

Registered number: 09098446 (England and Wales)

**HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS)
TRUST**

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

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

Members

Diocese of Durham Educational Trust – Mr Paul Rickeard
Bishop of Durham (being a corporation sole) – Rt Rev Paul Butler
Archdeacon of Sunderland – Ven Stuart Bain
J Mulley (resigned 2 November 2016)

Governors

DJ Pickersgill, Chair¹
TL Murphy, Head Teacher and Accounting Officer¹
K Allan
E Clayton
L Davison¹
A Gedling¹
RJ Hall
J Mulley (resigned 2 November 2016)¹
T Pigott
Rev MP Thompson
D Tough

¹ Finance, Buildings & Audit committee

Company registered number

09098446

Company name

Holy Trinity Church of England Academy (South Shields) Trust

Principal and registered office

Brockley Avenue
South Shields
Tyne and Wear
NE34 6QZ

Company secretary

C Henderson

Senior leadership team

T Murphy, Head Teacher
K Johnson, Deputy Head Teacher
R Scott, Lead Teacher
A Spark, EYFS/KS1 Lead Teacher

Independent auditors

Clive Owen LLP
Chartered Accountants
and Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

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

Advisers (continued)

Bankers

Lloyds Bank plc
101 King Street
South Shields
Tyne and Wear
NE33 1DT

Solicitors

Samuel Phillips
Gibb Chambers
52-53 Westgate Rd
Newcastle upon Tyne
Tyne and Wear
NE1 5XU

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

The charitable company is known as Holy Trinity CE Academy (South Shields). The trust operates as a Church of England Academy for pupils aged 3 to 11 years, serving the local areas of West Harton and All Saints' Ward in South Shields. It has a pupil capacity of 210 and a roll of 245 in the school census on October 2016. The Academy provides an education for pupils of all abilities.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal objective and activity of the charitable company is the operation of Holy Trinity CE Academy (South Shields) to provide education for pupils of different abilities between the ages of 3-11 years old. Our mission is to create a safe and welcoming learning environment within which all children are able to realise their potential.

Ethos Statement:

Holy Trinity Church of England Academy (South Shields) Trust seeks to build a strong educational foundation in accordance with Christian principles and values, in partnership with the Church at local, Deanery and Diocesan levels, developing a Christ-centred community where each person can fulfil the potential God has given them. It seeks to encourage understanding of the meaning and significance of faith, and to promote Christian values through the experience it offers, while respecting the diversity of background and values within our school and wider communities.

Aims of the school:

- To provide a welcoming, caring and supportive environment in which Christian values are central to the life of the school;
- Striving for excellence in teaching, learning and all aspects of school life;
- To provide a rich and varied experience of learning which is
 - enjoyable;
 - rewarding;
 - builds confidence;
 - helps develop good working habits;
 - incorporates opportunities to reflect;
 - fosters attitudes based on honesty, trust, tolerance, understanding and respect for others that develop from a sense of self-worth;
 - develops lively, enquiring minds with the ability to question, investigate, and solve problems;
 - begins to form the personal values that will help children make sense of the world in which they live and form positive relationships;
- To help children grow in their own faith, and through that, to come to respect and understand other faiths and other ways of life;
- To help children to form the values that will help them make moral decisions and choices throughout their lives;
- To nurture and develop those skills and attitudes necessary for children to be able to take responsibility for their own learning and behaviour;
- To nurture links with parents/carers, the Church and the local community.

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

Objectives, strategies and activities

Holy Trinity CE Academy (South Shields) is non-selective and offers all pupils a broad and challenging curriculum. The Academy has wide community links and, to meet its needs, operates a breakfast club and after-school activities. Academy pupils are given opportunities to participate in activities outside of the school day which help to build confidence and enhance learning for all.

The Academy believes that it is important to expand on learning beyond the classroom and as such organises trips and visits for children of all ages throughout the academic year. These activities allow pupils to interact with children from other schools throughout the country and raises their awareness of regional similarities and differences. The objectives for the year ahead are as follows:-

- To close the gap between DAP and Non-DAP children achieving expected and greater depth standards at the end of Key Stage 1.
- The floor target for Reading/Writing and Maths at the end of Key Stage 2 to be exceeded (75%)
- To improve the teaching and learning of Science throughout school and work towards achieving the Primary Science Quality Mark (Silver Award)
- To improve the quality of teaching and learning throughout the Academy.
- To raise attainment and accelerate progress in Reading/Writing and Mathematics.
- To raise attainment and accelerate progress throughout the School through the use of Target Tracker
- To develop the role of subject and middle leaders throughout the Academy.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education for students between the ages of 3 and 11.

Educational Objectives and Strategies for 2015/16

To raise standards across the Academy

- To raise the standards in Writing for disadvantaged pupils in current Year 3 (NOT ACHIEVED) and Year 6 (ACHIEVED 80%)
- To narrow the gap between girls and boys who are achieving above age related expectations at the end of key stage 1 (ACHIEVED)
- To increase the %age of girls who achieve the higher level for Reading at the end of Key Stage 1 (NOT ACHIEVED)
- Close the gap between girls and boys achieving age related expectations in Phonics at the end of Year 1. (NOT ACHIEVED 4 boys SEN did not meet standard)
- The floor target for Reading/Writing and Mathematics at the end of Key Stage 2 (65%) to be achieved. (NOT ACHIEVED)

To Improve the Quality of Teaching and Learning throughout the Academy

The majority of the teaching in the Academy is at least good. There are to be several staff changes in the new academic year following the Key Stage 2 SATs results. The Y3 teacher is leaving the school at the end of this academic year. The Year 1 teacher did not wish to pursue a teaching position in the academy and will also not be returning. Following these moves the teaching in the Academy should be at least good with a significant amount moving to outstanding.

To Continue to develop provision in the Early Years Foundation Stage

The EYFS had substantial support from Fulwell Infant School Academy in the Spring Term. The provision is good. Mrs Spark has returned to Holy Trinity (she took up post 2 May 2016) however she has taught in Year 1 since the start of the second half of the Spring Term. There has already been some work done with the staff in EYFS and Mrs Spark has produced a new EYFS brochure and arranged several meetings with parents. Staff in the unit have undergone training in Leuven Scales, Reggio Emilia theory, Gender Schemes, Child and Adult led Learning.

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

To develop a new system for assessment without levels in Religious Education

Miss Scott has implemented this very successfully throughout the school. She is to be acknowledged for her commitment to her role as RE co-ordinator and the vital part that she had to play in securing our outstanding judgement. RE went from satisfactory to outstanding in our SIAMS Inspection. The subject is led very well. To develop the role of Subject and Middle Leaders within the Academy.

Mrs Challis is continuing the NPQLfM with the Prince Bishops Teaching Alliance. She is also responsible for the development of Science throughout the school. This will be an area for improvement on the SIP for this and the next academic year. CPD has been arranged early in the new academic year for all staff as subject leaders. Another member of staff has expressed an interest in professional development in this area.

To achieve Kidsafe designation for the academy

Kidsafe is now up and running throughout the school. This is a very valuable session for the children. School is also going to pursue implementing this strategy in EYFS.

Computing

Work continues on achieving the NAACE mark.

Public benefit

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Governors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the trustees have considered this guidance in deciding what activities the academy should undertake.

STRATEGIC REPORT

ACHEIVEMENTS AND PERFORMANCE

Key Performance Indicators

- The Academy is oversubscribed for places in Reception.
- The Nursery provision is now at capacity.
- Attendance is rising, especially after the involvement of the Local Authority Attendance Officer whose services are secured through a Service Level Agreement.

FINANCIAL REVIEW

Going concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

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

Principal risks and uncertainties

The principle risks and uncertainties are centred around the changes in the level of funding from the DfE/EFA. In addition the Academy is a member of the South Tyneside Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Academy balance sheet.

The Academy considers all risks and since conversion Governors have begun to implement a system to assess risks that may impact the academy both immediately and medium-term. Particular risks identified are in relation to teaching, management of ICT security, Safeguarding, Health & Safety, Educational Visits and in relation to financial controls. To mitigate risk the Academy has introduced systems relating to operational procedures, and internal financial controls relating to ordering and online banking. Governors are satisfied that systems are in place to mitigate exposure to major risks and take onboard advice from external sources.

The Academy is subject to a number of risks and uncertainties in common with other Academies. Holy Trinity CE Academy (South Shields) has in place procedures to identify and mitigate financial risks. These are discussed further in the Risk Management section of this report, and in the Governance Statement.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating specifically to 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 Academy faces, especially in the operational areas (e.g. in relation to, teaching, health and safety, safeguarding, school visits and bullying) and in relation to all areas of financial management. Where significant financial risk is apparent there is appropriate insurance cover in place. The Academy has an effective system of internal financial controls and this is detailed further in the Governance Statement.

The Academy has fully implemented the requirements of the Safer Recruitment procedures and all staff have received Child Protection training.

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

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governing body will ensure that the levels of reserves that can be carried forward at the end of the financial period will be in line with the guidance received from the DfE on the treatment of General Annual Grant (GAG) income and other grants.

The governing body will try to match income with expenditure in the current period and will carry forward reserves that it considers necessary for future periods of expenditure. A decision on reserves would be taken at the start of the new academic year. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The reserves policy will be reviewed on an annual basis.

The level of reserves is reviewed by the Governors regularly throughout the year. The minimum level of reserves for the ongoing needs of an Academy is reviewed by the Governors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £160,000.

This is considered sufficient to cover

- a) delays between the spending and receipt of grants and:
- b) unexpected emergencies such as urgent maintenance.

The academy's current level of free reserves are in surplus by £336,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The trustees continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- a) Future capital expenditure projects
- b) Uncertainty over future pension contribution rates
- c) Uncertainty over the outcome of the National Funding formula project.

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

Principal funding

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, most of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/EFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2016, total expenditure of £1,374,000 was in excess of recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £19,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2016 the net book value of fixed assets was £1,663,000 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 students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £444,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2016 of £1,586,000 comprising £1,250,000 of restricted funds and £336,000 of unrestricted funds.

Investment Policy

Under the Memorandum and Articles of Association, the Academy has the power to invest funds not immediately required for its own purposes, in any way the Governors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

The aim of the Academy is to make low-risk investment of expenditure not immediately needed in order to maximise the schools income and the monies available to spend on the education of the Academy's pupils.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a charitable company limited by guarantee (registration no. 09098446) and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Academy Trust.

The Governors act as the trustees for the charitable activities of Holy Trinity CE Academy (South Shields) Trust and as directors of the charitable company for the purpose of company law.

The charitable company is known as Holy Trinity CE Academy (South Shields).

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

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

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.

Method of recruitment and appointment or election of Governors

Membership is determined in accordance with the composition set out in Article 12 of the Funding Agreement and shall comprise of:-

Four Governors
the Diocese of Durham Educational Trust;
the Bishop of Durham being a corporation sole; and
the Archdeacon of Sunderland
the Chair of the Governing Body

Policies and procedures adopted for the induction and training of Governors

A programme of Governor CPD runs throughout the year .

Although a formal policy for induction and training of Governors has not been agreed, training is provided by South Tyneside Council through their training programme (which is open to all Governors). The following training has specifically taken place for our Governors :

- PREVENT training
- OFSTED Inspection Information
- Safer recruitment of staff
- Safeguarding the welfare of pupils

Pay policy for key management personnel

The pay and remuneration of key management personnel is the responsibility of the staffing committee. The staffing committee considers recommendations for the pay and remuneration of the teaching staff and the Senior Leadership Team, from the Head Teacher. These staff will have been subject to Performance Management according to the guidelines in the Appraisal Policy and subject to the conditions laid down in the Whole School Pay Policy.

The pay and remuneration of the Head Teacher is decided by members of the staffing committee and a suitably trained and experienced external adviser. This is determined on or before the 31 December on an annual basis.

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

Organisational structure

The Academy's unified management structure consist of three levels:

the Governing Body,
the Senior Leadership Team
the Academy Business Manager.

The Governors are responsible for determining general policy, adopting an annual School Improvement Plan following a self-evaluation review, monitoring the practices and procedures adopted by the Academy, determining strategic direction of the academy, capital expenditure and senior staff appointments. They delegate the day to day operational management to the SLT who follow policies determined by and adopted by the Governors.

The SLT consists of the Head Teacher, the Deputy Head Teacher and the Key Stage Two Lead teacher and the EYFS/KS1 Lead. The SLT lead and manage the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. The Head Teacher and the Governors are responsible for authorisation of spending with agreed budgets as stated in the Scheme of Delegation and Finance Handbook and the appointment of staff.

The Academy School Business Manager is responsible for the management of the financial systems, sourcing additional funds, ensuring efficient and effective use of resources. The Academy Business Manager is responsible for the efficient operation of the school office.

The Head Teacher is the Accounting Officer for the Academy.

Connected organisations, including related party relationships

Governors are required to declare any business interests that may impact on the Academy. The adopted policy is that if interests are declared then the Governor will remove themselves from the relevant decision making process.

For the period ending 31 August 2016 there are no connected organisations.

Related parties at Holy Trinity Church of England Academy (South Shields) Trust are the Diocese, the Deanery and the church community, with regular information sent to the Director of the Board of Education.

Governors' indemnities

The academy has purchased insurance to protect trustees from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note [xx].

PLANS FOR FUTURE PERIODS

- To close the gap between DAP and Non-DAP children achieving expected and greater depth standards at the end of Key Stage 1.
- The floor target for Reading/Writing and Maths at the end of Key Stage 2 to be exceeded (75%)
- To improve the teaching and learning of Science throughout school and work towards achieving the Primary Science Quality Mark (Silver Award)
- To improve the Quality of Teaching and Learning Throughout the Academy.
- To raise attainment and accelerate progress in Reading/Writing and Mathematics.
- To raise attainment and accelerate progress throughout the School through the use of Target Tracker
- To develop the role of subject and middle leaders throughout the Academy.

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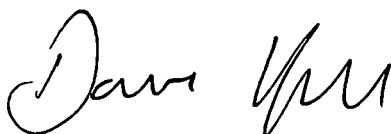
GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Disclosure of information to auditors

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

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

This report was approved by order of the Board of Governors as the company directors, on 14 December 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'DJ Pickersgill', written in a cursive style.

DJ Pickersgill
Chair

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Head 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 Holy Trinity Church of England Academy (South Shields) Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The Board of Governors has formally met 7 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
DJ Pickersgill, Chair	6	7
TL Murphy, Head Teacher and Accounting Officer	7	7
K Allan	5	7
E Clayton	4	7
L Davison	1	7
A Gedling	7	7
RJ Hall	5	7
J Mulley	6	7
T Pigott	4	7
Rev MP Thompson	5	7
D Tough	7	7

The Finance, Buildings and Audit Committee is a sub-committee of the main Board of Governors. Its purpose is to ensure the efficient and effective use of resources whilst seeking ways to ensure the fabric of the building remains fit for purpose and provides a productive learning environment. A particular issue overcome during the 15/16 reporting period was the development Information, Communication Technology.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
D Pickersgill, Chair	3	4
T Murphy, Head Teacher	4	4
L Davison	2	2
A Gedling	4	4
J Mulley	3	4

Review of Value for money

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

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

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GOVERNANCE STATEMENT (continued)

Review of Value for money (continued)

- The Finance, Building and Audit committee monitor expenditure very carefully.
- Staffing needs are constantly under review. This academic year has seen the removal of the need for supply teachers due to the release of a member of the Senior Leadership Team, who covers any areas of need and also supports small group work in targeted areas.
- Staff undertake relevant professional development in specific areas needed to meet the needs of children and to keep well informed of current Government priorities e.g. PREVENT.
- The Academy is a National Support School and the Head Teacher a National Leader of Education. This has enabled the school to support other schools, to provide help with teaching and learning, and as a result raising standards.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Holy Trinity Church of England Academy (South Shields) Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of 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 Board of Governors;
- regular reviews by the Finance, Buildings and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed RSM, a firm of auditors, to perform additional checks.

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GOVERNANCE STATEMENT (continued)

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;

On an annual basis, the auditors report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

Review of Effectiveness

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Governors on 14 December 2016 and signed on their behalf, by:



DJ Pickersgill
Chair



TL Murphy
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Holy Trinity Church of England Academy (South Shields) Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.


TL Murphy
Accounting Officer

14 December 2016

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
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**STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Governors (who act as trustees of Holy Trinity Church of England Academy (South Shields) Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Governors on 14 December 2016 and signed on its behalf by:



DJ Pickersgill
Chair

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST

We have audited the financial statements of Holy Trinity Church of England Academy (South Shields) Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the Academy'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's members those matters we are required to state to them in an Auditors' 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 and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the 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's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

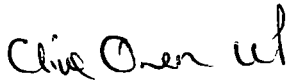
HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST

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; or



Kevin Shotton BA FCA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
and Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
14 December 2016

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 26 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Holy Trinity Church of England Academy (South Shields) Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Holy Trinity Church of England Academy (South Shields) Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Holy Trinity Church of England Academy (South Shields) Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Holy Trinity Church of England Academy (South Shields) Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Holy Trinity Church of England Academy (South Shields) Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Holy Trinity Church of England Academy (South Shields) Trust's funding agreement with the Secretary of State for Education dated 21 July 2014, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST AND THE EDUCATION FUNDING AGENCY (continued)

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

14 December 2016

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
INCOME FROM:						
Donations and capital grants:						
Transfer from Local Authority on conversion	2	-	-	-	-	1,930
Other donations and capital grants	2	4	-	7	11	23
Charitable activities	3	-	1,307	-	1,307	1,376
Other trading activities	4	27	-	-	27	29
TOTAL INCOME		31	1,307	7	1,345	3,358
EXPENDITURE ON:						
Charitable activities		27	1,292	55	1,374	1,418
TOTAL EXPENDITURE	6	27	1,292	55	1,374	1,418
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		4	15	(48)	(29)	1,940
Transfers between Funds	15	-	(2)	2	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES		4	13	(46)	(29)	1,940
Actuarial losses on defined benefit pension schemes	19	-	(289)	-	(289)	(36)
NET MOVEMENT IN FUNDS		4	(276)	(46)	(318)	1,904
RECONCILIATION OF FUNDS:						
Total funds brought forward		332	(153)	1,725	1,904	-
TOTAL FUNDS CARRIED FORWARD		336	(429)	1,679	1,586	1,904

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST

(A company limited by guarantee)

REGISTERED NUMBER: 09098446

**BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	£000	2016 £000	2015 £000
FIXED ASSETS				
Tangible assets	11		1,663	1,709
CURRENT ASSETS				
Debtors	12	82		101
Cash at bank and in hand		420		345
		<u>502</u>		<u>446</u>
CREDITORS: amounts falling due within one year	13	(135)		(98)
NET CURRENT ASSETS			367	348
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,030</u>	<u>2,057</u>
Defined benefit pension scheme liability	19		(444)	(153)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>1,586</u>	<u>1,904</u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	15	15	-	-
Restricted fixed asset funds	15	1,679		1,725
		<u>1,694</u>		<u>1,725</u>
Restricted funds excluding pension liability				1,725
Pension reserve		(444)		(153)
		<u></u>		<u></u>
Total restricted funds			1,250	1,572
Unrestricted funds	15		336	332
TOTAL FUNDS			<u>1,586</u>	<u>1,904</u>

The financial statements were approved by the Governors, and authorised for issue, on 14 December 2016 and are signed on their behalf, by:



DJ Pickersgill
Chair

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

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	17	77	39
		<hr/>	<hr/>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(9)	(27)
Capital grants from DfE/EFA		7	21
		<hr/>	<hr/>
Net cash used in investing activities		(2)	(6)
		<hr/>	<hr/>
Cash transferred on conversion		-	312
		<hr/>	<hr/>
Net cash provided by financing activities		-	312
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		75	345
Cash and cash equivalents brought forward		345	-
		<hr/>	<hr/>
Cash and cash equivalents carried forward		420	345
		<hr/> <hr/>	<hr/> <hr/>

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Holy Trinity Church of England Academy (South Shields) Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Holy Trinity Church of England Academy (South Shields) Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Holy Trinity Church of England Academy (South Shields) Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 23.

1.2 FUND ACCOUNTING

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

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

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

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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 Academy 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..

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold land	-	over 125 years
Leasehold improvements	-	over 50 years
Fixtures and fittings	-	over 7 years
Computer equipment	-	over 3 years

1.7 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

1.8 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.10 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 FINANCIAL INSTRUMENTS

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

1.12 TAXATION

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

1.13 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, 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.

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.13 PENSIONS (continued)

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £55,000.

Land and buildings - Land is held under 125 year leases from South Tyneside Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

Buildings are held on a licence from the Diocese of Durham and Newcastle. Significant capital expenditure on the building was funded by the Department of Education, these leasehold improvements are therefore held on the balance sheet as the Academy believes they will have access to the risks and rewards of these assets over their useful life.

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Transfer from Local Authority on conversion	-	-	-	1,930
Donations	4	-	4	2
Capital Grants	-	7	7	21
Subtotal	4	7	11	23
Total donations and capital grants	4	7	11	1,953

In 2015, of the total income from donations and capital grants, £313,000 was to unrestricted funds, £(123,000) was to restricted funds and £1,763,000 was to restricted fixed asset funds.

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	964	964	1,050
Academy Conversion Grant	-	-	-	25
Other DfE/ EFA Grants	-	224	224	209
	-	1,188	1,188	1,284
Other government grants				
Other Government Grants	-	119	119	92
	-	119	119	92
	-	1,307	1,307	1,376

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,376,000 was to restricted funds.

HOLY TRINITY CHURCH OF ENGLAND ACADEMY (SOUTH SHIELDS) TRUST
(A company limited by guarantee)

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Sundry Income	9	-	9	27
School fund income	3	-	3	2
Uniforms	4	-	4	-
School Trips	9	-	9	-
Staff Absence Insurance	2	-	2	-
	<u>27</u>	<u>-</u>	<u>27</u>	<u>29</u>

In 2015, of the total income from other trading activities, £29,000 was to unrestricted funds and £ NIL was to restricted funds.

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5. CHARITABLE ACTIVITIES

	2016 £000	2015 £000
DIRECT COSTS		
Wages and salaries	662	721
National insurance	54	45
Pension cost	113	108
Educational supplies	42	54
Staff development	-	6
Technology costs	25	3
Other direct costs	24	4
	<hr/> 920	<hr/> 941
SUPPORT COSTS		
Wages and salaries	93	126
National insurance	4	4
Pension costs	15	6
Depreciation	55	66
Net interest cost on pension scheme	4	4
Recruitment and support	10	-
Maintenance of premises and equipment	32	32
Cleaning	27	29
Rates	14	10
Energy	22	23
Insurance	11	20
Technology costs	3	1
Transport	4	7
Catering	111	100
Other support costs	36	28
Governance costs	13	21
	<hr/> 454	<hr/> 477
	<hr/>	<hr/>
	<hr/> 1,374	<hr/> 1,418
	<hr/>	<hr/>

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6. EXPENDITURE

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Academy's educational operations:					
Direct costs	829	-	91	920	941
Support costs	112	145	197	454	477
	<u>941</u>	<u>145</u>	<u>288</u>	<u>1,374</u>	<u>1,418</u>

In 2016, of the total expenditure, £27,000 (2015 - £32,000) was to unrestricted funds, £1,292,000 (2015 - £1,320,000) was to restricted funds and £55,000 (2015 - £66,000) was to restricted fixed asset funds.

There were no individual transactions exceeding £5,000 for:

- Ex-gratia/compensation payments
- Gifts made by the academy trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

7. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets:		
- owned by the charity	55	66
Auditors' remuneration - audit	7	5
Auditors' remuneration - other services	3	6
Operating lease rentals	<u>5</u>	<u>7</u>

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8. STAFF COSTS

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	724	729
Social security costs	58	49
Operating costs of defined benefit pension schemes	128	114
	<hr/>	<hr/>
	910	892
Supply staff costs	31	118
	<hr/>	<hr/>
	941	1,010
	<hr/>	<hr/>

Included in Operating costs of defined benefit pension schemes is a credit of £2,000 (2015: £10,000 debit) in respect of the LGPS actuarial valuation.

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

	2016 No.	2015 No.
Teaching staff	11	13
Administration and support	19	21
Management	2	2
	<hr/>	<hr/>
	32	36
	<hr/>	<hr/>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	0	1

The key management personnel of the academy trust comprise of the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £232,000 (2015: £216,000).

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9. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 3 Governors (2015 - 3) in respect of defined benefit pension schemes.

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2016 £000	2015 £000
T Murphy	Remuneration	75-80	80-85
	Pension contributions paid	10-15	10-15
R Hall	Remuneration	30-35	35-40
	Pension contributions paid	5-10	0-5
D Tough	Remuneration	25-30	30-35
	Pension contributions paid	5-10	5-10

During the year, no Trustees received any reimbursement of expenses (2015 - £574).

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 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 Governors and officers indemnity element from the overall cost of the RPA scheme.

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11. TANGIBLE FIXED ASSETS

	Leasehold Land £000	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST					
At 1 September 2015	59	1,634	30	51	1,774
Additions	-	-	9	-	9
At 31 August 2016	59	1,634	39	51	1,783
DEPRECIATION					
At 1 September 2015	-	35	13	17	65
Charge for the year	1	33	5	16	55
At 31 August 2016	1	68	18	33	120
NET BOOK VALUE					
At 31 August 2016	58	1,566	21	18	1,663
At 31 August 2015	59	1,599	17	34	1,709

12. DEBTORS

	2016 £000	2015 £000
Trade debtors	-	1
VAT recoverable	19	34
Other debtors	16	16
Prepayments and accrued income	47	50
	82	101

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Trade creditors	33	40
Other taxation and social security	17	14
Other creditors	15	15
Accruals and deferred income	70	29
	135	98

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13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2016 £000	2015 £000
DEFERRED INCOME		
Deferred income at 1 September 2015	10	-
Resources deferred during the year	43	10
Amounts released from previous years	(10)	-
	<u>43</u>	<u>10</u>
Deferred income at 31 August 2016	<u>43</u>	<u>10</u>

At the balance sheet date the academy trust was holding funds received in advance for school meals and nursery funding which relates to Autumn 2016.

14. PRIOR YEAR ADJUSTMENT

The prior year accounts have been restated to reflect accrued and deferred income that was due to/by the academy as at 31 August 2015. In addition, the land on conversion has been introduced at the market value determined at the point of conversion. These items were omitted from the prior year in error. The net impact if these adjustments is to increase total funds and the surplus for the period to 31 August 2015 by £103,000.

15. STATEMENT OF FUNDS

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
UNRESTRICTED FUNDS						
General Funds - all funds	332	31	(27)	-	-	336
	<u>332</u>	<u>31</u>	<u>(27)</u>	<u>-</u>	<u>-</u>	<u>336</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	964	(947)	(2)	-	15
Other DfE / EFA Grants	-	41	(41)	-	-	-
Pupil Premium	-	183	(183)	-	-	-
Other Government Grants	-	119	(119)	-	-	-
Pension reserve	(153)	-	(2)	-	(289)	(444)
	<u>(153)</u>	<u>1,307</u>	<u>(1,292)</u>	<u>(2)</u>	<u>(289)</u>	<u>(429)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Assets transferred from Local Authority	1,675	-	(43)	-	-	1,632
Devolved Formula Capital	23	7	(3)	-	-	27
Assets financed by GAG	20	-	(7)	2	-	15
Assets financed by unrestricted funds	7	-	(2)	-	-	5
	<u>1,725</u>	<u>7</u>	<u>(55)</u>	<u>2</u>	<u>-</u>	<u>1,679</u>
Total restricted funds	<u>1,572</u>	<u>1,314</u>	<u>(1,347)</u>	<u>-</u>	<u>(289)</u>	<u>1,250</u>
Total of funds	<u>1,904</u>	<u>1,345</u>	<u>(1,374)</u>	<u>-</u>	<u>(289)</u>	<u>1,586</u>

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

The General Annual Grant (GAG) must be used for the normal running of the Academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/EFA Grants includes UIFSM income to be used to provide free school meals to infants, rates relief, NCSL income and other EFA grants to be used for educational purposes.

Other Government Grants includes Nursery Funding and LAC funding from the Local Authority.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 19.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds can be used for any purpose, at the discretion of the Governors, within the objects of the Academy Trust.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	1,663	1,663	1,709
Current assets	336	150	16	502	446
Creditors due within one year	-	(135)	-	(135)	(98)
Provisions for liabilities and charges	-	(444)	-	(444)	(153)
	<u>336</u>	<u>(429)</u>	<u>1,679</u>	<u>1,586</u>	<u>1,904</u>

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

	2016 £000	2015 £000
Net (expenditure)/income for the year (as per Statement of financial activities)	(29)	1,940
Adjustment for:		
Depreciation charges	55	66
Decrease/(increase) in debtors	19	(86)
Increase in creditors	37	99
Capital grants from DfE and other capital income	(7)	(37)
Defined benefit pension scheme cost less contributions payable	(2)	(12)
Defined benefit pension scheme finance cost	4	(1)
Net (loss) on assets and liabilities from local authority on conversion	-	(1,930)
Net cash provided by operating activities	<u>77</u>	<u>39</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash at bank and in hand	420	345
Total	<u>420</u>	<u>345</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Tyneside Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £16,000 were payable to the schemes at 31 August 2016 (2015 - £14,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £74,000 (2015 - £61,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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19. PENSION COMMITMENTS (continued)

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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £70,000 (2015 - £80,000), of which employer's contributions totalled £56,000 (2015 - £65,000) and employees' contributions totalled £14,000 (2015 - £16,000). The agreed contribution rates for future years are 23.6% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.40 %	3.60 %
Rate of increase for pensions in payment / inflation	1.90 %	2.10 %
Inflation assumption (CPI)	1.90 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2016	2015
Retiring today		
Males	23.2	23.1
Females	24.8	24.7
Retiring in 20 years		
Males	25.3	25.1
Females	27.1	27.0

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19. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	302	213
Property	46	30
Government bonds	17	12
Corporate bonds	52	37
Cash	14	10
Other	25	20
	<hr/>	<hr/>
Total market value of assets	456	322
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £65,000 (2015 - £16,000).

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

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(54)	(55)
Net interest cost	(4)	(4)
	<hr/>	<hr/>
Total	(58)	(59)
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £000	2015 £000
Opening defined benefit obligation	475	-
Upon conversion	-	349
Current service cost	54	55
Interest cost	18	16
Contributions by employees	14	16
Actuarial losses	340	40
Benefits paid	(1)	(1)
	<hr/>	<hr/>
Closing defined benefit obligation	900	475
	<hr/> <hr/>	<hr/> <hr/>

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19. PENSION COMMITMENTS (continued)

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

	2016 £000	2015 £000
Opening fair value of scheme assets	322	-
Upon conversion	-	226
Interest income	14	12
Actuarial gains and (losses)	51	4
Contributions by employer	56	65
Contributions by employees	14	16
Benefits paid	(1)	(1)
	<hr/>	<hr/>
Closing fair value of scheme assets	456	322
	<hr/>	<hr/>

20. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
AMOUNTS PAYABLE:		
Within one year	1	6
Between one and five years	1	2
	<hr/>	<hr/>
Total	2	8
	<hr/>	<hr/>

21. OTHER FINANCE INCOME

	2016 £000	2015 £000
Expected return on pension scheme assets	14	12
Interest on pension scheme liabilities	(18)	(16)
	<hr/>	<hr/>
	(4)	(4)
	<hr/>	<hr/>

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy'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 the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain Governors' remuneration and expenses already disclosed in note 9.

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23. FIRST TIME ADOPTION OF FRS 102

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

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below. A prior year adjustment was made which has the effect of increasing the total funds

brought forward at 1 September 2015 by £103,000 per note 14.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		-	1,904
Total funds reported under FRS 102		<u>-</u>	<u>1,904</u>

Reconciliation of net income	Notes	31 August 2015 £000
Net income previously reported under UK GAAP		1,947
Change in recognition of LGPS cost		(7)
Actuarial loss brought above the line		(36)
Net movement in funds reported under FRS 102		<u>1,904</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Change in recognition of LGPS interest cost

Under previous UK GAAP the academy recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £7,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

B Actuarial gains/(losses) brought above the line

Under SORP 2005 actuarial gains and losses did not form part of net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.