

Yarborough Academy

(A Company Limited by Guarantee -
Company Registration Number 08018146)

REPORT AND FINANCIAL STATEMENTS

PERIOD
TO
31 AUGUST 2018

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REFERENCE AND ADMINISTRATIVE DETAILS OF YARBOROUGH ACADEMY, ITS GOVERNORS AND ADVISORS

Members	Mr A Nicholson (Chair) * Mrs E Cox * Mrs J Cass *
Governors, Trustees & Directors	Ms S Scherdel Ms A Riley (from 28/06/18) Mrs J Lundy * Mr D Smith * (from 1/12/17) Mrs S Turner Mrs C Taylor Miss S Hunter * Mrs M Saville * Mrs C Bantock * (Vice Chair) Mrs E Cox * Mrs H Albery * Mr A Nicholson * Mrs J Hodson * (until 30/11/17) Mrs K Couling (from 28/06/18)
* Denotes also member of Resource Committee	
Secretary	Mrs P Hodge
Senior Management Team	Mrs H Albery (Headteacher) Mrs E Cox (Deputy Headteacher) Mrs L Walton (SENCO and Lead Maths Teacher) Miss K Fleet (Foundation Stage Leader) Mr L Drake (Lead English Teacher) Mrs R Moss (Assessment Leader)
Registered Office	Yarborough Academy Yarrow Road Grimsby DN34 4JU
Company Registration Number	08018146 (England and Wales)
Auditors	Forrester Boyd 26 South St Mary's Gate Grimsby DN31 1LW
Bankers	Lloyds TSB Business Centre P O BOX 1000 BX1 1LT
Solicitors	Wilkin Chapman LLP 26 Chantry Lane Grimsby DN31 2LJ

GOVERNORS' ANNUAL REPORT

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2018. The annual report serves the purposes of both a Trustees report, including a strategic report and a Directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 that services a catchment in the Freshney area of Grimsby. It had a roll of 454 in the school census on 17 May 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee with no share capital (registration no. 08018146) and is also an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy.

The governors act as trustees for the charitable activities of Yarborough Academy and are also the directors for the purposes of company law. The charitable company is known as Yarborough Academy. Details of the governors who served during the year are included in the Reference and Administrative details on page 3.

Members' Liability

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

Governors Indemnities

The Academy through its Articles has indemnified the Governors to the fullest extent permissible by law. During the period the Academy also purchased liability insurance for the Governors. The Academy joined the RPA scheme when it was introduced in 2015 and has remained with the scheme since this date. This scheme includes Governors liability cover of £10m in any one membership year.

Method of Recruitment and Appointment or Election of Governors

The Members may appoint up to 8 Governors.

The Members may appoint Staff Governors (who are elected by members of staff) provided that the total number of Governors (including the Head Teacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors.

The Head Teacher shall be treated for all purposes as being an ex officio Governor.

Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he/she is elected.

The Governors may appoint up to 3 Co-opted Governors.

Additional governors may be appointed by the Secretary of State for Education under

GOVERNORS' ANNUAL REPORT (CONTINUED)

the terms outlined in the Articles of Association.

The governors structure includes a Resource Committee that covers Finance, Premises, Health and Safety and Personnel. There is also a Teaching and Learning Committee (covering Curriculum, Policy Review and Standards). The governors elected to keep the Safeguarding Committee separate. 3 Safeguarding meetings were held during the year. The Full Governing Body will receive reports from the above sub-committees. There were 3 Full Governing Body meetings during the year.

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. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. The Head has created an induction policy for new Governors at the academy, to ensure they have the knowledge to fulfil their role.

Organisational Structure

The aim of the management structure is to increase achievement for all children and build capacity throughout the Academy.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring and challenging the leadership of the Academy, through the use of budget and making decisions about the strategic direction of the Academy, capital expenditure and staffing.

The Headteacher controls the Academy at an executive level, implementing the policies as agreed with the Governors and reporting back on their impact. The Headteacher is responsible for the authorisation of spending within agreed limits and the appointment of staff, in consultation with the Resources Committee.

The Senior Leadership Team (SLT) consists of the Headteacher, Deputy Head, SENCO, the Lead teacher for English, Lead teacher for Maths, Assessment leader and EYFS leader.

The SLT is responsible for the day to day operation of the Academy.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Academy has had no problem attracting members to the SLT and has used the Performance Management cycle to set pay for its Senior Leadership Team. The trustees have all acted as volunteers. No remuneration has been received by trustees except as disclosed at note 9.

Trade Union Facility Time

During the year, no staff were involved in trade union facility time.

Related Parties and Other Connected Charities and Organisations

There were no related party transactions or significant connections to organisations for the year ended 31 August 2018.

GOVERNORS' ANNUAL REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity is the operation of Yarborough Academy to provide education within a school for pupils of different abilities between the ages of 3 and 11.

Objectives, Strategies and Activities

In accordance with the articles of association the Academy has adopted a Funding Agreement and Articles of Association 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 the students are drawn and that the curriculum should be broad and balanced.

The main objectives of the Academy during the period ended 31 August 2018 are summarised below –

- to improve achievement for all pupils across the Academy;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Yarborough Academy, pupils and staff benefit from a unique, project-based curriculum that provides learning and teaching that is at least good and an increasing proportion of which is outstanding.

Achievement is improving rapidly in all areas of the Academy because of the introduction of our project based curriculum, the associated depth of learning and accompanying assessment and feedback. All of this is deepening understanding, increasing engagement and addressing areas of previously identified underperformance.

This is evidenced through a series of robust self- evaluations consisting of observations of project based learning, core skills, planning, use of assessments and work in books. Further improvements are outlined in the Academy Improvement Plan and individual action plans from Senior Leaders. External quality assurance provided by Challenge Partners in February 2018 and Ofsted in March 2018 confirmed this judgement.

The Academy's main strategies to achieve the objectives are encompassed in the four main priorities taken from the agreed improvement plan:

- To embed a culture where pupils and staff excel
- To ensure that teaching and learning is highly effective throughout the Academy
- To ensure confident, reflective learners who are proud of their achievements
- To ensure achievement continues to rise for all pupils in the Academy

GOVERNORS' ANNUAL REPORT (CONTINUED)

Public Benefit

The above activities are undertaken for public benefit and the Academy's governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Academy is in its sixth year of operation. Total students in the period ended 31 August 2018 numbered 440 (2016/17: 443).

Achievement for the Academy as against national figures is summarised below:

Early Years Foundation Stage - Good level of development - 83% (2016/17 - 73%, National average - 70%).

Year 1 Phonics screening – 88% of the cohort achieved the pass mark or beyond (2016/17 – 88%, National average 82%)

- 6 out of the 8 children eligible for the pupil premium achieved the expected pass mark

Year 2 Teacher Assessments

Teacher assessment - informed by summative testing in reading, maths and SPAG has been submitted. The cohort is 60, of which 30 are girls, 30 are boys and 8 are eligible for pupil premium.

Combined Reading, Writing and Maths = 78%

Combined Reading, Writing and Maths Greater Depth = 6.7%

Combined Reading, Writing and Maths Expected or Above (Boys) = 87%

Combined Reading, Writing and Maths Expected or Above (Girls) = 70%

Combined Reading, Writing and Maths Expected or Above (Pupil Premium) = 100%

Year 6 Attainment

Combined Reading, Writing and Maths

67% of children achieved the expected standard or above in reading, writing and maths. This compares to 57% last year and 65% nationally.

39% of children eligible for Pupil Premium achieved the combined standard

82% of girls achieved the combined standard

52% of boys achieved the combined standard

GOVERNORS' ANNUAL REPORT (CONTINUED)

Reading

Yarborough Academy
Report and Financial Statements Period Ended 31 August 2018

79% of children achieved the expected standard. This compares to 77% last year and 75% nationally.

49% achieved the higher score of 110+. This compares to 19% last year.

78% of pupils eligible for the Pupil Premium achieved the expected standard.

82% of girls achieved the expected standard.

76% of boys achieved the expected standard.

50% of girls achieved a higher level score (110+).

48% of boys achieved the higher level score (110+).

The average scaled score in reading for all pupils was 106. This compares to 105 last year and 105 nationally.

The average progress score for reading from key stage to key stage 2 is **+3.2**

Writing

74% of children achieved the expected standard. This compares to 76% last year and 78% nationally. There has been a 4% drop.

21% achieved the higher score of 110+. This compares to 28% last year which is a 7% fall.

72% of pupils eligible for the Pupil Premium achieved the expected standard.

90% of girls achieved the expected standard.

62% of boys achieved the expected standard.

36% of girls achieved a higher level score.

19% of boys achieved the higher level score.

The average progress score for writing from key stage 1 to key stage 2 is **+1.5**

Maths

81% of children achieved the expected standard. This compares to 77% last year and 76% nationally.

35% achieved the higher score of 110+. This compares to 32% last year.

GOVERNORS' ANNUAL REPORT (CONTINUED)

83% of pupils eligible for the Pupil Premium achieved the expected standard.

82% of girls achieved the expected standard.

81% of boys achieved the expected standard

36% of girls achieved a higher level score (110+)

33% of boys achieved the higher level score (110+)

The average scaled score in maths for all pupils was 105. This compares to 106 last year and 104 nationally.

The average progress score for maths from key stage 1 to key stage 2 is **+3.6**

English, Grammar, Punctuation and Spelling (EGPS)

72% of children achieved the expected standard. This compares to 83% last year and 78% nationally.

28% achieved the higher score of 110+. This compares to 32% last year.

67% of pupils eligible for the Pupil Premium achieved the expected standard.

82% of girls achieved the expected standard.

62% of boys achieved the expected standard.

27% of girls achieved a higher level score (110+).

29% of boys achieved the higher level score (110+).

The average scaled score in EGPS for all pupils was 104. This compares to 106 nationally.

Year 6 progress

Progress scores will be centred around 0, with most schools within the range of -5 to +5. A score of 0 means pupils in this school on average do about as well at KS2 as those with similar prior attainment nationally.

A positive score means pupils in this school on average do better at KS2 as those with similar prior attainment nationally.

A negative score means pupils in this school on average do worse at KS2 as those with similar prior attainment nationally.

GOVERNORS' ANNUAL REPORT (CONTINUED)

Yarborough Progress Measures KS2

- Reading progress +3.2
- Writing progress +1.5
- Maths progress +3.6

This puts Yarborough Academy well over the floor target measure for progress.

Children in this school make very good progress in Key Stage Two from their various starting points.

The overall effectiveness of Yarborough Academy is evaluated by the Headteacher as **Good with Outstanding features**.

This is because pupils and staff benefit from learning and teaching, an increasing proportion of which is outstanding. Achievement is improving rapidly in all areas of the Academy because of the introduction of our project based curriculum, the associated depth of learning and accompanying assessment and feedback.

Areas of identified subject underperformance (for example Mathematics) have been addressed and the impact is clear in data and in children's work.

In statutory assessments, Yarborough pupils achieve above National expectations in the Early Learning Goals, Year 1 phonics check, Key Stage 1 attainment in Reading and Mathematics, Key Stage 2 attainment in Mathematics and Reading and progress measures for Reading, Writing and Mathematics.

Safeguarding has been externally validated as Outstanding.

The Academy has robust financial procedures and auditing to allow efficient use of the budget.

Those children who have fallen behind in key areas are identified early through formative and summative assessment. Support is delivered to ensure rapid improvement. The impact of this is monitored rigorously by the Headteacher, the SLT and Governors at pupil progress meetings, through class provision mapping and reports on standards to committee meetings and the full Governing Body.

Robust action has taken place to address areas of underperformance. The impact can be seen in the rapid improvement to achievement across the Academy in all key areas, as indicated by statutory outcomes.

Very effective action is taken to ensure that an increasing number of all pupils reach and exceed the expected standards. Data is evaluated, reported to class teachers, SLT and Governors. The impact of this action is shown in internal tracking, moderation and termly summative testing. This ensures external data and National expectations are known and achievable. These expectations also underpin performance management of teachers and the Headteacher.

GOVERNORS' ANNUAL REPORT (CONTINUED)

There is a clear effort at Yarborough Academy to create a learning community that is positive, celebrates achievement and embeds a love of deep learning. The spiritual, moral, social and cultural development of pupils is effectively promoted through our behaviour system and weekly themes.

It is thoughtfully and creatively developed via our project based curriculum in terms of 'character education'. These address the well-being of our pupils on a daily basis.

Additional support is available through the intervention work of the Learning Mentors. Well-being and mental health of children and parents are also supported externally, for example in offering Reflexology sessions to parents and The Nurture Lady provides therapeutic intervention for staff, pupils and families.

Evidence of the impact and future plans for additional funding through the Pupil premium and the Sports funding premium is available on our website:

<http://www.yarboroughacademy.co.uk/about-our-academy/additional-funding-/>

Going Concern

The governing body has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for at least 12 months from the date of the report. For this reason it continues to adopt the going concern basis in preparing the financial statements.

FINANCIAL REVIEW

Financial Report for the Period

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 August 2018, total expenditure of £2,080,812 was more than covered by recurrent grant funding from the DfE together with other incoming resources and brought forward reserves balances. The reserves (excluding Restricted Fixed Asset Fund and Pension Reserve) carried forward into the new academic year is £322,847, made up of £108,458 in restricted funds and £214,389 in unrestricted funds. The restricted fixed asset fund of £4,235,353 can only be realised by disposing of tangible fixed assets.

At 31 August 2018 the net book value of fixed assets was £4,235,353 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Actuary has calculated the pension scheme deficit as £448,000 as at 31 August 2018, which is a decrease of £127,000 from the deficit figure as at 31 August 2017. Further detail is provided in note 20 of this set of accounts.

GOVERNORS' ANNUAL REPORT (CONTINUED)

Reserves Policy and Financial Position

The Academy continues to have a healthy carry forward. The Academy is working with its newly appointed Finance Governor to revise the Reserves Policy and it is anticipated that the carry forward for this last year will be spent on continuing to update classrooms and facilities and to continue to finance the PBL style of learning and increased NI and superannuation contributions for teaching staff.

Investment Policy

The academy aims to manage its cash balances to provide for the day to day working capital requirements of its operations, whilst minimising the risk to the loss of these cash funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The Academy has an effective system of internal financial controls. The Members and Governors have reviewed current examples of best practice and have set policies on internal controls which cover the following:

- the type of risks the Academy faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks materialising;
- the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise;
- the costs of operating particular controls relative to the benefits obtained.
- clarified the responsibility of the Senior Leadership Team to implement the Governors' policies and to identify and evaluate risks for the Governors' consideration;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy;
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the Governors together with details of corrective action being undertaken.

Risk Management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety) and in relation to the control of finance.

They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

GOVERNORS' ANNUAL REPORT (CONTINUED)

FUNDRAISING

Throughout an academic year the academy undergoes a variety of fundraising activities. These include a summer and Christmas fair, Halloween disco, family bingo, sporting events and non-uniform or fancy dress days. These are co-ordinated by the School Change Team which comprises of members of staff who meet on a voluntary basis.

Each year, the School Change Team nominate a project within school (i.e. Key Stage 1 playground equipment) that funds raised are used for. This is communicated with all stakeholders. The team also co-ordinate events such as a Macmillan Coffee Morning, Children in Need, Sports Relief, NSPCC Number Day etc. and any monies raised are donated to the relevant charity.

The SLT ensure all fundraising is spaced evenly throughout an academic year to ensure that any charitable event is not unreasonably intrusive or persistent.

All fundraising in school conforms to recognised standards. It is always conducted in the Academy's best interest and its processes are open and accountable.

PLANS FOR FUTURE PERIODS

The Academy will build on its Ofsted judgement by continuing the proportion of outstanding teaching and to improve achievement in Writing to match that of Reading and Mathematics. The Project Based Learning curriculum will continue to be embedded, with an assessment system that ensures all children are achieving age related expectations. The Academy will review its status as an independent Academy and make decisions regarding the future governance and leadership direction in the academic year ahead.

AUDITORS

In so far as the governors are aware:

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

Reappointment of Auditor

The auditors, Forrester Boyd, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Governors' Annual Report, incorporating the directors' report and strategic report was approved by the governors on 28 November 2018 and signed on their behalf by:



Mrs C Bantock
Vice Chair of Governors

GOVERNANCE STATEMENT

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Yarborough 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 Head Teacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Yarborough Academy and the Secretary of State for Education. The Head Teacher is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
Mr A Nicholson	2	3
Mrs H Albery	3	3
Mrs E Cox	3	3
Mrs J Lundy	3	3
Ms S Scherdel	2	3
Mrs M Saville	2	3
Mrs J Hodson	0	0
Mrs C Taylor	3	3
Miss S Hunter	2	3
Mrs C Bantock	3	3
Mrs S Turner	3	3
Mr D Smith	3	3
Mrs K Couling	1	1
Ms A Riley	1	1

The Resource Committee

This is a sub-committee of the main governing body. It has delegated powers to manage the academy finance matters. Attendance at meetings during the year was as follows:

Governor	Meetings attended	Out of a possible
Mr A Nicholson	3	3
Mrs E Cox	3	3
Mrs H Albery	3	3
Mrs J Lundy	2	3
Mrs C Bantock	1	3
Mrs M Saville	2	3
Mrs J Hodson	1	1
Mr D Smith	2	2
Miss S Hunter	2	3

GOVERNANCE STATEMENT (CONTINUED)

Governance Review

The academy completes a skills audit of its governors. This includes the use of a self-assessment tool taken from the National Governors Association skills audit 2015.

The areas covered by the review include –

- current skills and commitment
- understanding and experience of governance
- vision and strategic planning
- accountability and challenge
- financial oversight
- knowledge of school and community
- in-year contribution of individual governors
- governor training

Review of Value for Money

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

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

- using the LA's energy scheme so that bulk savings can be achieved by joining with other schools.
- providing Finance/Personnel Governors with detailed financial reports so they can make informed decisions about the budget.
- Successfully applying for a Condition Improvement grant (£552,000) in order to replace the school roof.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Yarborough Academy for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT (CONTINUED)

Capacity to Handle Risk

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The board of governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Resource Committee;
- Regular reviews by the Resource Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The governing body has appointed Forrester Boyd to carry out internal financial reviews on a periodic basis, covering at least 4 areas a year. The reviewer reports to the Governing Body on the operations of the systems and control and on the discharge of the Governing Body's financial responsibilities. Since becoming an Academy they have carried out reviews on:

- Controls surrounding fixed assets
- High level controls
- Scheme of Delegation and other academy documentation
- VAT and corporation tax

This is in addition to the checks carried out by the External Auditor for the year-end audit. The Resource Committee has also carried out a check on the monthly reconciliation which is done prior to each meeting. The Head checks, then signs off the monthly reconciliations.

There have been no material control or other issues reported to date.

GOVERNANCE STATEMENT (CONTINUED)

Review of Effectiveness

As accounting officer, the Headteacher, Hannah Albery, has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- The internal financial review by Forrester Boyd
- The work of the external auditor
- The work of the Business Manager who has responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resource Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 28 November 2018 and signed on its behalf by:



Mrs C Bantock
Vice Chair



Mrs H Albery
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Yarborough Academy I have considered my responsibility to notify the academy trust governing body and the Education and Skills Funding Agency (ESFA) of any material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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 ESFA.



Mrs H Albery
Accounting Officer
28 November 2018

STATEMENT OF GOVERNORS RESPONSIBILITIES

The Governors (who act as trustees for charitable activities of Yarborough Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Annual Report and the financial statements in accordance with the Academies Accounts Direction published 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 charitable company and of its incoming resources and application of resources, including its income and expenditure for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- 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 charitable company will continue in business

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

The governors are responsible for ensuring that, in its conduct and operation, the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the governing body on 28 November 2018 and signed on its behalf by:



Mrs C Bantock
Chair of Governors

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YARBOROUGH ACADEMY

Opinion

We have audited the financial statements of Yarborough Academy (the 'Academy Trust') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and Notes to the Financial Statements, including a summary or significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YARBOROUGH ACADEMY (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Governors' Annual Report (incorporating the Strategic Report and the Directors' Report) other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Annual Report (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YARBOROUGH ACADEMY

Responsibilities of Governors

As explained more fully in the Statement of Governors' Responsibilities [set out on page 18], the Governors (who are also the directors and trustees of the Academy Trust for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YARBOROUGH
ACADEMY**

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 the Academy Trust's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Kevin Hopper ACA (Senior Statutory Auditor)
For and on behalf of Forrester Boyd, Statutory Auditor**

**26 South St Mary's Gate
Grimsby
North East Lincolnshire
DN31 1LW**

28 November 2018

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO
THE GOVERNING BODY OF YARBOROUGH ACADEMY AND THE EDUCATION
AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Yarborough Academy during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the governing body of Yarborough 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 Yarborough 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 Yarborough Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective Responsibilities of Yarborough Academy Trust's Accounting
Officer and the Reporting Accountant**

The accounting officer is responsible, under the requirements of Yarborough Academy's funding agreement with the Secretary of State for Education dated 20 February 2012 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 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 2017 to 2018 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.

**INDEPENDENT AUDITORS' REPORT ON REGULARITY TO THE GOVERNING
BODY OF YARBOROUGH ACADEMY AND THE EDUCATION FUNDING
AGENCY (CONTINUED)**

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 to our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non-compliance;
- Ensuring that all the activities of the academy trust are in keeping with the academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and Key Management Personnel

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 from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Kevin Hopper ACA (Reporting Accountant)
For and on behalf of Forrester Boyd
26 South St Mary's Gate
Grimsby
N E Lincolnshire
DN31 1LW

28 November 2018

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31 AUGUST 2018
(including Income and Expenditure Account and
Statement of Recognised Gains and Losses)

	Note	2017/18			Total
		Unrestricted	Restricted	Restricted	
		Funds	General	Fixed Asset	
		Funds	Funds		
		£	£	£	£
Income and Endowments from:					
Donations and Capital Grants	2	12,181	0	34,874	47,055
From Charitable Activities:					
- For Academy's educational operations	3	1,246	1,961,394	0	1,962,640
Other Trading Activities	4	0	0	0	0
Investments	5	295	0	0	295
Total Incoming Resources		13,722	1,961,394	34,874	2,009,990
Expenditure on:					
Raising Funds	6	0	0	0	0
On Charitable Activities:					
- For Academy's educational operations	6/7	0	1,967,841	112,971	2,080,812
Total Resources Expended		0	1,967,841	112,971	2,080,812
Net incoming (outgoing) resources before transfers		13,722	(6,447)	(78,097)	(70,822)
Gross transfers between funds		0	(7,101)	7,101	0
Net income/(expenditure) for the year		13,722	(13,548)	(70,996)	(70,822)
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	20	0	229,000	0	229,000
Net Movement in Funds		13,722	215,452	(70,996)	158,178
Reconciliation of Funds					
Total Funds Brought Forward at 1 September		200,667	(554,994)	4,306,349	3,952,022
Funds Carried Forward at 31 August		214,389	(339,542)	4,235,353	4,110,200

Figures are provided on the following page that show previous year comparator figures.

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31 AUGUST 2017
(including Income and Expenditure Account and
Statement of Recognised Gains and Losses)

	Note	2016/17			Total
		Unrestricted	Restricted	Restricted	
		Funds	General	Fixed Asset	
		Funds	Funds		
		£	£	£	£
Income and Endowments from:					
Donations and Capital Grants	2	15,643	0	532,945	548,588
From Charitable Activities:					
- For Academy's educational operations	3	0	1,891,573	0	1,891,573
Other Trading Activities	4	0	0	0	0
Investments	5	303	0	0	303
Total Incoming Resources		15,946	1,891,573	532,945	2,440,464
Expenditure on:					
Raising Funds	6	0	0	0	0
On Charitable Activities:					
- For Academy's educational operations	6/7	0	1,951,721	123,423	2,075,144
Total Resources Expended		0	1,951,721	123,423	2,075,144
Net incoming (outgoing) resources before transfers		15,946	(60,148)	409,522	365,320
Gross transfers between funds		0	(49,228)	49,228	0
Net income/(expenditure) for the year		15,946	(109,376)	458,750	365,320
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	20	0	124,000	0	124,000
Net Movement in Funds		15,946	14,624	458,750	489,320
Reconciliation of Funds					
Total Funds Brought Forward at 1 September		184,721	(569,618)	3,847,599	3,462,702
Funds Carried Forward at 31 August		200,667	(554,994)	4,306,349	3,952,022

BALANCE SHEET
At 31 August 2018
Company Registration Number 08018146

At 31 August 2017		Notes	At 31 August 2018	
£			£	£
	Fixed Assets			
3,989,692	Tangible Assets	11	4,235,353	
0	Investments		0	
<u>3,989,692</u>	Total Fixed Assets			<u>4,235,353</u>
	Current Assets			
76,451	Debtors	12	46,652	
613,369	Cash at Bank and In Hand		418,727	
<u>689,820</u>			<u>465,379</u>	
	Current Liabilities			
<u>(152,490)</u>	Creditors: amounts falling due within one year	13	<u>(142,532)</u>	
<u>537,330</u>	Net Current Assets			<u>322,847</u>
<u>5,754,172</u>	Total Assets less Current Liabilities			<u>4,558,200</u>
<u>(575,000)</u>	Pension Scheme Liability	20		<u>(448,000)</u>
<u>3,952,022</u>	NET ASSETS INCLUDING PENSION LIABILITY			<u>4,110,200</u>
	Funds			
	Restricted Funds			
4,306,349	Restricted Fixed Asset Fund	14	4,235,353	
20,006	Restricted General Fund	14	108,458	
<u>(575,000)</u>	Pension Reserve	14	<u>(448,000)</u>	
<u>3,751,355</u>	Total Restricted Funds			<u>3,895,811</u>
	Unrestricted Income Funds			
200,667	General Fund	14	214,389	
<u>200,667</u>	Total Unrestricted Funds			<u>214,389</u>
<u>3,952,022</u>	TOTAL FUNDS			<u>4,110,200</u>

The financial statements on pages 25 to 47 were approved by the governors on 28 November 2018 and signed on their behalf by:

Mrs C Bantock
Vice Chair of Governors

STATEMENT OF CASH FLOWS
 For the Period Ended 31 August 2018

2016/17	Notes	2017/18	
		£	£
Cash Flows from Operating Activities			
(52,028)	Net Cash provided by/(used in) Operating Activities	22	128,821
Returns on Investment and Servicing of Finance			
303	Interest Received	5	295
0	Purchase of Intangible Fixed Assets		0
(265,517)	Purchase of Tangible Fixed Assets	11	(358,632)
532,945	Capital Grants from DfE/EFA	2	34,874
0	Other Cash Payments		0
<u>267,731</u>			<u>(323,463)</u>
Capital Income/(Expenditure)			
0	Repayments of Borrowing		0
0	Cash Inflows from Borrowing		0
<u>0</u>			<u>0</u>
<u>215,703</u>	Net Increase/(Decrease) in Cash		<u>(194,642)</u>
397,666	Cash and Cash Equivalents at 1 September		613,369
<u>613,369</u>	Cash and Cash Equivalents at 31 August		<u>418,727</u>

NOTES TO THE ACCOUNTS

General Information

The academy trust is a private company limited by guarantee and incorporated in the United Kingdom.

The address of its registered office is:

Yarborough Academy
Yarrow Road
Grimsby
DN34 4JU

These financial statements were authorised for issue by the Board on 28 November 2018.

A summary of the principal accounting policies (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty is set out below.

1. Statement of Accounting Policies

- a) **Basis of Preparation** - the financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company and have been rounded to the nearest pound.

The financial statements cover the individual entity, Yarborough Academy.

Yarborough Academy meets the definition of a public benefit entity under FRS102.

- b) **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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.
- c) **Income** – all incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliability.

NOTES TO THE ACCOUNTS (CONTINUED)

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 no unconditional entitlement to the income then 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 year for which it is receivable any abatement in respect of the period is deducted from income and recognised as a liability and any unspent amount is reflected as a balance in the Restricted General Fund.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance in the Restricted Fixed Asset Fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Donations** - donations are included in the Statement of Financial Activities on a receivable basis (where there are no performance-related conditions), where the receipt is probable and the amount can be reliably measured.
- **Other Income** – other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.
- **Interest Receivable** - interest receivable is included within the Statement of Financial Activities on a receivable basis.

d) Expenditure

- **Recognition** – 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. All resources expended are inclusive of irrecoverable VAT.
- **Allocation of Costs** – 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 directly 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 on each activity and depreciation charges on the basis of the proportion of the assets' use.
- **Expenditure on Raising Funds** – this includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

NOTES TO THE ACCOUNTS (CONTINUED)

- **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.

e) Fund Accounting

- **Unrestricted Funds** represent those resources which may be used towards meeting any of the charitable objectives of the academy trust at the discretion of the governors.
- **Restricted Fixed Asset Funds** are resources which are to be applied to specific capital purposes imposed by grant funding bodies where the asset acquired or created is held for a specific purpose.
- **Restricted General Funds** comprise all other restricted funds received and include grants from the DfE/ESFA

f) Tangible Fixed Assets - tangible fixed assets acquired since the Academy was established are included in the accounts at cost, net of any depreciation.

The initial value of the school was deemed to be the value of the school as recorded by the Local Education Authority at the date of transfer.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding required the continued use of the asset, the related grants are credited to a Restricted Fixed Asset Fund (in the Statement of Financial Activities and carried forward in the Balance Sheet).

Depreciation on such assets is charged to the Restricted Fixed Asset Fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Assets costing less than £2,000 are recorded as a revenue expense in the year of acquisition. All other assets are capitalised.

g) Depreciation and Impairment - depreciation on assets is charged in the Statement of Financial Activities on a straight line basis over the expected useful economic life of the related asset. No depreciation is charged on freehold land.

Assets in the course of construction are included at cost and depreciation not charged until they are brought into use. Depreciation is charged on the value of the asset at the start of the year. This means that no depreciation is charged in the year of acquisition but that depreciation is charged in the year of disposal.

The school building, transferred from the local authority, is depreciated from the date of transfer, over its remaining useful economic life of 50 years, with leasehold land depreciated over the lease term of 125 years. Computer equipment is depreciated over 2 – 3 years and furniture and equipment over 3 – 10 years.

NOTES TO THE ACCOUNTS (CONTINUED)

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.

h) 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.

i) Leased Assets - rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

The land and buildings are held on a 125 year lease with North East Lincolnshire Council. They were recognised as an asset on conversion and are being depreciated accordingly.

j) Financial Instruments – the academy trust only holds basic financial instruments as defined in FRS102. The financial assets and 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 costs. 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 the transaction price. Taxation and social security are not included in the financial 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.

k) Taxation - the Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

l) Pensions - 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 pension schemes.

NOTES TO THE ACCOUNTS (CONTINUED)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll.

The contributions are determined by the Government Actuary on the basis quadrennial valuations using a prospective unit credit method.

The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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.

m) 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

Yarborough Academy
Report and Financial Statements Period Ended 31 August 2018

disclosed in note 20, will impact the carrying amount of the pension liability.

NOTES TO THE ACCOUNTS (CONTINUED)

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical Areas of Judgement

There are currently no critical areas of judgement that have a significant effect on the amounts recognised in the financial statements.

2. Donations and Capital Grants

Total 2016/17 £	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2017/18 £
532,945 Capital Grants	0	0	34,874	34,874
15,643 Miscellaneous Donations	12,181	0	0	12,181
548,588 Total	12,181	0	34,874	47,055

3. Funding for the Academy's Educational Operations

Total 2016/17 £	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2017/18 £
Department for Education (DfE) Grants				
1,583,708 - General Annual Grant	0	1,585,637	0	1,585,637
90,170 - Pupil Premium Grant	0	91,130	0	91,130
56,264 - Free School Meals Grant	0	55,991	0	55,991
9,525 - Sports Partnership Funding	0	19,140	0	19,140
1,739,667 Total DfE Grants	0	1,751,898	0	1,751,898
Other Income				
116,783 - Local Authority Funding	0	172,945	0	172,945
8,750 - Other Grants	0	4,000	0	4,000
26,373 - Other Income	1,246	32,551	0	33,797
151,906 Total Other Income	1,246	209,496	0	210,742
1,891,573 Overall Total	1,246	1,961,394	0	1,962,640

4. Other Trading Activities

Total 2016/17 £	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2017/18 £
0 Hire of Facilities	0	0	0	0
0 Total	0	0	0	0

NOTES TO THE ACCOUNTS (CONTINUED)

5. Investments

Total 2016/17 £	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2017/18 £
303 Short-term Deposits	295	0	0	295
0 Other	0	0	0	0
303 Total	295	0	0	295

6. Expenditure

2016/17 Total £	2017/18			Total £
	Staff Costs £	Premises £	Other £	
0 Expenditure on Raising Funds	0	0	0	0
Academy's Educational Operations				
1,556,591 - Direct costs	1,270,754	99,414	139,629	1,509,797
518,553 - Allocated support costs	230,439	129,406	211,170	571,015
2,075,144 Total	1,501,193	228,820	350,799	2,080,812

Incoming/outgoing resources for the year include –

2016/17 £	2017/18 £
13,362 Operating Leases	4,855
123,423 Depreciation	112,971
6,840 Fees payable to audit - - external scrutiny	4,600
0 - other	2,805
143,625 Total	125,231

7. Charitable Activities – Academy's Educational Operations

Total 2016/17 £	Total 2017/18 £
1,556,591 Direct Costs - Educational Operations	1,509,797
518,553 Support Costs - Educational Operations	571,015
2,075,144 Total	2,080,812
Allocated Support Costs	
244,290 Support Staff Costs	230,439
26,813 Technology Costs	32,040
100,237 Premises Costs	129,406
16,104 Governance Costs	13,125
131,109 Other Support Costs	166,005
518,553 Total Support Costs	571,015

NOTES TO THE ACCOUNTS (CONTINUED)

8. Staff Costs, Numbers and Remuneration

The average number of persons employed by the Academy during the period ended 31 August 2018 was as follows –

2016/17 No.		2017/18 No.
	Charitable Activities	
6	Management	5
14	Teachers	15
45	Administration and Support	42
65	Total	62

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £397,847 (2016/17: £363,284).

Staff costs comprise –

2016/17 £		2017/18 £
1,140,726	Wages and Salaries	1,124,976
90,080	Employers National Insurance Costs	87,355
221,104	Employers Pension Costs	213,950
66,000	Operating Costs of Defined Benefits Schemes	60,000
1,517,910	Sub Total	1,486,281
61,083	Supply Teacher Costs	14,912
1,578,993	Overall Total	1,501,193

No employee was in receipt of a salary of more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the period ended 31 August 2018.

The number falling in the respective bandings are detailed below –

2016/17 No.		2017/18 No.
1	£60,001 - £70,000	0

NOTES TO THE ACCOUNTS (CONTINUED)

9. Governors' Remuneration and Expenses

The governors of the Academy did not receive any payment from the Academy in the course of their duties.

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff and not in respect of their services as governors. The value of their remuneration over the period in bandings of £5,000 was as follows:

H Albery		
Remuneration	£55,000 - £60,000 (2016/17: N/A)	
Employer's pension	£5,000 - £10,000 (2016/17: N/A)	
C Jessup		
Remuneration	£nil	(2016/17: £60,000 - £65,000)
Employer's pension	£nil	(2016/17: £10,000 - £15,000)
E Cox		
Remuneration	£50,000 - £55,000 (2016/17: £50,000 - £55,000)	
Employer's pension	£5,000 - £10,000 (2016/17: £5,000 - £10,000)	
J Lundy		
Remuneration	£10,000 - £15,000 (2016/17: £10,000 - £15,000)	
Employer's pension	£nil - £5,000	(2016/17: £nil - £5,000)
S Turner		
Remuneration	£10,000 - £15,000 (2016/17: £5,000 - £10,000)	
Employer's pension	£nil - £5,000	(2016/17: £nil - £5,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £0 (2016/17: £0) were reimbursed or paid directly to 0 trustees (2016/17 – 0).

Other related party transactions involving the governors are set out in note 24.

10. Governors' and Officers' Insurance

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

NOTES TO THE ACCOUNTS (CONTINUED)

11. Tangible Fixed Assets

	Leasehold Land & Buildings £	Furniture & Equipment £	2017/18 Computer Equipment & Software £	Assets Under Construction £	Total £
Cost					
At 1 September 2017	4,295,605	101,231	118,196	0	4,515,032
Additions	320,247	0	38,385	0	358,632
Disposals	0	0	0	0	0
Gross Book Value at 31 August 2018	4,615,852	101,231	156,581	0	4,873,664
Depreciation					
At 1 September 2016	395,945	30,300	99,095	0	525,340
Charged in Year	82,928	10,942	19,101	0	112,971
Disposals	0	0	0	0	0
Depreciation at 31 August 2018	478,873	41,242	118,196	0	638,311
Net Book Value at 31 August 2017	3,899,660	70,931	19,101	0	3,989,692
Net Book Value at 31 August 2018	4,136,979	59,989	38,385	0	4,235,353

Included within leasehold land and buildings is £4,136,979 (2016/17: £3,899,660) relating to long leasehold land and buildings.

12. Debtors

2016/17 £		2017/18 £
40,218	VAT Recoverable	9,731
18,724	Prepayments	18,625
17,509	Other Debtors	18,296
76,451	Total	46,652

13. Creditors – amounts falling due within one year

2016/17 £		2017/18 £
10,829	Trade Creditors	10,184
124,339	North East Lincolnshire Council - staff pay	121,035
9,214	Other Creditors	5,933
8,108	Deferred Income	5,380
152,490	Total	142,532

Yarborough Academy
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NOTES TO THE ACCOUNTS (CONTINUED)

Deferred Income

2016/17 £		2017/18 £
5,982	Deferred Income at 1 September	8,108
8,108	Resources Deferred in the Year	5,380
(5,982)	Amounts Released from Previous Years	(8,108)
8,108	Deferred Income at 31 August	5,380

The deferred income is income collected towards the costs of a school trip that falls after the 31 August 2018.

14. Funds

The income funds for the Academy comprise the following balances of grants and other income to be applied for specific purposes –

	Balance at 1 September	Incoming Resources	2017/18 Resources Expended	Gains, Losses & Transfers	Balance at 31 August
	£	£	£	£	£
Restricted General Funds					
General Annual Grant	0	1,585,637	(1,532,988)	(7,101)	45,548
Catering Income	0	21,259	(21,259)	0	0
Insurance Income	0	11,292	(11,292)	0	0
Pupil Premium Grant	0	91,130	(91,130)	0	0
Free School Meals Grant	0	55,991	(55,991)	0	0
Sports Partnership Funding	0	19,140	(19,140)	0	0
Other Grants	0	4,000	(4,000)	0	0
Pension Reserve	(575,000)	0	(102,000)	229,000	(448,000)
Local Authority Funding	20,006	172,945	(130,041)	0	62,910
Total Restricted General Funds	(554,994)	1,961,394	(1,967,841)	221,899	(339,542)
Restricted Fixed Asset Funds					
DfE Capital Grants	316,657	34,874	(105,870)	0	245,661
Capital Expenditure from Restricted Funds	0	0	(7,101)	7,101	0
Donated Assets from Local Authority	3,989,692	0	0	0	3,989,692
Total Restricted Fixed Asset Funds	4,306,349	34,874	(112,971)	7,101	4,235,353
Total Restricted Funds	3,751,355	1,996,268	(2,080,812)	229,000	3,895,811
Unrestricted Funds	200,667	13,722	0	0	214,389
Total Funds	3,952,022	2,009,990	(2,080,812)	229,000	4,110,200

Yarborough Academy
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NOTES TO THE ACCOUNTS (CONTINUED)

Previous year comparator figures are provided below -

	Balance at 1 September	Incoming Resources	2016/17 Resources Expended	Gains, Losses & Transfers	Balance at 31 August
	£	£	£	£	£
Restricted General Funds					
General Annual Grant	0	1,583,708	(1,534,480)	(49,228)	0
Catering Income	0	21,993	(21,993)	0	0
Insurance Income	0	4,380	(4,380)	0	0
Pupil Premium Grant	0	90,170	(90,170)	0	0
Free School Meals Grant	36,071	56,264	(92,335)	0	0
Sports Partnership Funding	0	9,525	(9,525)	0	0
Other Grants	0	8,750	(8,750)	0	0
Pension Reserve	(633,000)	0	(66,000)	124,000	(575,000)
Local Authority Funding	27,311	116,783	(124,088)	0	20,006
Total Restricted General Funds	(569,618)	1,891,573	(1,951,721)	74,772	(554,994)
Restricted Fixed Asset Funds					
DfE Capital Grants	0	532,945	(216,288)	0	316,657
Capital Expenditure from Restricted Funds	0	0	(49,228)	49,228	0
Donated Assets from Local Authority	3,847,599	0	142,093	0	3,989,692
Total Restricted Fixed Asset Funds	3,847,599	532,945	(123,423)	49,228	4,306,349
Total Restricted Funds	3,277,981	2,424,518	(2,075,144)	124,000	3,751,355
Unrestricted Funds	184,721	15,946	0	0	200,667
Total Funds	3,462,702	2,440,464	(2,075,144)	124,000	3,952,022

Notes

- (i) General Annual Grant (GAG) must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit to the amount it could carry forward at 31 August 2018.
- (ii) Catering income from parents is used towards the costs of providing school meals.
- (iii) Insurance income is received for claims made through insurance premium arrangements.
- (iv) Sports Partnership funding is received towards improving physical education (PE) and sport in primary schools.
- (v) Pupil Premium Grant may be spent for the educational benefit of pupils registered at that school, or for the benefit of pupils registered at other schools; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils at the school or their families, or people who live or work in the locality in which the school is situated. The grant does not have to be completely spent by schools in the financial year.
- (vi) Capital grants allocated by the DfE must be spent on capital purposes.

NOTES TO THE ACCOUNTS (CONTINUED)

- (vii) Free School Meals Grant is provided to support the provision of free school meals to all pupils in reception, year 1 and year 2 in state funded schools
- (viii) The Pension Reserve recognises the schools current deficit position in respect of the Local Government Pension Scheme.
- (ix) Local Authority funding is primarily provided for the provision of services for children with special educational needs and to support early years provision.

15. Analysis of Net Assets Between Funds

Fund balances at 31 August 2018 are represented by –

	2017/18			Total
	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	
	£	£	£	
Tangible Fixed Assets	0	0	4,235,353	4,235,353
Current Assets	214,389	250,990	0	465,379
Current Liabilities	0	(142,532)	0	(142,532)
Pension Scheme Liability	0	(448,000)	0	(448,000)
Total	214,389	(339,542)	4,235,353	4,110,200

Comparative information in respect of the previous period is as follows –

	2016/17			Total
	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	
	£	£	£	
Tangible Fixed Assets	0	0	3,989,692	3,989,692
Current Assets	200,667	172,496	316,657	689,820
Current Liabilities	0	(152,490)	0	(152,490)
Pension Scheme Liability	0	(575,000)	0	(575,000)
Total	200,667	(554,994)	4,306,349	3,952,022

16. Capital Commitments

The school had no contractual commitments for capital works at 31 August 2018.

17. Events After the Balance Sheet Date

There are no events that require reporting after the balance sheet date.

NOTES TO THE ACCOUNTS (CONTINUED)

18. Lease Commitments

Operating Leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was –

2016/17 £		2017/18 £
	Operating leases which expire:	
4,560	Within One Year	5,738
2,846	Within Two to Five Years	14,581
7,406	Total	20,319

19. Contingent Liabilities

There are no contingent liabilities.

20. Pension Commitments

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 the East Riding Pension Fund. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

The employee and employer pension contributions are paid on the schools behalf by North East Lincolnshire Council each month. The amount outstanding as at 31 August 2018 for the schemes was £24,980 (2016/17 - £26,183) and this is included in the creditor amount due to North East Lincolnshire Council at the end of the financial year.

Teachers' Pension Scheme (TPS)

The Academy has set out below the latest information available for the scheme.

The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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.

NOTES TO THE ACCOUNTS (CONTINUED)

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 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 £191,500m and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600m, giving a notional past service deficit of £14,900m; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- The assumed real rate of return is 3% 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%.

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 employer pension costs paid to TPS in the period amounted to £108,962 (2016/17 - £114,302)

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

Under the definitions set out in FRS102, the TPS is an unfunded 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 (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds.

NOTES TO THE ACCOUNTS (CONTINUED)

The total contribution made for the period ended 31 August 2018 was £130,183 (2016/17 - £130,354) of which employer's contributions totalled £104,750 (2016/17 - £106,802) and employees' contributions totalled £25,433 (2016/17 - £23,552). The agreed contribution rates for future years are 22% for employers, with the rate for employees being dependent on the individuals.

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

Financial Assumptions

	At 31 August 2017	At 31 August 2018
Rate of Increase in Pensions/Inflation	2.4%	2.3%
Rate of Increase in Salaries	2.6%	2.5%
Discount Rate	2.5%	2.8%

The estimated split of assets as at 31 August 2018 is -

	At 31 August 2017 £000	At 31 August 2018 £000
Equities	706	852
Bonds	129	154
Property	110	142
Cash	50	36
	<u>995</u>	<u>1,184</u>

The actual return on scheme assets was £71,000 (2016/17: £119,000).

Mortality

The assumed life expectancies at age 65 are summarised below -

2016/17			2017/18	
Males	Females		Males	Females
21.9 years	24.1 years	Current Pensioners	21.7 years	24.2 years
24.2 years	26.7 years	Future Pensioners	23.7 years	26.4 years

NOTES TO THE ACCOUNTS (CONTINUED)

Analysis of Projected Amount to be Charged to Income and (Expenditure) for the Period to 31 August 2019

	Assets £000	Obligations £000	Net (Liability)/Asset	
			£000	%
Projected Current Service Cost	0	(162)	(162)	(35.9%)
Past Service Cost Including Curtailments	0	0	0	0.0%
Effect of Settlements	0	0	0	0.0%
Total Service Cost	0	(162)	(162)	(35.9%)
Interest Income on Plan Assets	35	0	35	7.7%
Interest Income on Defined Benefit Obligation	0	(48)	(48)	(10.6%)
Total Net Interest Cost	35	(48)	(13)	(2.9%)
Total Included in Income and (Expenditure)	35	(210)	(175)	(38.8%)

Sensitivity Analysis

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

Change in Assumptions at 31 August 2018:	Approximate Increase to Employer Liability %	Approximate Monetary Amount £000
0.5% Decrease in Real Discount Rate	14%	232
0.5% Increase in the Salary Increase Rate	2%	37
0.5% Increase in the Pension Increase Rate	12%	192

21. Members' Liability

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

NOTES TO THE ACCOUNTS (CONTINUED)

22. Reconciliation of Net Income to Net Cash Flows from Operating Activities

2016/17 £		2017/18 £
365,320	Net Income	(70,822)
(532,945)	DfE Capital Grants Received in Year	(34,874)
(303)	Interest Received	(295)
	Non cash transactions	
123,424	Depreciation	112,971
52,000	Defined Benefit Pension Scheme Cost less Contributions Payable	86,000
14,000	Defined Benefit Pension Scheme Finance Cost	16,000
(35,250)	(Increase)/Decrease in Debtors	29,799
(38,274)	Increase/(Decrease) in Creditors	(9,958)
<u>(52,028)</u>	Net Cash provided by/(used in) Operating Activities	<u>128,821</u>

23. Analysis of Changes in Net Funds

	At 1 Sept 2017 £	Cash Flows in Period £	At 31 Aug 2018 £
Cash in Hand and at Bank	613,369	(194,642)	418,727
Notice Deposits (less than 3 months)	0	0	0
Total Cash and Cash Equivalents	613,369	(194,642)	418,727

24. Related Party Transactions

There were no related party transactions in the period, other than certain trustees' remuneration and expenses already disclosed in note 9.