

Registration number: 07877078

# Martin High School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Haines Watts Leicester LLP  
Chartered Accountants and Statutory Auditor  
Hamilton Office Park  
31 High View Close  
Leicester  
LE4 9LJ

# **Martin High School**

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# Martin High School

## Reference and Administrative Details

<b>Members</b>	Mrs P Whitehead (Chair) (appointed 22 September 2016) Mrs H Exon Mr N Blythe (Chair up to 22 September 2016) Mr D Donoghue (Vice Chair) Mrs N Baker
<b>Governors and Trustees (Directors)</b>	Mr N Blythe (Chair up to 22 September 2016) Mr D Noon (resigned 13 November 2016) Mr M Fawcett Mr J Sutherland Ms L Sanchez, Accounting Officer Mr S Dickinson Ms A Woodier (resigned 6 September 2015) Mrs G Parker Ms S Vaid (Resigned 18 November 2016) Mr G Davies (appointed 8 October 2015) Mrs P Whitehead (Chair) (appointed 8 October 2015) Mr G Robb (appointed 8 October 2015) Mr G Davidson (appointed 21 September 2015) Mr D Norris (appointed 21 September 2015 and resigned 13 October 2016)
<b>Company Secretary</b>	Mrs S Plunkett
<b>Senior Leadership Team</b>	Ms L Sanchez, Headteacher Mr P Wicken, Deputy Headteacher Mr L Witton, Assistant Head Mr K Seaward (changed role on 25 August 2016), Assistant Head Mr S Dickinson, Assistant Head Mrs Z Meadowcroft, Assistant Head (appointed 25 August 2016) Mrs S Plunkett, Business Manager
<b>Principal and Registered Office</b>	Martin High School Link Road Anstey Leicestershire LE7 7EB
<b>Company Registration Number</b>	07877078

## **Martin High School**

### **Reference and Administrative Details (continued)**

**Auditors**

Haines Watts Leicester LLP  
Chartered Accountants and Statutory Auditor  
Hamilton Office Park  
31 High View Close  
Leicester  
LE4 9LJ

**Solicitors**

Legal Services  
Leicestershire County Council  
County Hall  
Glenfield  
Leicester  
LE3 8RB

## **Martin High School**

### **Trustees' Report for the Year Ended 31 August 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

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

##### ***Constitution***

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 07877078.

The governors act as the trustees for the charitable activities of Martin High School and are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

##### ***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.

##### ***Trustees' indemnities***

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

##### ***Method of recruitment and appointment or election of Trustees***

The trustees are directors of the company for the purposes of the Companies Act 2006 and trustees for the purpose of charity legislation.

Four parent trustees may be elected by parents of the academy and three staff trustees may be elected by staff of the academy.

The term of office for any trustee will be four years, except for the Head Teacher which is an ex-officio appointment. Subject to remaining eligible to be a particular type of trustee, any trustee can be re-appointed or re-elected.

##### ***Policies and procedures adopted for the induction and training of Trustees***

The training and induction provided for each new Trustee will depend on their existing experience. The Academy Trust purchases support that provides for individual and full Governing Body training through an annual Course Directory which is reviewed each year to reflect any changes in practice and legislation. The Academy Trust will perform an annual skills audit of governors, should any gaps be identified training courses are offered to address these issues.

## **Martin High School**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### ***Organisational structure***

The Trustees have three committees, finance and general purposes committee, pay review committee and curriculum committee. Decisions that have to be made by the Full Board of Trustees are:

- Approval of the budget.
- Appointment or dismissal of Head Teacher.
- Approval of curriculum policy.
- Setting term dates.
- Appointment and dismissal of the clerk, co-opted and community trustees.
- Agreement of the scheme of delegation.
- Whether to form a federation.

The Finance and General Purposes committee has delegated powers to make the following decisions:

- Charging policy
- Contracts over £5,000 in value
- Estate management policy

The Senior Leadership Team meets as a formal team twice per week. They have delegated powers to manage the school and its finances subject to the restrictions listed above.

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

The pay review committee of the Governing Body reviews and sets the pay and remuneration of all key management personnel in accordance with the Academy's pay policies.

#### ***Risk management***

The charity trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks.

At the last evaluation, the following major risks and uncertainties were identified:

- Competition risk from other academies. This is mitigated by a rigorous improvement plan, good marketing and being pro-active in searching for grants and funding streams.
- Capital construction projects going over budget. This is mitigated by using professional expertise to manage large projects and fixed fee contracts wherever possible.
- The Local Government Pension Scheme deficit may increase. This is mitigated by an insurance policy for ill health retirement and regular valuations to ensure contributions cover the deficit.
- Reduction in funding streams. This is mitigated by detailed forecasting and budgeting in the short, medium and long term. Also by being proactive in funding consultations both locally and nationally.

#### ***Connected organisations, including related party relationships***

There were no connected organisations during the year ended 31 August 2016.

## **Martin High School**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### **Objectives and activities**

##### ***Objects and aims***

The principal object and activity of the charitable company is the operation of Martin High School to provide education for pupils of different abilities between the ages of 11 and 16.

In accordance the articles of association, the charitable company had adopted a scheme of governance approved by the Secretary of State for Education and Skills.

##### ***Objectives, strategies and activities***

The main objectives of the academy during the year ended 31 August 2016 are summarised below:

- To ensure that every child enjoys the same high quality education and care under the every child matters initiative.
- To further develop a deep understanding of how children learn and adapt the learning environment accordingly.
- To raise the standard of educational achievement of all student.
- To improve the effectiveness of the academy by constant review.
- To provide value for money for 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 transparency.

##### ***Public benefit***

The Academy provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the public benefit guidance provided by the Charity Commission.

## Martin High School

### Trustees' Report for the Year Ended 31 August 2016 (continued)

#### Strategic Report

##### Achievements and performance

2016 was the school's first year of GCSEs. The headlines are set out below.

Measure	MHS 2015	MHS 2016	Local 2016	National 2016
P8	-0.30	-0.04	-0.11	0*
A8	4.8	5.2	4.9	4.8
A*-C in E and M	57%	61%		59%
Ebacc Attainment	28%	33%	19%	23%

##### *Going concern*

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies. The changes in funding from the Education Funding Agency for 2017/18 onwards are not yet known. Fairer funding is due to start in September 2018 and there has been additional school improvement support announced for 2017-18.

##### **Financial review**

The majority of the academy's income is obtained from the Education Funding Agency in the form of general annual grant. The grants received from the EFA during the financial accounting period of the academy ending on 31 August 2016 and the associated expenditure are shown in the statement of financial activities. Grants received for a specific purpose are shown as restricted funds in the statement.

##### *Reserves policy*

The governors review reserve levels of the academy annually. The policy of the academy is to carry forward a prudent level of resources designed to meet the long term needs of repairs and renewals plus a contribution towards future capital projects. The budget for 2015/16 originally forecast an adequate surplus but there were unforeseen capital and staffing costs during the year which resulted in a deficit as follows:

- Unrestricted surplus £701 (2015 - £42,791)
- Restricted reserve (in deficit) £1,205,000 (2015- £839,386), including £1,205,000 (2015 - £858,000) Local Government Pension Scheme Deficit.
- Fixed asset reserve £6,286,679 (2015 - £6,181,994)

##### *Investment policy*

Due to the nature of the funding cycle, the academy may at times hold large cash balances. The trustees have authorised the opening of an additional instant access bank investment account. No other form of investment is authorised.

## Martin High School

### Trustees' Report for the Year Ended 31 August 2016 (continued)

#### Strategic Report

##### *Plans for future periods*

We continue to strive for a modern school where pupils are inspired to dream more, learn more, do more and become more.

Plans are in place to refurbish and modernize the school kitchen and create a cafe style space for our KS4 pupils. We continue to make improvements through the CIF bid on roofing and replacement windows.

We have an exciting collaboration with Anstey Parish Council to provide sporting facilities for both the Academy and local community.

##### **Funds held as Custodian Trustee on behalf of others**

There were no funds held as Custodian Trustee.

##### **Auditor**

In so far as the Trustees 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.

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Board of Trustees on 12 December 2016 and signed on its behalf by:

.....  
Mrs P Whitehead (Chair)  
Governor and trustee

## Martin High School

### Governance Statement

#### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Martin High School 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 Trustees has delegated the day-to-day responsibility to Ms L Sanchez, 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 Martin High School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

#### Governance

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mrs H Exon	5	5
Mr N Blythe (Chair up to 22 September 2016)	5	5
Mr D Noon	0	5
Mr D Donoghue (Vice Chair)	5	5
Mr M Fawcett	4	5
Mr J Sutherland	0	5
Mr S Dickinson	5	5
Ms A Woodier	0	0
Mrs G Parker	4	5
Mrs N Baker	4	5
Ms S Vaid	2	5
Mrs P Whitehead (Chair)	5	5
Mr G Robb	5	5
Mr G Davies	3	5
Mr D Norris	4	5
Ms L Sanchez	5	5
Mr G Davidson	3	5

## Martin High School

### Governance Statement (continued)

#### Governance reviews

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs P Whitehead (Chair)	4	4
Mr D Donoghue (Vice Chair)	5	5
Mrs H Exon	5	5
Mr N Blythe (Chair up to 22 September 2016)	5	5
Mr G Robb	3	4
Ms L Sanchez	5	5

#### Review of value for money

As accounting officer the member 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 trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

1. Reviewing insurance for staff absence resulting in a policy that matches the increased work force of our growing school.
2. Successfully bidding under the Condition Improvement Fund for cost effective fire alarm and window replacements. These projects will save the cost of future repairs and also increase the energy efficiency and fire safety of the building.
3. In order to meet the ICT needs of pupils, the school has invested in refurbished equipment which is robust but also significantly cheaper than buying new or leasing.

What we plan for the future:

The school is committed to becoming more energy efficient and anticipates substantial savings from educating stakeholders in good housekeeping. Our next major project is updating our catering provision, replacing old inefficient equipment with faster more streamlined facilities.

#### 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 Martin High School for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

## **Martin High School**

### **Governance Statement (continued)**

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

The Board of Trustees 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 Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 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 Trustees.

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and General Purposes 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 Trustees has considered the need for a specific internal audit function and has decided:

- to appoint Leicestershire County Council Internal Audit Service as internal auditor

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees's financial responsibilities.

## Martin High School

### Governance Statement (continued)

#### Review of effectiveness

As Accounting Officer, Ms L Sanchez 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 internal auditor ;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 Trustees on 12 December 2016 and signed on its behalf by:

.....  
Ms L Sanchez  
Accounting officer  
Governor and trustee

.....  
Mrs P Whitehead (Chair)  
Governor and trustee

## **Martin High School**

### **Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Martin High School 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.

.....  
Ms L Sanchez  
Accounting officer

12 December 2016

## **Martin High School**

### **Statement of Trustees' Responsibilities**

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees 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 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; 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 Trustees 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 Trustees 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 Trustees 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 on 12 December 2016 and signed on its behalf by:

.....  
Mrs P Whitehead (Chair)  
Governor and trustee

## **Martin High School**

### **Independent Auditor's Report on the Financial Statements to the Members of Martin High School**

We have audited the financial statements of Martin High School for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 13), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual 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 the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction 2015 to 2016; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

## **Martin High School**

### **Independent Auditor's Report on the Financial Statements to the Members of Martin High School (continued)**

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

.....  
Sanjay Khullar (Senior Statutory Auditor)  
For and on behalf of Haines Watts Leicester LLP, Statutory Auditor

Chartered Accountants and Statutory Auditor  
Hamilton Office Park  
31 High View Close  
Leicester  
LE4 9LJ

12 December 2016

## **Martin High School**

### **Independent Reporting Accountant's Report on Regularity to Martin High School and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 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 Martin High School during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Martin High School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Martin High School 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 Martin High School and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Martin High School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Martin High School's funding agreement with the Secretary of State for Education 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 from 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.

We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.

We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.

## **Martin High School**

### **Independent Reporting Accountant's Report on Regularity to Martin High School and the Education Funding Agency (continued)**

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.

Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.

- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.

We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

#### **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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....  
Sanjay Khullar

For and on behalf of Haines Watts Leicester LLP, Chartered Accountants

Chartered Accountants and Statutory Auditor  
Hamilton Office Park  
31 High View Close  
Leicester  
LE4 9LJ

12 December 2016

## Martin High School

### Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £
<b>Income and endowments from:</b>					
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	5	-	4,329,315	208,926	4,538,241
Other trading activities	3	364,018	-	-	364,018
Investments	4	1,359	-	-	1,359
<b>Total</b>		<u>365,377</u>	<u>4,329,315</u>	<u>208,926</u>	<u>4,903,618</u>
<b>Expenditure on:</b>					
Raising funds	6	320,808	14,651	-	335,459
<i>Charitable activities:</i>					
Academy trust educational operations	7	7,980	4,408,538	188,660	4,605,178
<b>Total</b>		<u>328,788</u>	<u>4,423,189</u>	<u>188,660</u>	<u>4,940,637</u>
Net income/(expenditure)		36,589	(93,874)	20,266	(37,019)
Transfers between funds		(78,679)	(5,740)	84,419	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	23	-	(266,000)	-	(266,000)
Net movement in (deficit)/funds		(42,090)	(365,614)	104,685	(303,019)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2015		<u>42,791</u>	<u>(839,386)</u>	<u>6,181,994</u>	<u>5,385,399</u>
Total funds/(deficit) carried forward at 31 August 2016		<u>701</u>	<u>(1,205,000)</u>	<u>6,286,679</u>	<u>5,082,380</u>

## Martin High School

### Statement of Financial Activities for the Year Ended 31 August 2015 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £
<b>Income and endowments from:</b>					
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	5	-	4,676,187	400,313	5,076,500
Other trading activities	3	314,414	-	-	314,414
Investments	4	1,646	-	-	1,646
<b>Total</b>		<u>316,060</u>	<u>4,676,187</u>	<u>400,313</u>	<u>5,392,560</u>
<b>Expenditure on:</b>					
Raising funds	6	259,751	16,537	-	276,288
<i>Charitable activities:</i>					
Academy trust educational operations	7	11,766	4,520,968	175,153	4,707,887
<b>Total</b>		<u>271,517</u>	<u>4,537,505</u>	<u>175,153</u>	<u>4,984,175</u>
Net income		44,543	138,682	225,160	408,385
Transfers between funds		-	(192,068)	192,068	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	23	-	14,000	-	14,000
Net movement in funds/(deficit)		44,543	(39,386)	417,228	422,385
<b>Reconciliation of funds</b>					
Total (deficit)/funds brought forward at 1 September 2014		<u>(1,753)</u>	<u>(800,000)</u>	<u>5,764,766</u>	<u>4,963,013</u>
Total funds/(deficit) carried forward at 31 August 2015		<u>42,790</u>	<u>(839,386)</u>	<u>6,181,994</u>	<u>5,385,398</u>

## Martin High School

### (Registration number: 07877078) Balance Sheet as at 31 August 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	11	6,286,679	6,181,994
<b>Current assets</b>			
Stocks	12	3,982	4,290
Debtors	13	200,169	142,360
Cash at bank and in hand		<u>143,959</u>	<u>417,552</u>
		348,110	564,202
Creditors: Amounts falling due within one year	14	<u>(340,075)</u>	<u>(491,350)</u>
Net current assets		<u>8,035</u>	<u>72,852</u>
Total assets less current liabilities		6,294,714	6,254,846
Creditors: Amounts falling due after more than one year	15	<u>(7,334)</u>	<u>(11,448)</u>
Net assets excluding pension liability		6,287,380	6,243,398
Pension scheme liability	23	<u>(1,205,000)</u>	<u>(858,000)</u>
Net assets including pension liability		<u><u>5,082,380</u></u>	<u><u>5,385,398</u></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund	16	-	18,614
Restricted fixed asset fund	16	6,286,679	6,181,994
Restricted pension fund	16	<u>(1,205,000)</u>	<u>(858,000)</u>
		5,081,679	5,342,608
<b>Unrestricted funds</b>			
Unrestricted general fund	16	<u>701</u>	<u>42,790</u>
Total funds		<u><u>5,082,380</u></u>	<u><u>5,385,398</u></u>

The financial statements on pages 18 to 38 were approved by the Trustees, and authorised for issue on 12 December 2016 and signed on their behalf by:

.....  
Mrs P Whitehead (Chair)  
Governor and trustee

## Martin High School

### Statement of Cash Flows for the Year Ended 31 August 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	15,064	879,065
Cash flows from investing activities	20	(284,543)	(590,735)
Cash flows from financing activities		<u>(4,114)</u>	<u>(4,119)</u>
Change in cash and cash equivalents in the year		(273,593)	284,211
Cash and cash equivalents at 1 September		<u>417,552</u>	<u>133,341</u>
Cash and cash equivalents at 31 August	21	<u>143,959</u>	<u>417,552</u>

# Martin High School

## Notes to the Financial Statements for the Year Ended 31 August 2016

### 1 Accounting policies

#### Statement of accounting policies

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

#### Basis of preparation

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

Martin High School meets the definition of a public benefit entity under FRS 102.

#### Going concern

The trustees 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 trustees 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.

#### Income

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

#### Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 1 Accounting policies (continued)

##### *Sponsorship income*

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

##### *Donations*

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

##### *Other income*

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

##### *Donated goods, facilities and services*

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

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

##### **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.

All resources expended are inclusive of irrecoverable VAT.

##### *Expenditure on raising funds*

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

##### *Charitable activities*

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

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 1 Accounting policies (continued)

##### Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Long leasehold buildings	2% straight line
Furniture and equipment	25% straight line
Computer equipment	33.3% straight line

##### Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

##### Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

##### Leased assets

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

##### Stock

Catering stocks are valued at the lower of cost or net realisable value.

## **Martin High School**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **1 Accounting policies (continued)**

##### **Taxation**

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

##### **Pension benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

##### **Fund accounting**

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

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

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 1 Accounting policies (continued)

##### *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 23, 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 31/08/2016. 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.

#### 2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2016.

#### 3 Other trading activities

	<b>Unrestricted funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Hire of facilities	1,212	1,212	595
Catering income	166,804	166,804	156,366
Recharges and reimbursements	19,429	19,429	13,600
Other income	176,573	176,573	143,853
	<u>364,018</u>	<u>364,018</u>	<u>314,414</u>

#### 4 Investment income

	<b>Unrestricted funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Interest received	1,359	1,359	1,646

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

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

	Restricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
<b>DfE/EFA capital grants</b>				
Devolved formula capital	-	19,306	19,306	17,028
Capital maintenance fund	-	136,511	136,511	157,897
CIF grant	-	53,109	53,109	-
	<u>-</u>	<u>208,926</u>	<u>208,926</u>	<u>174,925</u>
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	4,140,173	-	4,140,173	4,467,752
Other DfE/EFA grants	162,755	-	162,755	177,487
	<u>4,302,928</u>	<u>-</u>	<u>4,302,928</u>	<u>4,645,239</u>
<b>Other government grants</b>				
Other income	26,387	-	26,387	30,948
<b>Non-government grants and other income</b>				
Local authority capital grants	-	-	-	225,388
Total grants	<u>4,329,315</u>	<u>208,926</u>	<u>4,538,241</u>	<u>5,076,500</u>

#### 6 Expenditure

	Non Pay Expenditure			Total 2016 £	Total 2015 £
	Staff costs £	Premises £	Other costs £		
Expenditure on raising funds	86,667	-	248,792	335,459	276,288
<b>Academy's educational operations</b>					
Direct costs	3,155,393	-	387,038	3,542,431	3,703,761
Allocated support costs	472,100	387,741	202,906	1,062,747	1,004,126
	<u>3,714,160</u>	<u>387,741</u>	<u>838,736</u>	<u>4,940,637</u>	<u>4,984,175</u>

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 7 Charitable activities

	<b>Total 2016 £</b>	<b>Total 2015 £</b>	
Direct costs - educational operations	3,542,431	3,703,761	
Support costs - educational operations	1,062,747	1,004,126	
	4,605,178	4,707,887	
	<b>Educational operations £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>Analysis of support costs</b>			
Support staff costs	472,100	472,100	442,696
Depreciation	188,660	188,660	175,153
Premises costs	199,081	199,081	226,777
Other support costs	194,618	194,618	150,548
Governance costs	8,288	8,288	8,952
Total support costs	1,062,747	1,062,747	1,004,126

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 8 Staff

##### Staff costs

	2016 £	2015 £
<b>Staff costs during the year were:</b>		
Wages and salaries	2,797,697	2,924,483
Social security costs	217,252	200,388
Pension costs	519,610	482,740
	3,534,559	3,607,611
Supply teacher costs	114,633	78,058
Staff restructuring costs	64,968	153,425
	3,714,160	3,839,094
		<b>2016 £</b>
<b>Staff restructuring costs comprise:</b>		
Severance payments		64,968

##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £64,968 (2014: £26,191). Individually, the payments were:

Non-contractual payments £64,968

##### Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year expressed as full time equivalents was as follows:

	2016 No	2015 No
<b>Charitable Activities</b>		
Teachers	56	58
Administration and support	41	37
Management	5	5
	102	100

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 8 Staff (continued)

##### Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2016 No	2015 No
£60,001 - £70,000	-	2
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £142,206 (2015: £162,591).

#### 9 Related party transactions - trustees' remuneration and expenses

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

Mr S Dickinson (Assistant head teacher):

Remuneration: £45,000 - £50,000 (2015 - £40,000 - £45,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £5,000 - £10,000)

Ms L Sanchez (Head teacher):

Remuneration: £70,000 - £75,000 (2015 - £Nil)

Employer's pension contributions: £10,000 - £15,000 (2015 - £Nil)

Mr G Davidson (Subject leader & Teacher):

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

Employer's pension contributions: £5,000 - £10,000 (2015 - £Nil)

Mr D Norris (Network Manager):

Remuneration: £25,000 - £30,000 (2015 - £Nil)

Employer's pension contributions: £5,000 - £10,000 (2015 - £Nil)

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

#### 10 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,243 (2015 - £1,243).

The cost of this insurance is included in the total insurance cost.

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 11 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2015	6,424,121	102,781	144,747	6,671,649
Additions	97,694	143,875	51,775	293,344
Disposals	<u>(7,677)</u>	<u>-</u>	<u>-</u>	<u>(7,677)</u>
At 31 August 2016	<u>6,514,138</u>	<u>246,656</u>	<u>196,522</u>	<u>6,957,316</u>
<b>Depreciation</b>				
At 1 September 2015	358,500	29,933	101,221	489,654
Charge for the year	128,908	26,455	25,855	181,218
Eliminated on disposals	<u>(235)</u>	<u>-</u>	<u>-</u>	<u>(235)</u>
At 31 August 2016	<u>487,173</u>	<u>56,388</u>	<u>127,076</u>	<u>670,637</u>
<b>Net book value</b>				
At 31 August 2016	<u>6,026,965</u>	<u>190,268</u>	<u>69,446</u>	<u>6,286,679</u>
At 31 August 2015	<u>6,065,621</u>	<u>72,848</u>	<u>43,526</u>	<u>6,181,995</u>

#### 12 Stock

	2016 £	2015 £
Catering	<u>3,982</u>	<u>4,290</u>

#### 13 Debtors

	2016 £	2015 £
Trade debtors	360	1,430
VAT recoverable	56,366	15,024
Prepayments	118,445	89,092
Accrued grant and other income	<u>24,998</u>	<u>36,814</u>
	<u>200,169</u>	<u>142,360</u>

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	134,297	130,786
Other taxation and social security	119,872	117,891
Other creditors	4,118	4,121
Accruals	66,390	205,038
Deferred income	15,398	33,514
	<u>340,075</u>	<u>491,350</u>

	<b>2016</b>
	<b>£</b>
<b>Deferred income</b>	
Deferred income at 1 September 2015	33,514
Resources deferred in the period	15,398
Amounts released from previous periods	<u>(33,514)</u>
Deferred income at 31 August 2016	<u>15,398</u>

#### 15 Creditors: amounts falling due after one year

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other creditors	<u>7,334</u>	<u>11,448</u>

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 16 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	18,614	4,129,673	(4,471,334)	323,047	-
Other DfE/EFA Grants	-	173,255	(173,255)	-	-
Local Authority Revenue Grant	-	26,387	(26,387)	-	-
	<u>18,614</u>	<u>4,329,315</u>	<u>(4,670,976)</u>	<u>323,047</u>	<u>-</u>
<b>Restricted fixed asset funds</b>					
Restricted fixed assets funds	6,181,994	208,926	(188,660)	84,419	6,286,679
<b>Restricted pension funds</b>					
Restricted general funds	(858,000)	-	(81,000)	(266,000)	(1,205,000)
Total restricted funds	5,342,608	4,538,241	(4,940,636)	141,466	5,081,679
<b>Unrestricted funds</b>					
Unrestricted general funds	42,790	365,377	-	(407,466)	701
Total funds	<u>5,385,398</u>	<u>4,903,618</u>	<u>(4,940,636)</u>	<u>(266,000)</u>	<u>5,082,380</u>

#### 17 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	6,286,679	6,286,679
Current assets	701	347,409	-	348,110
Current liabilities	-	(340,075)	-	(340,075)
Creditors over 1 year	-	(7,334)	-	(7,334)
Pension scheme liability	-	(1,205,000)	-	(1,205,000)
Total net assets	<u>701</u>	<u>(1,205,000)</u>	<u>6,286,679</u>	<u>5,082,380</u>

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 18 Commitments under operating leases

##### *Operating leases*

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	23,623	60,418
Amounts due between one and five years	14,354	17,171
	37,977	77,589

#### 19 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net (expenditure)/income	(37,019)	408,385
Depreciation	181,218	175,153
Interest receivable	(1,359)	(1,646)
Defined benefit pension scheme obligation inherited	48,000	53,000
Defined benefit pension scheme cost less contributions payable	(32,000)	(35,000)
Defined benefit pension scheme finance cost	65,000	54,000
Decrease/(increase) in stocks	308	(4,290)
(Increase)/decrease in debtors	(57,809)	165,069
(Decrease)/increase in creditors	(151,275)	64,394
Net cash provided by Operating Activities	15,064	879,065

#### 20 Cash flows from investing activities

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Dividends, interest and rents from investments	365,377	316,060
Purchase of tangible fixed assets	(293,344)	(592,381)
Proceeds from sale of tangible fixed assets	7,442	-
Net cash provided by/(used in) investing activities	79,475	(276,321)

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 21 Analysis of changes in net funds

	At 31 August 2016 £	At 31 August 2015 £
Cash at bank and in hand	143,959	417,552
Total cash and cash equivalents	143,959	417,552

#### 22 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

#### 23 Pension and similar obligations

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

#### Teachers' Pension Scheme

##### Introduction

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

The 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:

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 23 Pension and similar obligations (continued)

- 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 £325,849 (2015: £301,396). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

#### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £186,000 (2015 - £166,000), of which employer's contributions totalled £145,000 (2015 - £129,000) and employees' contributions totalled £41,000 (2015 - £37,000). The agreed contribution rates for future years are 21.4 per cent for employers and 5.5 - 12.5 per cent for employees.

#### Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.10	4.60
Rate of increase for pensions in payment/inflation	2.10	2.70
Discount rate for scheme liabilities	2.10	3.80
Inflation assumptions (CPI)	2.10	2.70
Commutation of pensions to lump sums	<u>50.00</u>	<u>50.00</u>

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

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 23 Pension and similar obligations (continued)

	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
<b>Retiring today</b>		
Males retiring today	22.20	22.20
Females retiring today	24.30	24.30
<b>Retiring in 20 years</b>		
Males retiring in 20 years	24.20	24.20
Females retiring in 20 years	<u>26.60</u>	<u>26.60</u>

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

	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
	<b>£</b>	<b>£</b>
Equities	794,880	490,000
Gilts	198,720	156,000
Property	99,360	82,000
Cash	<u>11,040</u>	<u>15,000</u>
Total market value of assets	1,104,000	743,000
Present value of scheme liabilities - funded	<u>(2,309,000)</u>	<u>(1,601,000)</u>
Deficit in the scheme	<u>(1,205,000)</u>	<u>(858,000)</u>

The actual return on scheme assets was £178,000 (2015 - £25,000).

#### Amounts recognised in the statement of financial activities

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Current service cost	<u>192,000</u>	<u>182,000</u>
Total operating charge	<u>192,000</u>	<u>182,000</u>

## Martin High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 23 Pension and similar obligations (continued)

Changes in the present value of defined benefit obligations were as follows:

	2016	2015
	£	£
At 1 September	1,601,000	1,353,000
Current service cost	192,000	182,000
Interest cost	65,000	54,000
Employee contributions	41,000	37,000
Actuarial losses/(gains)	412,000	(24,000)
Benefits paid	(2,000)	(1,000)
At 31 August	<u>2,309,000</u>	<u>1,601,000</u>

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

	2016	2015
	£	£
At 1 September	743,000	553,000
Interest income	32,000	35,000
Return on plan assets (excluding net interest on the net defined pension liability)	146,000	-
Actuarial losses	-	(10,000)
Employer contributions	144,000	129,000
Employee contributions	41,000	37,000
Benefits paid	(2,000)	(1,000)
At 31 August	<u>1,104,000</u>	<u>743,000</u>

#### 24 Related party transactions

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

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

#### 25 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Martin High School 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 Martin High School for the year ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on reserves or surplus or deficit.