<u>6,435,216</u>	<u>6,647,697</u>
Total funds carried forward		<u>(12,914)</u>	<u>(1,002,252)</u>	<u>7,047,335</u>	<u>6,032,169</u>	<u>6,435,216</u>

All of the Academy's activities derive from continuing activities during the above two financial years.

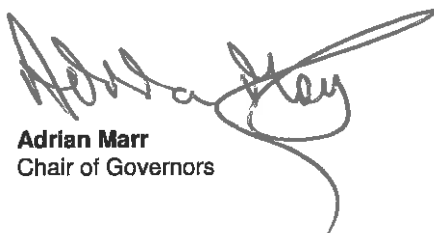
An analysis by fund of the comparatives figures for 2015 is shown in note 3.

Holbrook Academy

Balance Sheet as at 31 August 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	14	<u>7,002,258</u>	<u>7,009,074</u>
Current assets			
Stocks	15	3,776	3,706
Debtors	16	82,672	55,941
Cash at bank and in hand		<u>292,895</u>	<u>123,135</u>
		379,343	182,782
Current liabilities			
Creditors: amounts falling due within one year	17	<u>(269,582)</u>	<u>(144,815)</u>
Net current assets		<u>109,761</u>	<u>37,967</u>
Total assets less current liabilities		7,112,019	7,047,041
Creditors: amounts falling due after more than one year	18	<u>(94,850)</u>	<u>(21,825)</u>
Net assets excluding pension liability		7,017,169	7,025,216
Pension scheme liability	26	<u>(985,000)</u>	<u>(590,000)</u>
Net assets including pension liability		<u>6,032,169</u>	<u>6,435,216</u>
Funds of the Academy			
Restricted funds			
- Fixed asset fund	19	<u>7,047,335</u>	<u>6,987,400</u>
- General funds	19	<u>(17,252)</u>	<u>35,623</u>
- Pension reserve	19	<u>(985,000)</u>	<u>(590,000)</u>
Total restricted funds		6,045,083	6,433,023
Unrestricted funds			
- General fund	19	<u>(12,914)</u>	<u>2,193</u>
TOTAL FUNDS		<u>6,032,169</u>	<u>6,435,216</u>

The financial statements on pages 18 to 33 were approved by the Governors, and authorised for issue on 19 December 2016 and are signed on their behalf by:



Adrian Marr
Chair of Governors

Holbrook Academy

Cash Flow Statement for the year ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	25,562	(116,950)
Cash flows from financing activities	23	77,300	20,250
Cash flows from investing activities	24	66,898	(5,143)
Change in cash and cash equivalents in the year	25	169,760	(101,843)
Cash and cash equivalents at 1 September 2015		123,135	224,978
Cash and cash equivalents at 31 August 2016		292,895	123,135

1 Statement of 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.

Basis of Preparation

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.

These financial statements are the first prepared in accordance with FRS102 and SORP 2015. The financial statements 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 3.

Going Concern

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

Income

All income is recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

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 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**

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 year it is receivable and to the extent the academy trust has provided the goods or services.

- **Donated Services and gifts in kind**

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 Accounting policies (continued)

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.

- **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.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 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'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 at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Leasehold land and buildings	2%
Plant and machinery	5 to 7%
Furniture and equipment	10%
Computer equipment and software	33%

No depreciation is charged on assets that are not brought into use by the balance sheet date.

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.

Stock

Stock is valued at the lower of cost or net realisable value.

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 or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased Assets

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

1 Accounting policies (*continued*)

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 part 11, chapter 3 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.

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.

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 26, 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 and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency and Department for Education.

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 26, 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.

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2016 (Continued)

2 Statement of Financial Activities for the year ended 31 August 2015

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Fund £	Total 2015 £
Income from:				
Donations and capital grants	273	5,853	125,389	131,515
Charitable activities				
Funding for the academy's educational operations	100	2,266,066	-	2,266,166
Other income	49,493	44,399	-	93,892
Other trading activities	117,615	3,111	-	120,726
Investment income	367	-	-	367
Total income	167,848	2,319,429	125,389	2,612,666
Expenditure on:				
Raising funds	121,642	900	-	122,542
Charitable activities:				
Academy educational operations	58,614	2,412,296	212,695	2,698,605
Total expenditure	180,256	2,413,196	212,695	2,821,147
Net income/(expenditure)	(12,408)	(93,767)	(87,306)	(208,481)
Other recognised gains and losses:				
Actuarial losses on defined benefit pension scheme	-	(19,000)	-	(4,000)
Net movement in funds	(12,408)	(112,767)	(87,306)	(212,481)
Total funds brought forward	14,601	(441,610)	7,074,706	6,647,697
Total funds carried forward	2,193	(554,377)	6,987,400	6,435,216

3 Explanation of transition to FRS102

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. 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 net income/(expenditure)

	2015 £
Net income/(expenditure) previously reported under UK GAAP	(193,481)
Change in recognition of LGPS interest cost	(15,000)
Net income/(expenditure) reported under FRS 102	(208,481)

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/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 expense by £15,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2016 (Continued)

4 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Capital grants	-	-	270,588	125,389
Donations	912	3,892	4,804	6,126
	<u>912</u>	<u>3,892</u>	<u>275,392</u>	<u>131,515</u>

5 Funding for Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
DfE/EFA Grants				
General Annual Grant (GAG)	-	1,960,503	1,960,503	2,151,973
Other DfE/EFA grants	-	94,871	94,871	101,557
	<u>-</u>	<u>2,055,374</u>	<u>2,055,374</u>	<u>2,253,530</u>
Other Government Grants				
Local authority grants	-	15,450	15,450	6,000
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,636</u>
	<u>-</u>	<u>2,070,824</u>	<u>2,070,824</u>	<u>2,266,166</u>

6 Other income from educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Academy Trips	-	31,754	31,754	44,399
Catering Income	59,816	-	59,816	49,493
Insurance Claims	95	-	95	-
	<u>59,911</u>	<u>31,754</u>	<u>91,665</u>	<u>93,892</u>

7 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Income from services provided	83,854	1,216	85,070	94,575
Items sold	8,408	1,520	9,928	11,977
Hire of facilities	9,460	-	9,460	10,969
Fundraising	2,628	-	2,628	3,205
	<u>104,350</u>	<u>2,736</u>	<u>107,086</u>	<u>120,726</u>

8 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Bank interest	147	-	147	367

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2016 (Continued)

9 Expenditure

	Staff costs £	Non Pay Premises £	Expenditure Other costs £	Total 2016 £	Total 2015 £
Expenditure on raising funds	81,610	13,505	9,268	104,383	122,542
Academy's educational operations:					
Direct costs	1,446,263	210,653	146,502	1,803,418	2,031,425
Allocated Support costs	311,503	126,877	238,980	677,360	652,180
Total expenditure	1,839,376	351,035	394,750	2,585,161	2,806,147

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Operating lease rentals	3,760	2,743
Depreciation	210,653	212,695
Fees payable to auditor for:		
audit	4,800	4,750
other services	4,335	3,300

10 Charitable Activities – Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Direct Costs				
Teaching and educational support staff cost	-	1,426,413	1,426,413	1,619,435
Teaching Staff indirect expenses	-	358	358	1,258
Agency teaching	2,863	16,987	19,850	24,781
Depreciation	-	210,653	210,653	212,695
Educational supplies	10,168	47,225	57,393	72,179
Examination fees	-	33,593	33,593	28,896
Staff development	250	5,440	5,690	6,500
Educational consultancy	-	975	975	615
Educational trips	-	28,269	28,269	35,304
Technology	1,180	19,044	20,224	29,762
	14,461	1,788,957	1,803,418	2,031,425
Allocated Support Costs				
Support staff costs	-	311,503	311,503	288,211
Other Staff indirect expenses	-	1,050	1,050	157
Pupil recruitment and support	-	22,644	22,644	11,376
Maintenance of premises and equipment	268	58,155	58,423	68,013
Cleaning	290	3,482	3,772	3,863
Rent, rates and water	356	19,959	20,315	19,131
Insurance	-	13,001	13,001	22,510
Travel and subsistence	-	14,261	14,261	10,879
Catering	59,816	28,915	88,731	78,641
Bank interest and charges	572	689	1,261	952
Heat and light	-	48,407	48,407	47,514
Legal & professional fees – non governance	-	60,550	60,550	65,220
Governance costs	-	9,880	9,880	11,177
Other support costs	1,548	22,014	23,562	24,536
	62,850	614,510	641,003	652,180
Total cost of charitable activities	77,311	2,403,467	2,480,778	2,683,605

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2016 (Continued)

11 Staff

	2016	2015
a. Staff cost		
	£	£
Staff costs during the period were:		
Wages and salaries	1,423,967	1,572,605
Social security costs	110,226	110,488
Other pension costs	285,333	281,111
	1,819,526	1,964,205
Supply staff costs	19,850	24,781
Staff restructuring costs	-	31,591
	1,839,376	2,020,576

b. Staff numbers	2016	2015
-------------------------	-------------	-------------

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

Charitable Activities

Teachers	20	26
Administration and support	46	49
Management	3	4
	69	79

c. Higher paid staff

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

	2016	2015
£60,001 - £70,000	1	1
£80,001 - £90,000	1	1

d. Key management personal

The key management personnel of the academy trust comprises the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension costs) received by key management personnel for their services to the academy trust was £241,215 (2015: £225,879).

12 Related Partly Transactions – Trustees' Remuneration and expenses

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 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:

	Remuneration		Employer's pension contributions	
	2016	2015	2016	2015
S Letman	£85,000-£90,000	£85,000-£90,000	£10,000-£15,000	£10,000-£15,000
G Anstee-Parry	£35,000-£40,000	£30,000-£35,000	£0-£5,000	£0-£5,000
J Crabtree	£25,000-£30,000	£25,000-£30,000	£5,000-£10,000	£5,000-£10,000
R Lay	£35,000-£40,000	£30,000-£35,000	£5,000-£10,000	£0-£5,000

During the year ended 31 August 2016, expenses totalling £121 (2015: £189) were reimbursed to 3 governors.

13 Governors and officers insurance

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

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2016 (Continued)

14 Tangible fixed assets

	Leasehold land and Buildings £	Plant and Machinery £	Furniture and equipment £	Computer equipment and software £	Total £
Cost:					
At 1 September 2015	7,154,293	398,128	23,345	153,572	7,729,338
Additions	202,523			1,314	203,837
At 31 August 2016	<u>7,356,816</u>	<u>398,128</u>	<u>23,345</u>	<u>154,886</u>	<u>7,933,175</u>
Depreciation:					
At 1 September 2015	574,621	26,571	7,155	111,917	720,264
Charge for period	143,086	27,628	2,334	37,605	210,653
At 31 August 2016	<u>717,707</u>	<u>54,199</u>	<u>9,489</u>	<u>149,522</u>	<u>930,917</u>
Net written down value					
At 31 August 2016	<u>6,639,109</u>	<u>343,929</u>	<u>13,856</u>	<u>5,364</u>	<u>7,002,258</u>
At 31 August 2015	<u>6,579,672</u>	<u>371,557</u>	<u>16,190</u>	<u>41,655</u>	<u>7,009,074</u>

15 Stock

	2016 £	2015 £
Consumables	2,816	3,046
Items for re-sale	960	660
	<u>3,776</u>	<u>3,706</u>

16 Debtors

	2016 £	2015 £
Prepayments and accrued income	43,880	51,804
VAT receivable	38,792	4,137
	<u>82,672</u>	<u>55,941</u>

17 Creditors: amounts falling due within one year

	2016 £	2015 £
Expense creditors	151,776	22,796
Taxation and social security	34,024	33,005
Other creditors	35,811	51,075
Accruals and deferred income	47,971	37,939
	<u>269,582</u>	<u>144,815</u>
Deferred income	£	£
Deferred income at 1 September 2015	7,812	7,320
Resources deferred in year	7,422	7,812
Amounts released from previous year	(7,812)	(7,812)
Deferred income at 31 August 2016	<u>7,422</u>	<u>7,812</u>

At the balance sheet date the academy was holding funds received in advance relating to grant income of £7,422

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2016 (Continued)

18 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Other creditors	<u>94,850</u>	<u>21,825</u>
Included in other creditors are a repayable funding advance from the EFA of £80,000 and an interest free loan from Salix of £17,550 which are repayable as follows:		
Amounts due within one year (included in other creditors in note 17)	2,700	2,700
Amounts due between one and five years	90,800	10,800
Amounts due after five years	<u>4,050</u>	<u>6,750</u>

19 Funds

	Balance at 1 September 2015 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	35,443	1,960,503	(1,895,198)	(118,000)	(17,252)
Other DfE/YPLA Grant	-	94,871	(94,871)	-	-
Other Restricted Funds	180	53,832	(54,012)	-	-
	<u>35,623</u>	<u>2,109,206</u>	<u>(2,044,081)</u>	<u>(118,000)</u>	<u>(17,252)</u>
Restricted pension fund					
Pension reserve	(590,000)	-	(150,000)	(245,000)	(985,000)
Restricted Fixed Assets					
Transferred on conversion	6,302,233	-	(137,254)	-	6,164,979
DfE/YPLA capital grants	658,738	270,588	(65,271)	-	864,165
Capital expenditure from GAG	25,737	-	(8,040)	-	17,697
Capital expenditure from other funds	582	-	(88)	-	494
	<u>6,987,400</u>	<u>270,588</u>	<u>(210,653)</u>	<u>-</u>	<u>7,047,335</u>
Total Restricted Funds	<u>6,433,023</u>	<u>2,379,794</u>	<u>(2,404,734)</u>	<u>(363,000)</u>	<u>6,045,083</u>
Unrestricted funds					
Unrestricted funds	2,193	165,320	(180,427)	-	(12,914)
Total Funds	<u>6,435,216</u>	<u>2,545,114</u>	<u>(2,585,161)</u>	<u>(363,000)</u>	<u>6,032,169</u>

20 Analysis of net assets between funds

	Unrestricted funds	Restricted General funds	Restricted Fixed asset funds	Total Funds 2016 £
Funds balances at 31 August are represent by				
Tangible fixed assets	-	-	7,002,258	7,002,258
Current assets	(4,537)	180,512	203,368	379,343
Current liabilities	(8,377)	(117,764)	(143,441)	(269,582)
Non-current liabilities	-	(80,000)	(14,850)	(94,850)
Pension scheme liabilities	-	(985,000)	-	(985,000)
Total net assets	<u>(12,914)</u>	<u>(1,002,252)</u>	<u>7,047,335</u>	<u>6,032,169</u>

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2016 (Continued)

21 Financial commitments

Operating leases

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

	2016 £	2015 £
Expiring within one year	5,919	559
Expiring within two to five years inclusive	10,315	
Expiring in over five years	-	

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

	2016 £	2015 £
Net income / (expenditure) for the year	(40,047)	(193,481)
Depreciation	210,653	212,695
Capital grants from DfE and other capital income	(270,588)	(125,389)
Interest receivable	(147)	(367)
Defined benefit pension scheme cost less contributions payable	10,000	13,000
Defined benefit pension scheme finance cost	22,000	6,000
(Increase)/decrease in stocks	(70)	2,952
(Increase)/decrease in debtors	(26,731)	164,662
Increase/(decrease) in creditors	120,492	(197,022)
Net cash provided by / (used in) operating activities	25,562	(116,950)

23 Cash flows from financing activities

	Total 2016 £	Total 2015 £
Cash inflows from new borrowing	80,000	21,600
Repayments of borrowing	(2,700)	(1,350)
Net cash provided by / (used in) financing activities	77,300	20,250

24 Cash flows from investing activities

	Total 2016 £	Total 2015 £
Interest received	147	367
Capital grants from DfE/YPLA	270,588	125,389
Purchase of tangible assets	(203,837)	(130,899)
Net cash provided by / (used in) investing activities	66,898	(5,143)

25 Analysis of charges in net funds

	At 1 September 2015 £	Cashflows £	At 31 August 2016 £
Cash at bank and in hand	123,135	169,760	292,895

26 Pensions and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Suffolk County Council. Both are multi-employer defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £29,576 (2015:£ 30,978) were payable to the schemes at 31 August 2016 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 (previously 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% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £134,816 (2015: £143,092).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £144,000 (2015: £146,000), of which employer's contributions totalled £118,000 (2015: £119,000) and employees' contributions totalled £26,000 (2015: £27,000). The agreed contribution rates for future years are 25.5% for employers and a variable % for employees dependant on the salary of individuals as follows:

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2016 (Continued)

26 Pensions and similar obligations

Annual Salary	Contribution Rate
£0 - £13,600	5.50%
£13,601 - £21,200	5.80%
£21,201 - £34,400	6.50%
£34,401 - £43,500	6.80%
£43,501 - £60,700	8.50%
£60,701 - £86,000	9.90%
£86,001 - £101,200	10.50%
£101,201 - £151,800	11.40%
Above £151,800	12.50%

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

Principal Actuarial Assumptions

	At 31 August 2016 % p.a.	At 31 August 2015 % p.a.
Pension increase rate	2.10	2.60
Salary increase rate	4.10	4.50
Discount rate	2.00	3.70

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 £000
0.5% decrease in Real Discount Rate	11%	249
1 year increase in member life expectancy	3%	66
0.5% increase in Salary increase rate	3%	59
0.5% increase in Pension increase rate	8%	184

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

	At 31 August 2016 Years	At 31 August 2015 Years
<i>Current pensioners</i>		
Male	22.4	22.4
Female	24.4	24.4
<i>Future pensioners</i>		
Male	24.3	24.3
Female	26.9	26.9

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

	Value at 31 August 2016 £000	Value at 31 August 2015 £000
Equities	776	624
Bonds	225	196
Property	113	102
Cash	11	9
Total market value of assets	1,125	931
Present value of scheme liabilities	(2,210)	(1,521)
Deficit in the scheme	(985)	(590)

The return on the Fund in market value terms for the year to 31 August 2016 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary. The actual return on scheme assets was 17.5% (2015: 3.9%).

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2016 (Continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost	128	132
Net interest cost	22	21
	<u>150</u>	<u>153</u>
Total operating charge		

Changes in the present value of defined benefit obligations:

	2016 £000	2015 £000
At 1 September	1,521	1,341
Current service cost	128	132
Interest cost	59	52
Employee contributions	26	27
Actuarial (gain)/loss	500	7
Estimated benefits paid	(24)	(38)
	<u>2,210</u>	<u>1,521</u>
At 31 August	2,210	1,521

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

	2016 £000	2015 £000
At 1 September	931	789
Expected return on assets	37	46
Actuarial gain/(loss)	137	(12)
Employer contributions	118	119
Employee contributions	26	27
Estimated benefits paid	(24)	(38)
	<u>1,225</u>	<u>931</u>
At 31 August	1,225	931

The estimated value of employer contributions for the year ended 31 August 2017 is £119,000.

27 Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transactions took place during the year:

- the Academy purchased careers advice for students from an organisation called Career Directions. The advisor is Mrs Sarah Pawlewski, the wife of one of the governors, Mr M Pawlewski. An exercise was done to check availability and cost of similar services and it was determined that this service was the best in terms of price and quality. The value of the transactions during 2015-16 totalled £455 excluding VAT.
- the Academy also purchased the services of Anthony Cullen for his photographic expertise to offer enrichment classes to the students during 2015-16. Mr Cullen is the husband of Mrs L Cullen, one of the governors. A value for money exercise was undertaken. The value of transactions during 2015-16 totalled £1,000.
- the Academy employs a member of staff, Mrs J Howell who is also the wife of one of the governors, Mr Ian Howell. She was employed at the Academy from 9 January 2006, before the governor was appointed on 2 December 2011. Mr Howell resigned as a Governor with effect from 31 December 2015.
- the Academy employs a member of staff, Miss Sarah Caldwell who is also the partner of one of the governors, Mr Dave Marsh. She was employed at the Academy from 1 May 2015, before the governor was appointed on 15 June 2015.

In entering into the above transactions the academy has complied with the requirements of the EFA's Academies Financial Handbook.

28 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.