

# **Holbrook Academy**

**(A Company Limited by Guarantee)**



**Annual Report and Financial Statements**  
**For the year 1 September 2016 to 31 August 2017**

**Company Registration Number:**  
**07654882 (England & Wales)**

**CONTENTS**

	<b>Page</b>
Reference and Administrative Details	2
Report of the Governors	3
Governance Statement	10
Statement on Regularity, Propriety and Compliance	14
Statement of Governors Responsibilities	15
Independent Auditors' Reports	16
Independent Reporting Accountants' Report on Regularity	17
Statement of Financial Activities (including Income and Expenditure Account)	18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Financial Statements	
- Statement of Accounting Policies	21-23
- Other Notes to the Financial Statements	23-33

**REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Governors (Members)</b>	A Marr (Chair of Governors) L Cullen (Vice Chair of Governors) C Graham J Hazlewood S Letman (Ex Officio)
<b>Governors (Trustees)</b>	H Caston A Clarke (Appointed 1 September 2016) J Crabtree L Curtis (Appointed 17 July 2017) B Jones (Appointed 1 January 2017) L Jones (Appointed 17 July 2017) R Lay D Marsh M Offord (Resigned 17 July 2017) M Pawlewski F Rolfe (Resigned 31 December 2016) M Slattery S Wright (Appointed 1 September 2016 / Resigned 17 July 2017)
<b>Company Secretary</b>	S Beazley
<b>Senior Leadership Team:</b> <ul style="list-style-type: none"><li>▪ Headteacher &amp; Accounting Officer</li><li>▪ Deputy Headteacher</li><li>▪ Assistant Headteacher</li><li>▪ Assistant Headteacher</li></ul>	S Letman N Shelley P Hart S Cooke
<b>Registered Office</b>	Ipswich Road Holbrook Ipswich Suffolk IP9 2QX
<b>Company Registration Number</b>	07654882 (England and Wales)
<b>Independent Auditor</b>	Izod Bassett 105 High Street Needham Market Suffolk IP6 8DQ
<b>Bankers</b>	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 2016 to 31 August 2017. 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 the Statement of Recommended Practice 'Financial Reporting Standard 102' as issued in March 2013 ('SORP 2015') and the Academies Accounts Direction 2016-2017.

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 486 in the school census on 5 October 2017.

### **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 2017 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 2016-17 academic year the full Governing Body formally met 4 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.

The Senior Leadership Team (SLT) included the Headteacher, Deputy Headteacher, Assistant Headteacher (Learning and Progress) and Assistant Headteacher (Pastoral). 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.

**REPORT OF THE GOVERNORS (continued)**

**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 2016-17 totalled £455 excluding VAT. The Academy also purchased the services of Anthony Cullen for his photographic expertise to purchase photographs for the year 11 leavers during 2016-17. 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 2016-17 totalled £350.

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 2016-17, 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 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 Ltd completed 3 independent professional reviews on 16<sup>th</sup> December 2016, 2<sup>nd</sup> March 2017 and 14<sup>th</sup> June 2017 another visit is scheduled for 2017-18.

## **REPORT OF THE GOVERNORS (continued)**

### **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. Ongoing monitoring by SLT throughout the year evidenced that these high standards were being maintained.

The results on the Ofsted 'Parent View' website continued to improve over the year. 98% of parents who completed the survey stated that their children were happy and safe at school, which was higher than the previous year. A similarly high proportion still felt their children were making good progress and that the Academy was well led and managed.

Students' face-value results in 2016-17 exceeded the previous year, with 80% of Year 11 students achieving 5 or more A\*-C grades including English and maths. This is now a defunct performance measure. 88% of students achieved a minimum Grade 4 in English and maths, resulting in the school being rated as the top-performing state school in Suffolk. The new 'Progress 8' national performance measure, was +0.14, slightly lower than the previous year. In almost every performance category set for secondary schools by the DfE, the school was either above or well-above the national average.

**REPORT OF THE GOVERNORS (continued)****Key Financial Performance Indicators**

The total number of students on roll in the year ended 31 August 2017 numbered 465. From 1 September 2011 the Academy has a PAN (Pupil Admissions Number) each year of 118.

**FINANCIAL REVIEW****Overview**

During the year the Academy received total income of **£2,653,685**. Of this sum **£2,081,722** was received from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in respect of its General Annual Grant, used for its day to day running costs. Expenditure for the year totalled **£2,649,697**

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

<b>Revenue</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Revenue £</b>
Income	91,268	2,263,606	2,354,874
Expenditure	85,705	2,298,217	2,383,922
<b>Net deficit for year</b>	<b>5,563</b>	<b>(34,611)</b>	<b>(29,048)</b>

The revenue reserves position is shown as follows:

<b>Revenue</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Revenue £</b>
Reserves b/fwd as at 1 Sep 2016	(12,914)	(17,252)	(30,166)
Net deficit for the year	5,563	(34,611)	(29,048)
Reserves c/fwd to 1 Sep 2016	<b>(7,351)</b>	<b>(51,863)</b>	<b>(59,214)</b>

In total the Academy has negative revenue reserves totalling **£59,214**

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 and Skills 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 and Skills 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 2016-17 the Academy managed a final deficit of £59,214 better by £45,156 than the predicted deficit of £104,370.

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 **£7,152,371** restricted fixed asset funds as at 31 August 2017. 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 £124,131 during 2016-17 on refurbishment of the changing rooms funded by the Academies Capital Improvement Fund grant following a successful bid to the Education and Skills Funding Agency.

### **Pension Fund (Local Government Pension Scheme)**

Under Accounting Standard FRS17 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 2017, the deficit on this reserve amounted to **£654,000**. 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:

- Academy strategic plan not produced, agreed or used in practise.
- Academy marketing plan not produced, published or used in practice meaning demand for academy places is uncertain.
- Academy size and isolation a key strategic risk. No partnership plan or strategy in place at present to achieve critical mass.
- Pupil progression to post-16 unmonitored, unreviewed and unreported.
- Recruitment and retention of high quality HT and SMT

The Academy implemented management action during 2016-17 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 2017-18 and beyond is to continue to build on the success recognised in the Academy's most recent full Ofsted Inspection report. To this end, together with an updated improvement plan, a new comprehensive Strategic Plan is being produced to map-out our journey over the next 3-5 years. The production of the plan will involve teams of Governors working closely with Senior Staff to bring about more rapid, targeted improvements.

The main strategic aims of the school can be categorized in one of 'Seven P's'. These are:


- **Partnerships** – in respect of working closely with other schools
- **Premises** – in respect of improving and/or replacing existing buildings
- **Pupils** – in respect of maintaining current high levels of recruitment
- **People** – in respect of staff recruitment, retention and succession planning
- **Processes** – in respect of teaching and learning using ICT (e-learning)
- **Performance** – in respect of maintaining current high levels of pupil outcomes
- **Progression** – in respect of better preparing students for their future

**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 18th December 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Adrian Marr', written over a horizontal line.

**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 four times during the year. Attendance during the year at meetings of the governing body was as follows:-

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
H Caston	4	4
A Clarke	4	4
J Crabtree	4	4
L Cullen	4	4
L Curtis	-	-
C Graham	4	4
J Hazlewood	4	4
B Jones	2	2
L Jones	-	-
R Lay	1	4
S Letman (Ex Officio)	4	4
A Marr (Chair of Governors)	4	4
D Marsh	4	4
M Offord	0	4
M Pawlewski	4	4
F Rolfe	1	2
M Slattery	4	4
S Wright	0	4

The main challenge during the year were associated with dealing with the new, more challenging English and maths curricula and preparing Year 11 students for the new-style examinations. These departments were highly successful in achieving this. An additional challenge has been incorporating a growing number of students from other, less well-performing secondary schools, wishing to join the school. Additional resources have had to be found to deal with this phenomenon and this has been very difficult at times, particularly in respect of staffing.

**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 ensure that Year 11 students were adequately prepared for the more challenging GCSE examinations in English and maths and that these courses in particular were adequately resourced. In addition, higher than predicted enrolments meant the increase in the number of teaching groups in a number of subject areas, mainly the practical subjects. This would have implications in human resource terms and additional funds were needed to provide cover for absent colleagues.
- The second priority was to continue driving systems improvements in line with a very positive Ofsted inspection the previous year. During the course of the year, strong improvements in pupils' progress and outcomes were once again either maintained or enhanced.
- The third priority was to achieve another set of outstanding GCSE results in the summer of 2017 in order to maintain the strong position of the Academy in the local area. This was achieved, with the academy being ranked as the top-performing state school in 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 2017 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 Ltd an independent organisation within Suffolk County Council to conduct independent Responsible Officer type 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 Ltd an independent organisation within Suffolk County Council to perform Responsible Officer style checks 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 three visits during 2016-17 to look at payroll, purchasing, petty cash, governance, audit, income controls, monitoring and review, the planning cycle & budget, inventory & security, tax, data security and insurance and reported their findings to the Governing Body during the year. There were no material control issues identified by Schools Choice Ltd 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 review of financial controls by Schools Choice Ltd,
- 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, and
- the strong financial skill set of the Finance & Personnel Committee.

Approved by order of the members of the Governing Body on 18th December 2017 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 and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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.

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.

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 and Skills Funding Agency.

Signed.....

**Dr Simon Letman**  
**Accounting Officer**

18 December 2017

## **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 and Skills 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:

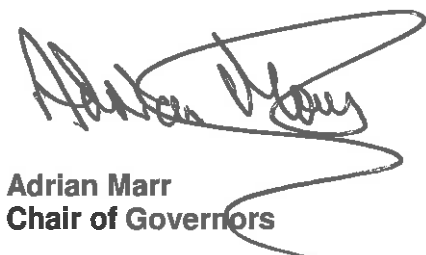
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

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 ESFA/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 18 December 2017 and signed on its behalf by:



**Adrian Marr**  
**Chair of Governors**



## 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 2017 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) and the Annual Accounts Direction 2016 to 2017 issued by the Education and Skills 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 2017, 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 2016 to 2017 issued by the Education and Skills 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  
18 December 2017

# Holbrook Academy

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

In accordance with the terms of our engagement letter dated 27 September 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies: Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA 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 ESFA 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 ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. 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 2016 to 31 August 2017 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

18 December 2017

# Holbrook Academy

## Statement of Financial Activities for the year ended 31 August 2017

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Fund	Total 2017	Total 2016
		£	£	£	£	£
<b>Income from:</b>						
Donations and capital grants	3	892	53	298,811	<b>299,756</b>	275,392
Charitable activities						
Funding for the academy's educational operations	4	-	2,202,517	-	<b>2,202,517</b>	2,070,824
Other income	5	72,979	46,053	-	<b>119,032</b>	91,665
Other trading activities	6	17,340	14,983	-	<b>32,323</b>	107,086
Investment income	7	57	-	-	<b>57</b>	147
<b>Total income</b>		<b>91,268</b>	<b>2,263,606</b>	<b>298,811</b>	<b>2,653,685</b>	<b>2,545,114</b>
<b>Expenditure on:</b>						
Raising funds		11,286	3,188	-	<b>14,474</b>	104,383
Charitable activities:						
Academy educational operations	9	74,419	2,362,739	198,065	<b>2,635,223</b>	2,480,778
<b>Total expenditure</b>	8	<b>85,705</b>	<b>2,365,927</b>	<b>198,065</b>	<b>2,649,697</b>	<b>2,585,161</b>
<b>Net income/(expenditure)</b>		<b>5,563</b>	<b>(102,321)</b>	<b>100,746</b>	<b>3,988</b>	<b>(40,047)</b>
Transfers between funds	18	-	(4,290)	4,290	-	-
<b>Other recognised gains and losses:</b>						
Actuarial gains/(losses) on defined benefit pension scheme	25	-	403,000	-	<b>403,000</b>	(363,000)
<b>Net movement in funds</b>		<b>5,563</b>	<b>296,389</b>	<b>105,036</b>	<b>406,988</b>	<b>(403,047)</b>
Total funds brought forward		(12,914)	(1,002,252)	7,047,335	6,032,169	6,435,216
<b>Total funds carried forward</b>		<b>(7,351)</b>	<b>(705,863)</b>	<b>7,152,371</b>	<b>6,439,157</b>	<b>6,032,169</b>

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 2016 is shown in note 2.

# Holbrook Academy

## Balance Sheet as at 31 August 2017

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	<u>7,165,688</u>	<u>7,002,258</u>
<b>Current assets</b>			
Stocks	14	5,287	3,776
Debtors	15	68,254	82,672
Cash at bank and in hand		<u>204,442</u>	<u>292,895</u>
		<b>277,983</b>	<b>379,343</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	16	<u>(183,364)</u>	<u>(269,582)</u>
<b>Net current assets</b>		<u><b>94,619</b></u>	<u><b>109,761</b></u>
<b>Total assets less current liabilities</b>		<b>7,260,307</b>	<b>7,112,019</b>
Creditors: amounts falling due after more than one year	17	<u>(167,150)</u>	<u>(94,850)</u>
<b>Net assets excluding pension liability</b>		<b>7,093,157</b>	<b>7,017,169</b>
Pension scheme liability	25	<u>(654,000)</u>	<u>(985,000)</u>
<b>Net assets including pension liability</b>		<u><b>6,439,157</b></u>	<u><b>6,032,169</b></u>
<b>Funds of the Academy</b>			
<b>Restricted funds</b>			
- Fixed asset fund	18	7,152,371	7,047,335
- General funds	18	(51,863)	(17,252)
- Pension reserve	18	<u>(654,000)</u>	<u>(985,000)</u>
<b>Total restricted funds</b>		<b>6,446,508</b>	<b>6,045,083</b>
<b>Unrestricted funds</b>			
- General fund	18	<u>(7,351)</u>	<u>(12,914)</u>
<b>TOTAL FUNDS</b>		<u><b>6,439,157</b></u>	<u><b>6,032,169</b></u>

The financial statements on pages 18 to 33 were approved by the Governors, and authorised for issue on 18 December 2017 and are signed on their behalf by:



Adrian Marr  
Chair of Governors

## Holbrook Academy

### Cash Flow Statement for the year ended 31 August 2017

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	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	21	(98,126)	25,562
<b>Cash flows from financing activities</b>	22	72,300	77,300
<b>Cash flows from investing activities</b>	23	(62,627)	66,898
<b>Change in cash and cash equivalents in the year</b>	24	(88,453)	169,760
<b>Cash and cash equivalents at 1 September 2016</b>		292,895	123,135
<b>Cash and cash equivalents at 31 August 2017</b>		204,442	292,895

### 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

#### 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.

#### 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.

### 1 Accounting policies (continued)

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.

#### **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.

### 1 Accounting policies (continued)

#### 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 and Skills 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 2017. 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.

#### Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

*Cash at bank* – is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.



## 2 Statement of Financial Activities for the year ended 31 August 2016

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Fund £	Total 2016 £
<b>Income from:</b>				
Donations and capital grants	912	3,892	270,588	275,392
Charitable activities				
Funding for the academy's educational operations	-	2,070,824	-	2,070,824
Other income	59,911	31,754	-	91,665
Other trading activities	104,350	2,736	-	107,086
Investment income	147	-	-	147
<b>Total income</b>	<b>165,320</b>	<b>2,109,206</b>	<b>270,588</b>	<b>2,545,114</b>
<b>Expenditure on:</b>				
Raising funds	103,116	1,267	-	104,383
Charitable activities:				
Academy educational operations	77,311	2,192,814	210,653	2,480,778
<b>Total expenditure</b>	<b>180,427</b>	<b>2,194,081</b>	<b>210,653</b>	<b>2,585,161</b>
<b>Net income/(expenditure)</b>	<b>(15,107)</b>	<b>(84,875)</b>	<b>59,935</b>	<b>(40,047)</b>
<b>Other recognised gains and losses:</b>				
Actuarial losses on defined benefit pension scheme	-	(363,000)	-	(363,000)
<b>Net movement in funds</b>	<b>(15,107)</b>	<b>(447,875)</b>	<b>59,935</b>	<b>(403,047)</b>
Total funds brought forward	2,193	(554,377)	6,987,400	6,435,216
<b>Total funds carried forward</b>	<b>(12,914)</b>	<b>(1,002,252)</b>	<b>7,047,335</b>	<b>6,032,169</b>

## 3 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Capital grants	-	298,811	298,811	270,588
Donations	892	53	945	4,804
	<b>892</b>	<b>298,864</b>	<b>299,756</b>	<b>275,392</b>

## 4 Funding for Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
<b>DfE/ESFA Grants</b>				
General Annual Grant (GAG)	-	2,081,722	2,081,722	1,960,503
Other DfE/ESFA grants	-	99,156	99,156	94,871
	-	2,180,878	2,180,878	2,055,374
<b>Other Government Grants</b>				
Local authority grants	-	21,639	21,639	15,450
	-	2,202,517	2,202,517	2,070,824

# Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2017 (Continued)

## 5 Other income from educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Academy Trips	-	46,053	46,053	31,754
Catering Income	72,595	-	72,595	59,816
Insurance Claims	384	-	384	95
	<u>72,979</u>	<u>46,053</u>	<u>119,032</u>	<u>91,665</u>

## 6 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Income from services provided	11,155	-	11,155	85,070
Items sold	4,388	3,213	7,601	9,928
Hire of facilities	1,779	-	1,779	9,460
Fundraising	18	11,770	11,788	2,628
	<u>17,340</u>	<u>14,983</u>	<u>32,323</u>	<u>107,086</u>

## 7 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Bank interest	57	-	57	147

## 8 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	291	6,637	7,546	14,474	104,383
Academy's educational operations:					
Direct costs	1,550,697	198,065	158,405	1,907,167	1,803,418
Allocated Support costs	363,799	123,062	241,195	728,056	677,360
<b>Total expenditure</b>	<u>1,914,787</u>	<u>327,764</u>	<u>407,146</u>	<u>2,649,697</u>	<u>2,585,161</u>

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

	2017 £	2016 £
Operating lease rentals	14,665	3,760
Depreciation	198,065	210,653
Fees payable to auditor for:		
audit	4,800	4,800
other services	3,270	4,335

# Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2017 (Continued)

## 9 Charitable Activities – Academy's educational operations

	Total 2017 £	Total 2016 £
Direct Costs – educational operations	1,907,167	1,803,418
Support Costs – educational operations	728,056	677,360
<b>Total cost of charitable activities</b>	<b>2,635,223</b>	<b>2,480,778</b>
<b>Analysis of Support Costs</b>		
Support staff costs	363,799	311,503
Premises costs	126,976	130,917
Other support costs	228,436	225,060
Governance costs	8,845	9,880
	<b>728,056</b>	<b>677,360</b>

## 10 Staff

	2017 £	2016 £
<b>a. Staff cost</b>		
Staff costs during the period were:		
Wages and salaries	1,440,177	1,423,967
Social security costs	134,323	110,226
Other pension costs	329,684	285,333
	<b>1,904,184</b>	<b>1,819,526</b>
Supply staff costs	10,603	19,850
	<b>1,914,787</b>	<b>1,839,376</b>

<b>b. Staff numbers</b>	2017	2016
-------------------------	------	------

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

### Charitable Activities

Teachers	25	20
Administration and support	36	46
Management	4	3
	<b>65</b>	<b>69</b>

### c. Higher paid staff

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

	2017	2016
£60,001 - £70,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,000	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 £296,437 (2016: £241,215).

### 11 Related Party 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	
	2017	2016	2017	2016
S Letman	£90,000-£95,000	£85,000-£90,000	£15,000-£20,000	£10,000-£15,000
J Crabtree	£25,000-£30,000	£25,000-£30,000	£5,000-£10,000	£5,000-£10,000
A Clarke	£30,000-£35,000	-	£5,000-£10,000	-
R Lay	£40,000-£45,000	£30,000-£35,000	£5,000-£10,000	£0-£5,000
S Wright	£20,000-£25,000	-	£0-£5,000	-
G Anstee-Parry	-	£30,000-£35,000	-	£0-£5,000

During the year ended 31 August 2017, expenses totalling £78 (2016: £121) were reimbursed to 2 governors.

### 12 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.

### 13 Tangible fixed assets

	Leasehold land and Buildings £	Plant and Machinery £	Furniture and equipment £	Computer equipment and software £	Total £
<b>Cost:</b>					
At 1 September 2016	7,356,816	398,128	23,345	154,886	7,933,175
Additions	337,928	11,503	3,200	8,864	361,495
<b>At 31 August 2017</b>	<b>7,694,744</b>	<b>409,631</b>	<b>26,545</b>	<b>163,750</b>	<b>8,294,670</b>
<b>Depreciation:</b>					
At 1 September 2016	717,707	54,199	9,489	149,522	930,917
Charge for period	160,433	28,639	2,628	6,365	198,065
<b>At 31 August 2017</b>	<b>878,140</b>	<b>82,838</b>	<b>12,117</b>	<b>155,887</b>	<b>1,128,982</b>
<b>Net written down value</b>					
At 31 August 2017	<b>6,816,604</b>	<b>326,793</b>	<b>14,428</b>	<b>7,863</b>	<b>7,165,688</b>
At 31 August 2016	6,639,109	343,929	13,856	5,364	7,002,258

### 14 Stock

	2017 £	2016 £
Consumables	4,536	2,816
Items for re-sale	751	960
	<b>5,287</b>	<b>3,776</b>

# Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2017 (Continued)

## 15 Debtors

	2017 £	2016 £
Prepayments and accrued income	48,323	43,880
VAT receivable	19,931	38,792
	<u>68,254</u>	<u>82,672</u>

## 16 Creditors: amounts falling due within one year

	2017 £	2016 £
Expense creditors	17,757	151,776
Taxation and social security	34,758	34,024
Other creditors	37,097	35,811
Accruals and deferred income	93,752	47,971
	<u>183,364</u>	<u>269,582</u>

### Deferred income

	£	£
Deferred income at 1 September 2016	7,422	7,812
Resources deferred in year	7,423	7,422
Amounts released from previous year	(7,422)	(7,812)
	<u>7,423</u>	<u>7,422</u>

Deferred income at 31 August 2017

Deferred income relates to grant and educational trip income received in advance.

## 17 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Other creditors	167,150	94,850

Included in other creditors are a repayable funding advance from the ESFA of £155,000 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 16)	2,700	2,700
Amounts due between one and five years	165,800	90,800
Amounts due after five years	1,350	4,050
	<u>169,850</u>	<u>97,550</u>

# Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2017 (Continued)

## 18 Funds

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant	(17,252)	2,081,722	(2,002,391)	(117,290)	(55,211)
Other DfE/YPLA Grant	-	99,156	(99,156)	-	-
Other Restricted Funds	-	82,728	(79,380)	-	3,348
	<u>(17,252)</u>	<u>2,263,606</u>	<u>(2,180,927)</u>	<u>(117,290)</u>	<u>(51,863)</u>
<b>Restricted pension fund</b>					
Pension reserve	<u>(985,000)</u>	<u>-</u>	<u>(185,000)</u>	<u>516,000</u>	<u>(654,000)</u>
<b>Restricted Fixed Assets</b>					
Transferred on conversion	6,164,979	-	(137,254)	-	6,027,725
DfE/YPLA capital grants	864,165	298,811	(52,683)	-	1,110,293
Capital expenditure from GAG	17,697	-	(8,040)	4,290	13,947
Capital expenditure from other funds	494	-	(88)	-	406
	<u>7,047,335</u>	<u>298,811</u>	<u>(198,065)</u>	<u>4,290</u>	<u>7,152,371</u>
<b>Total Restricted Funds</b>	<u>6,045,083</u>	<u>2,562,417</u>	<u>(2,563,992)</u>	<u>403,000</u>	<u>6,446,508</u>
<b>Unrestricted funds</b>					
Unrestricted funds	<u>(12,914)</u>	<u>91,268</u>	<u>(85,705)</u>	<u>-</u>	<u>(7,351)</u>
<b>Total Funds</b>	<u>6,032,169</u>	<u>2,653,685</u>	<u>(2,649,697)</u>	<u>403,000</u>	<u>6,439,157</u>

## 19 Analysis of net assets between funds

	Unrestricted funds	Restricted General funds	Restricted Fixed asset funds	Total Funds 2017 £
Funds balances at 31 August are represent by				
Tangible fixed assets	-	-	7,165,688	7,165,688
Current assets	(6,249)	215,206	69,026	277,983
Current liabilities	(1,102)	(112,069)	(70,193)	(183,364)
Non-current liabilities	-	(155,000)	(12,150)	(167,150)
Pension scheme liabilities	-	(654,000)	-	(654,000)
<b>Total net assets</b>	<u>(7,351)</u>	<u>(705,863)</u>	<u>7,152,371</u>	<u>6,439,157</u>

## 20 Financial commitments

	2017 £	2016 £
<b>Operating leases</b>		
At 31 August 2017 the Academy had annual commitments under non-cancellable operating leases as follows:		
Expiring within one year	7,190	5,919
Expiring within two to five years inclusive	7,475	10,315
Expiring in over five years	-	-

# Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2017 (Continued)

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

	2017 £	2016 £
Net income / (expenditure) for the year	3,988	(40,047)
Depreciation	198,065	210,653
Capital grants from DfE and other capital income	(298,811)	(270,588)
Interest receivable	(57)	(147)
Defined benefit pension scheme cost less contributions payable	51,000	10,000
Defined benefit pension scheme finance cost	21,000	22,000
(Increase)/decrease in stocks	(1,511)	(70)
(Increase)/decrease in debtors	14,418	(26,731)
Increase/(decrease) in creditors	(86,218)	120,492
<b>Net cash provided by / (used in) operating activities</b>	<b>(98,126)</b>	<b>25,562</b>

## 22 Cash flows from financing activities

	Total 2017 £	Total 2016 £
Cash inflows from new borrowing	75,000	80,000
Repayments of borrowing	(2,700)	(2,700)
<b>Net cash provided by / (used in) financing activities</b>	<b>72,300</b>	<b>77,300</b>

## 23 Cash flows from investing activities

	Total 2017 £	Total 2016 £
Interest received	57	147
Capital grants from DfE/YPLA	298,811	270,588
Purchase of tangible assets	(361,495)	(203,837)
<b>Net cash provided by / (used in) investing activities</b>	<b>(62,627)</b>	<b>66,898</b>

## 24 Analysis of charges in net funds

	At 1 September 2016 £	Cashflows £	At 31 August 2017 £
Cash at bank and in hand	292,895	(88,453)	204,442

### 25 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 2016.

Contributions amounting to £32,646 (2016:£ 29,576) were payable to the schemes at 31 August 2017 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

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;
- 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%.

Previously 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 is currently underway based on April 2016 data, 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 £144,255 (2016: £143,092).

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 contribution made for the year ended 31 August 2017 was £138,000 (2016: £146,000), of which employer's contributions totalled £113,000 (2016: £119,000) and employees' contributions totalled £25,000 (2016: £27,000).

The agreed contribution rates for future years for employers are: 2017-18: 26.8%, 2018-19: 25.8% and 2019-20: 25.1%.

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 2017 (Continued)

## 26 Pensions and similar obligations

Annual Salary	Contribution Rate
£0 - £13,700	5.50%
£13,701 - £21,400	5.80%
£21,401 - £34,700	6.50%
£34,701 - £43,900	6.80%
£43,901 - £61,300	8.50%
£61,301 - £86,800	9.90%
£86,801 - £102,200	10.50%
£102,201 - £153,500	11.40%
Above £153,500	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 2017 % p.a.	At 31 August 2016 % p.a.
Pension increase rate	2.40	2.10
Salary increase rate	2.70	4.10
Discount rate	2.50	2.00

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

### Change in assumptions at 31 August 2017

	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	11%	240
0.5% increase in Salary increase rate	1%	18
0.5% increase in Pension increase rate	10%	219

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 2017 Years	At 31 August 2016 Years
<i>Current pensioners</i>		
Male	21.9	22.4
Female	24.4	24.4
<i>Future pensioners</i>		
Male	23.9	24.3
Female	26.4	26.9

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

	Value at 31 August 2017 £000	Value at 31 August 2016 £000
Equities	1,045	845
Bonds	323	245
Property	154	123
Cash	15	12
<b>Total market value of assets</b>	<b>1,537</b>	<b>1,225</b>
<b>Present value of scheme liabilities</b>	<b>(2,191)</b>	<b>(2,210)</b>
<b>Deficit in the scheme</b>	<b>(654)</b>	<b>(985)</b>

The return on the Fund in market value terms for the year to 31 August 2017 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 12.1% (2016: 17.5%).

# Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2017 (Continued)

## Local Government Pension Scheme (continued)

### Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost	164	128
Net interest cost	21	22
	<u>185</u>	<u>150</u>
Total operating charge		

### Changes in the present value of defined benefit obligations:

	2017 £000	2016 £000
<b>At 1 September</b>	<b>2,210</b>	<b>1,521</b>
Current service cost	164	128
Interest cost	46	59
Employee contributions	25	26
Actuarial (gain)/loss	(205)	500
Estimated benefits paid	(49)	(24)
	<u>2,191</u>	<u>2,210</u>
<b>At 31 August</b>	<b>2,191</b>	<b>2,210</b>

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

	2017 £000	2016 £000
<b>At 1 September</b>	<b>1,225</b>	<b>931</b>
Expected return on assets	25	37
Actuarial gain/(loss)	198	137
Employer contributions	113	118
Employee contributions	25	26
Estimated benefits paid	(49)	(24)
	<u>1,537</u>	<u>1,225</u>
<b>At 31 August</b>	<b>1,537</b>	<b>1,225</b>

The estimated value of employer contributions for the year ended 31 August 2018 is £109,000.

## 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 2016-17 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 2016-17. 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 2016-16 totalled £350.
- 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 2016, before the governor was appointed on 15 June 2016.

In entering into the above transactions the academy has complied with the requirements of the ESFA'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.