

**Report of the Trustees and
Financial Statements for the Year Ended 31 August 2018
for
The Axholme Academy**

Forrester Boyd
Statutory Auditors
Chartered Accountants
66-68 Oswald Road
Scunthorpe
North Lincolnshire
DN15 7PG

The Axholme Academy

Contents of the Financial Statements
for the Year Ended 31 August 2018

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 10
Governance Statement	11 to 13
Statement on Regularity, Propriety and Compliance	14
Statement of Trustees Responsibilities	15
Report of the Independent Auditors	16 to 17
Independent Accountant's Report on Regularity	18
Statement of Financial Activities	19
Balance Sheet	20
Cash Flow Statement	21
Notes to the Cash Flow Statement	22
Notes to the Financial Statements	23 to 38
Detailed Statement of Financial Activities	39 to 40

The Axholme Academy

Reference and Administrative Details
for the Year Ended 31 August 2018

MEMBERS	T Rahman (resigned 30.8.18) D M A Da Costa J P Sellars N Shaw (appointed 15.10.18)
TRUSTEES	G Wright D M A Da Costa C Burke C L Carter (resigned 26.3.18) J P Sellars D A Southam N Shaw N Harrison T Rahman (resigned 30.8.18) K Wallwork A Mathon (appointed 21.5.18) S Spence-Hill (appointed 27.11.17) I Hamilton (appointed 4.7.18) K Reich (appointed 10.7.18)
COMPANY SECRETARY	S E Leggott
SENIOR MANAGEMENT TEAM	J Sellars B Creasy L Thompson A Harkin
REGISTERED OFFICE	Wharf Road Crowle Scunthorpe North Lincolnshire DN17 4HU
REGISTERED COMPANY NUMBER	07840804 (England and Wales)
AUDITORS	Forrester Boyd Statutory Auditors Chartered Accountants 66-68 Oswald Road Scunthorpe North Lincolnshire DN15 7PG
SOLICITORS	Browne Jacobson Mowbray House Castle Meadow Road Nottingham, NG2 1BJ
BANKERS	Natwest 119 High Street Scunthorpe North Lincolnshire, DN15 6LT

The Axholme Academy

Report of the Trustees for the Year Ended 31 August 2018

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2018. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

OBJECTIVES AND ACTIVITIES

Objectives and aims

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

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Academy during the year ended 31 August 2018 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Significant activities

The Academy's main strategy is encompassed in its Vision Statement, which is "At The Axholme Academy we aim to achieve excellence in all aspects of school life through high quality teaching and learning, a creative and challenging curriculum, and an ethos of support, in order to develop independent learners who are well prepared for the next stage of their lives."

For 2018-19 the means by which the academy will make progress towards fulfilling this vision are presented in the School Improvement Plan which contains actions and strategies relating to how we will -

Create a 5 year learning journey enabling all students to make excellent progress and develop as well rounded members of the school community by:

- 1) Closely aligning the curriculum with the learning process
- 2) Developing effective, resilient and responsible learners
- 3) Having consistently high expectations of all students
- 4) Enabling all students to contribute positively towards the school and wider communities

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 2006 to have due regard to the public benefit guidance provided by the Charity Commission in exercising their powers and duties.

STRATEGIC REPORT

Achievement and performance

Charitable activities

A number of performance indicators were used to monitor and evaluate the success of the academy during the 2017/18 academic year. At the beginning of the academic year an aspirational target was set for each performance indicator for the then Year 11 cohort of students. In September 2018, the performance of these students was compared against each target to evaluate how well they performed, as below:

Performance Indicator	Results	Target
Progress 8	-0.35 (provisional)	0.4
Progress 8 (disadvantaged)	-0.32	0.4
5-9 in En & Ma	30%	47%
5-9 in En & Ma (disadvantaged)	16%	35%
4-9 in En & Ma	52%	76%
English Baccalaureate	22%	21%

The Axholme Academy
Report of the Trustees
for the Year Ended 31 August 2018

STRATEGIC REPORT

Achievement and performance

Key financial performance indicators

The academy is in its seventh year of operation. Student numbers are now higher than those forecast and this year our year 7 intake was 125 which is our 17 over our Published Admission Number. As at 17th November 2017 we had a total of 517 students on roll, as at 17th November 2018 we have 545. Future forecasts for student numbers show a continued increase over the next 5 years, with evidence to suggest that the work done by our Primary Liaison Team both locally and further afield and the further extension of our transport provision, is proving a success, as we continue to attract an increasing number of students from beyond our traditional catchment area.

We are disappointed by the overall performance of our Y11 leavers in 2018 and have already put a considerable amount of time and effort into both reviewing what led to this set of results and implementing strategies which will ensure that in 2019 our Y11 results are comparable to results achieved in previous years. For many years students at the academy have achieved excellent results which have prepared them well for the next stage in their lives and we are determined that this will be the case for our current Y11 students and all those that follow.

The academy was subject to a 1 day Ofsted inspection on July 5th 2017. This concluded that this remains a good school. We are very pleased with this outcome and the tone of the Ofsted letter published after the inspection. The inspectors recognised that it is much more difficult to earn a 'good' rating than it was when we were last inspected in October 2013. The letter can be found on the academy website - www.theaxholmeacademy.com

Financial review

Financial position

These financial statements reflect a 12 month accounting period from 1 September 2017 to 31 August 2018. The majority of income received is obtained from the Educational Funding Agency (ESFA) in the form of recurrent General Annual Grant (GAG) funding, the use of which is restricted for the day to day running of the Academy Trust. Total grants received from the ESFA are set out in the statement of financial activities.

During the period the Academy Trust received £2,668,517 of income, of which £2,323,727 was GAG funding. Other grants and income amounted to £344,790.

Expenditure for the period totalled £2,678,135 (excluding depreciation), including £2,100,443 of staff related costs supporting the day to day running of the Academy Trust.

In aggregate, during the period, total income over total expenditure led to a surplus position of £62,382 excluding depreciation and movement in the pension fund being made up of: £14,470 Unrestricted Funds: £36,234 Restricted General Funds: £11,678 Restricted Fixed Assets.

The Local Government Pension Scheme (LGPS) liability stands at £484,000 as at 31 August 2018. The actuarial deficit at 31 August 2018 had decreased by £83,000. The calculation of the asset value is provisional, and will be reviewed as part of the 2018 actuarial valuation. This is detailed in note 20 to the financial statements.

As at 31 August 2018, the net book value of fixed assets after depreciation is £2,990,515 as shown in note 13 of the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

Investment policy and objectives

Surplus funds are held in a separate 'Reserve' account. The trustees have considered the need for an investment policy and explored the options available. It was resolved that such a policy is not required at this time, as the Academy will not be making any investments other than the Reserve account during the foreseeable future.

Reserves policy

The governors regularly review the reserve levels of the Academy. They also review the budgets and spend against them as part of the effective stewardship of the Academy.

The governors have determined that the appropriate level of free reserves should be reasonably high and therefore the academy has saved as much as possible year on year. The reason for this is to support the General Annual Grant which, based on student numbers and 'lagged funding', affected us in 2017/18 due to a small year group consisting of only 65 students leaving us in summer 2017 and being replaced by 120 students in year 7 in September. Going forward, the governors agree that the level of reserves can be reduced slightly and spending on urgent premises repairs and replacement of old equipment and services that have been unaffordable in previous years due to the impact of the 'lagged funding' can be prioritised, as student numbers start to even out.

Going concern

After making appropriate enquiries, the governing board 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 Axholme Academy
Report of the Trustees
for the Year Ended 31 August 2018

STRATEGIC REPORT

Principal risks and uncertainties

The principal uncertainty for the Academy continues to be sustainability in terms of shrinking budgets, increasing staff costs and the ongoing challenge to maximise intake and maintain standards across the board, whilst being funded on a 'lagged basis'. The number currently on roll is 545 (as at 17/11/18) and the fact that we are continually funded a year behind is a key issue for us, particularly in 2017/18, as we gained an additional 62 students in September 2017 and did not receive any funding for them until September 2018. In September 2018 we gained an additional 40 students and again, will not receive funding for them until September 2019, despite having to procure additional classroom space and an additional teacher. We continue to enrol the vast majority of students from our traditional partner primary schools and also from primary schools in neighbouring authorities. This is evidence that the work being done by the Primary liaison team, coupled with the investment we have made in advertising and transport, is proving very successful. The governors are aware of the need to promote the Academy and its achievements to the local and surrounding area and support the staff in the ongoing extensive work being done to facilitate this.

GCSE results in 2018 were disappointing and resulted in a Progress 8 figure of -0.34. There were a range of factors that contributed to this. These have been comprehensively analysed and addressed through the School Improvement and Raising Achievement Plans. We are confident that our usually high standards will once again be achieved in 2019.

The viability of providing bus services to students from neighbouring authorities continues to prove worthwhile and we now bring in 53 students from the Goole area, 83 from the Doncaster area and 45 from out of catchment schools in North Lincolnshire. This year there was again an unprecedented number of attendees at our parents evening for parents of Y6 students in advance of their applying for places for September 2019. This again included a large number of parents of students at other schools not traditionally in our catchment area. This does, however, bring with it additional cost implications, as we have to provide additional transport for these students.

The trustees and staff are also fully committed to the Academy Vision, "to achieve excellence in all aspects of school life through high quality teaching and learning, a creative and challenging curriculum, and an ethos of support, in order to develop independent learners who are well prepared for the next stage of their lives." By promoting the Academy and its achievements through the website, local media, open evenings, taster days and road shows, the risk of a reduction in funding due to student numbers falling will be reduced.

Financial and risk management objectives and policies

The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations (SI 2008/410) Schedule 7 section 6(1) requires disclosure of the principal risks and uncertainties facing a company. The disclosure should deal with the academy trust's exposure to a number of financial risks including credit, cash flow and liquidity risks.

The top 5 risks identified by the Risk Committee are:

- 1. Maintaining Standards - results, behaviour, pastoral care etc, whilst increasing student numbers**
- Leadership team to continue to support staff to consistently deliver outstanding results and continue to develop the curriculum.
- 2. Limited Revenue carry forward - 16/17 and 17/18**
- The Governing Board understand that this is due to the 'lagged' funding method. The 3 year plan is reviewed and updated termly and reported to governors, cost saving measures and energy efficiency measures continue. Students numbers continue to rise and loss of very small year group in July 2017 means a sharp increase in the projected carry forward in 2018/19.
- 3. Failure of building security**
- Security provisions maintained and serviced. Additional fencing and 'mag-locks' installed to 'outer' doors during summer 2016. Rolling programme of doors to be replaced is in progress. Lockdown Policy was rolled out in September 2018.
- 4. Y11 students do not attain target grades**
- A swift analysis of factors that contributed to poor GCSE results in 2018 has been undertaken and specific plans formulated to address them constructed.
- 5. Major works- significant building programme (Axholme North Sports Centre)**
- Academy to work closely with North Lincolnshire Council Project staff and contractor to ensure safety and security of all stakeholders at all times. School Business Manager (SBM) meets weekly with contractor Project Manager to discuss progress and any issues that have arisen. SBM to feedback to the Governing Board.

The Axholme Academy

Report of the Trustees for the Year Ended 31 August 2018

STRATEGIC REPORT

Future plans

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students continue in education, employment or training to get jobs when they leave at 16.

The key objectives for the future of the academy are represented by the Vision (see above) and the mission statement - To achieve our Vision we will:

- All share a relentless drive to improve the academy
- Have the highest expectations of all students and staff
- Ensure all students have high aspirations
- Recognise and reward success
- Deliver consistently high quality lessons which enable students to learn well
- Develop independent learning, communication, literacy and numeracy skills across all subject areas
- Provide a creative and challenging curriculum which is personalised to meet the needs of all students
- Create a variety of opportunities to promote students' spiritual, moral, social and cultural development
- Provide excellent information, advice and guidance to fully prepare students for their future education, employment and training

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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 trustees of The Axholme Academy Limited are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Axholme Academy.

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 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.

Trustees' Indemnities

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions.

The Academy, 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.

Principal activities

The Axholme Academy's principal activities are to advance for public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. To promote for the benefit of individuals living in Crowle and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large, the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of the life of the said individuals.

The Axholme Academy

Report of the Trustees for the Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The Members may appoint up to 1 Trustee, save that no more than one third of the total number of individuals appointed as Trustees shall be employees of the Academy Trust (including the Principal). The Principal shall be treated for all purposes as being an ex-officio Governor. The Parent Trustees are elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent or grandparent of a student at the Academy at the time when they are elected, or if not reasonably practicable, the Governing Board are able to appoint a person who is the parent of a child of compulsory school age. The Governing Board shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Trustees, including any question of whether a person is a parent or grandparent of a registered student at the Academy. Any election of Parent Trustees which is contested is held by secret ballot.

The arrangements made for the election of a Parent Trustee provide for every person who is entitled to vote in the election to have the opportunity to do so by post, or if preferred by returning their ballot paper to the Academy. Where a vacancy for a Parent Trustee is required to be filled by election, the Governing Board take reasonably practicable steps to ensure that every person known to be a parent/carer of a registered pupil at the Academy is informed of the vacancy, that it is required to be filled by the election, informed that they are entitled to stand as a candidate, vote at the election and given the opportunity to do so. The number of Parent Trustees required are made up by Parent Trustees appointed by the Governing Board if the number of parents standing for election is less than the number of vacancies.

The Governing Board make all necessary arrangements for, and determine all matters relating to, the election and removal of Staff Trustees.

Community Trustees may be appointed by the Governing Board, provided that the person appointed is a person who lives or works in the community served by the Academy, or a person who in their opinion is committed to the government and success of the Academy. An employee of the Academy may not be appointed if the number of Trustees employed by the Academy (including the Principal) would exceed one third of the total number of Trustees.

Up to 3 Co-opted Trustees may be appointed by Trustees who have not themselves been so appointed. Additional Trustees can be appointed by the Secretary of State in certain circumstances.

The quorum for the appointment of a Parent Trustee is two-thirds of the Trustees at the time entitled to vote on such matters.

The Axholme Academy

Report of the Trustees for the Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Organisation

The Academy has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for trustees and staff. The financial reporting structure is illustrated below:

The Governing Board

The Governing Board has overall responsibility for the administration of the Academy's finances. The main responsibilities of The Governing Board are prescribed in the Funding Agreement between the academy and the DFE and in the Academy's scheme of government. The main responsibilities include:

- ensuring that grant from the DFE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended;
- ensuring that the academy adheres to the School Teachers' Pay and Conditions Document (STPCD) and its appraisal and pay policies in setting the remuneration of all teaching staff (including the members of the Senior Leadership Team). These policies are reviewed annually by the Governing Board.
- approval of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DFE guidance issued to academies;
- authorising the expenditure over £15,000;
- authorising changes to the Academy personnel establishment;
- the annual review of the charges and concessions policy, in relation to setting charges for community use.
- annually reviewing the lettings policy outlining conditions for hiring the school premises.
- consideration on an annual basis to the provision of a Trustees' allowances policy-referring findings to the governing board.
- appointment of the Principal and
- appointment of the School Business Manager, in conjunction with the Principal.

The Governor Risk Committee

The Governor Risk Committee is a committee of The Governing Board and meets at least twice a year. The main responsibilities of the Risk Committee are detailed in written terms of reference which have been authorised by The Governing Board. The main responsibilities include:

- Critically reviewing the Academy's Risk Register, updating the risk ratings and mitigating actions, taking account of current and future challenges
- To present the top five risks to full Governing Board meeting, making the full risk register available to all Governors

The Governor Audit Committee (in conjunction with the Responsible Officer role).

The Governor Audit Committee is a committee of the Governing Board and meets at least twice a year. It does not include any staff members. The main responsibilities of The Audit Committee are detailed in the written terms of reference which have been authorised by the Governing Board. The main responsibilities include:

- Responsibility for monitoring the adequacy and effectiveness of the Academy's systems of internal control and its arrangements for risk management, control and governance processes and for securing economy, efficiency and effectiveness (value for money).
- advising the Board on the appointment, re-appointment, dismissal and remuneration of the External Auditors
- setting the scope and objectives of the work of the Responsible Officer and monitor this activity
- monitoring the Academy's risk management plan and advising the Board on its adequacy and effectiveness
- monitoring and advising the Board on any alleged fraud and irregularity in the Academy's financial and other control systems and ensuring that all allegations of fraud and irregularity are properly followed up.

The Principal

Within the framework of the Academy development plan as approved by The Governing Board the Principal has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the School Business Manager but the Principal still retains responsibility for (and in their absence the Vice Principal):

- approving new staff appointments within the authorised establishment, except for any senior staff posts which The Governing Board have agreed should be approved by them;
- authorising expenditure up to £15,000 including VAT in conjunction with the School Business Manager.
- signing cheques in conjunction with the School Business Manager (or other authorised signatories if the Principal were not to be available).

The School Business Manager

The School Business Manager works in close collaboration with the Principal through whom he or she is responsible to the trustees. The School Business Manager also had direct access to the trustees via The Governing Board. The main responsibilities of the School Business Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the maintenance of effective systems of internal control;

The Axholme Academy

Report of the Trustees for the Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
- the preparation of monthly management accounts;
- signing cheques in conjunction with the Principal (or other authorised signatories if the Principal were not to be available)
- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance.

The Responsible Officer

The Responsible Officer (RO) is appointed by The Governing Board and provides trustees with an independent oversight of the Academy's financial affairs, carrying out the internal audit function. The main duties of the RO are to provide The Governing Board with independent assurance that:

- the financial responsibilities of The Governing Board are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

The Responsible Officer will undertake a quarterly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by The Governing Board. A report of the findings from each visit will be presented to the Full Governing Board. Detailed guidance on the transactions to be checked by the RO is given in Appendix A of the DFE Guidance and the scope and objectives of the RO's work for the coming year is set in conjunction with the Audit Committee at the start of each year.

Other Staff

Other members of staff, primarily the School Business Manager, the Finance Officer and budget holders, will have some financial responsibilities and these are detailed in the Academy Finance Procedures. All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Academy trustees and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a trustee or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of trustees and staff to declare interests whenever they are relevant to matters being discussed by The Governing Board or a committee. Where an interest has been declared, trustees and staff should not attend that part of any committee or other meeting.

Risk Management

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Academy has produced a Risk Register which is reviewed annually as a minimum by the Academy's Risk Committee, the members of which are The Principal, School Business Manager and two Trustees. The major risks identified by the committee are reviewed and systems/procedures put in place to minimize these. The top 5 risks are reported to the Governing Board and the full Risk Register is made available to all trustees. Where significant risk remains, adequate insurance cover is in place. The Academy has an effective system of internal financial controls and these are checked and reviewed four times during the year by the Responsible Officer.

Induction and training of new trustees

New Trustees are inducted by the Chair and encouraged to access Governor training opportunities provided by North Lincolnshire Council through the purchase of a Service Level Agreement.

The Axholme Academy

Report of the Trustees for the Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Connected Organisations including Related Party Relationships

1. NLEC (Northern Lincolnshire Education Consortium)

The NLEC comprises 4 secondary schools and 2 post 16 providers -
The Axholme Academy
Frederick Gough School
St Bede's Catholic Voluntary Academy
Huntcliff School
John Leggott 6th Form College
North Lindsey College.

In 2016 the academy received £4,000 from the NLEC funds held by John Leggott College for further contribution to the Peer Review process. The academy now holds these funds for distributions to consortium members. Also received was £2,876 from South Axholme Academy, which will be forwarded to John Leggott College in 2018 towards consortium costs.

The academy also receives funds on behalf of the above schools from Hull University, for students participating in the School Direct teacher training scheme. As at the year end there was still £11,500 held by the academy awaiting claims from three schools.

2. Axholme North Collaborative Trust

The trust comprises -
The Axholme Academy
Crowle Primary Academy
Aithorpe & Keadby Primary School
Eastoft C of E Primary School
St Norbert's Catholic Primary Voluntary Academy
Luddington & Garthorpe Primary School.

In 2017 the trust again submitted a bid to the SSE Windfarm Community Fund, which is administered by NLC, for £6300 to support a STEM project. The trust members have submitted invoices to the academy for their costs associated with the project (agreed with and monitored by the trust's Project Manager). The academy will claim the full £6300 from the SSE Fund once invoices totalling that amount have been received and can be submitted to evidence the expenditure on the project.

The primary members of the trust also took part in a day at Lincoln University to produce an ANCT newspaper which cost £1650 including transport. Each school contributed £350 to cover the full cost of this event.

3. Axholme North Governor Network

The Governing Body are active members of this network. Termly meetings are held where the key aim is to provide governor-led support to drive school improvement. Membership of this group has been widened this year to include schools on the south of the Isle of Axholme as well as the founder members of North Axholme. The network has been renamed to reflect this.

Risk management

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Academy has produced a Risk Register which is reviewed annually as a minimum by the Academy's Risk Committee, the members of which are The Principal, School Business Manager and two Trustees. The major risks identified by the committee are reviewed and systems/procedures put in place to minimize these. The top 5 risks are reported to the Governing Board and the full Risk Register is made available to all trustees. Where significant risk remains, adequate insurance cover is in place. The Academy has an effective system of internal financial controls and these are checked and reviewed four times during the year by the Responsible Officer.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Forrester Boyd Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The Axholme Academy

Report of the Trustees
for the Year Ended 31 August 2018

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 10 December 2018 and signed on the board's behalf by:

D M A Da Costa - Trustee

A handwritten signature in black ink, appearing to read 'D M A Da Costa', written in a cursive style.

The Axholme Academy

Governance Statement for the Year Ended 31 August 2018

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Axholme Academy 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 governing board has delegated the day-to-day responsibility to the principal, 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 The Axholme Academy and the Secretary of State for Education. They are also responsible for reporting to the governing Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
D M A Da Costa (Chair of Trustees)	6	6
C Burke	1	6
C Carter (staff trustee) (resigned 26/3/18)	1	3
N Harrison	6	6
I Hamilton (appointed 4/7/18)	0	0
A Mathon (appointed 21/5/18)	4	4
T Rahman (Vice Chair) (resigned 30/08/18)	3	6
K Reich (appointed 10/7/18)	0	0
J Sellars (principal and accounting officer)	6	6
N Shaw	6	6
D Southam (RO)	0	6
S Spence-Hill (appointed 27/11/17)	5	5
K Wallwork	5	6
G Wright (staff trustee)	2	6

The Governing Board is composed of a diverse group of Governors who collectively have all the required skills and experience to effectively meet the strategic role and responsibilities of governance, as evidenced by the Skills Audit. The Board meets 6 times per year, supplemented by Risk and Audit committee meetings. This is based on shared practice published by the National Governance Association entitled 'Life after Committees'.

A strategic planning cycle approach is adopted, based on the National Governance Association 'Being Strategic' and has contributed to a 'holding the Academy to account' culture. A strategic planning meeting takes place at the start of the year to review the vision and values and confirm the Academy Improvement Priorities. This meeting also includes a review of Governance using the '20 Questions' framework. Governors are allocated to improvement priorities (Link Governor Structure) and conduct termly school visits, feeding back to the Governing Board meetings using a visit report template. Allocations are based on Governor skills and preferences to ensure best use is made of this valuable volunteer resource.

Meeting agendas are aligned to the strategic planning cycle whereby an annual workplan at the start of the year and a calendar of key events/activities is maintained throughout the year.

A Governors' Behaviour Panel was added this year to support the Academy in managing behaviour issues. The meeting takes place at the end of each half term as needed. Children and their parents are invited to discuss the behaviour issues and agree action to be taken to address specific issues.

Overall governance is strong however the Governing Board continues to review and improve through engagement in training/conference activities, being an active member of the Axholme Governor Network and identifying good practice from a range of external sources including the National Governance Association. The Chair is well regarded across the local authority and has taken part in peer review exercises and supported new and developing Chairs. She was invited by the National Governance Association and took part in a roundtable event to review and revise the 'Framework for Governance' guidance document, now named 'Being Strategic'.

The Sports Centre build on the Academy's site has created a number of issues that in the main the Business Manager has been able to resolve by building strong working relationships with the on-site contractor and the Local Authority. The Governing Board supported the Academy to resolve a number of specific issues and is looking forward to opening of the facilities and the enhanced opportunities this will bring the sports facilities at the Academy.

The Axholme Academy

Governance Statement for the Year Ended 31 August 2018

Review of Value for Money

As accounting officer, the Principal 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 social 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:

- Adapting and refurbishing a number of rooms to increase capacity and enable us to accommodate the significant increase in student numbers for September 2018.
- By exercising extremely tight financial control this year, the academy carried forward a higher than forecast positive revenue balance the 2017/18 year end, despite the negative impacts across the board of lagged funding.
- A successful bid to the local authority for additional capital funding to provide improved changing facilities for SEND students.
- As well as benefitting from a refurbished sports hall, new tennis courts and daily access to a 9v9 all weather sports facility as part of the new Leisure Centre Development, the academy has also received assistance with improved pathways around the site, additional fencing and excellent new facilities for our students to access once the Leisure Centre opens in January 2019.

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 on-going process designed to identify and prioritise the risks to the achievement of charitable company 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 The Axholme Academy for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

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 on-going 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 at The Axholme Academy Trust for the period 1st September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company 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 on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The governing Board 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 governing Board is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing Board.

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 governing Board;
- regular reviews by the governing board 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 Axholme Academy

Governance Statement
for the Year Ended 31 August 2018

The Risk and Control Framework

The Governing Board considered the need for a specific internal audit function and decided not to appoint an internal auditor. However the trustees appointed D Southam, a trustee, as responsible officer (RO) during 2014. T Rahman (Vice Chair of Governors) was appointed as vice responsible officer in 2017. The decision to appoint a vice RO, was made to prevent the issues we faced in 2013 recurring whereby the appointed RO did not carry out the required number of visits/reports (despite countless requests from the academy and the chair of governors).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. Both trustees appointed are confident and experienced in the requirements and responsibilities of the role.

The RO has visited four times during the year and reported to the governing Board on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. In particular, checks carried out in the current period included:

- review of the recording of funds received for transport
- testing of input, claims and reconciliation of VAT
- review of School Visits accounts, recording, banking and procedures
- review of Purchase Leger Control

For 2018-19, the checks to be carried out by the RO will be agreed by the audit committee at the start of the academic year.

Review of Effectiveness


As accounting officer the principal 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 responsible officer;
- the work of the external auditor;
- the work of the managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

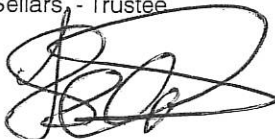
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the governing board and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 10 December 2018 and signed on its behalf by:

D M A Da Costa - Trustee



J P Sellars, - Trustee



The Axholme Academy

Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2018

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

I confirm that I and the charitable company board of trustees are able to identify any material irregular or improper use of all funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2017.

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



J P Sellars - Accounting Officer

10 December 2018

The Axholme Academy

Statement of Trustees Responsibilities
for the Year Ended 31 August 2018

The trustees (who act as governors of The Axholme Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- 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 to 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 ESFA/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 the financial statements may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 10 December 2018 and signed on it's behalf by:

D M A Da Costa - Trustee



**Report of the Independent Auditors to the Members of
The Axholme Academy**

Opinion

We have audited the financial statements of The Axholme Academy (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency (ESFA).

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 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Report of the Independent Auditors to the Members of The Axholme Academy

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

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

Use of our report

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

Neil Williams BA FCA (Senior Statutory Auditor)
for and on behalf of Forrester Boyd
Statutory Auditors
Chartered Accountants
66-68 Oswald Road
Scunthorpe
North Lincolnshire
DN15 7PG

10 December 2018

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

In accordance with the terms of our engagement letter dated 13 August 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Axholme Academy during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The Axholme Academy's funding agreement with the Secretary of State for Education dated 21 December 2011 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non-compliance;
- Confirming that the activities of the Academy Trust are in keeping with the Academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and Key Management personnel.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Forrester Boyd
Chartered Accountants
66-68 Oswald Road
Scunthorpe
North Lincolnshire
DN15 7PG

10 December 2018

The Axholme Academy

Statement of Financial Activities
for the Year Ended 31 August 2018

	Notes	Unrestricted fund £	Restricted funds £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and capital grants	2	83,275	11,678	94,953	63,691
Charitable activities					
Funding for the academy's educational operations	3	-	2,540,391	2,540,391	2,343,227
Other trading activities	4	10,740	-	10,740	15,996
Investment income	5	45	-	45	26
Other income		22,388	-	22,388	31,687
Total		116,448	2,552,069	2,668,517	2,454,627
EXPENDITURE ON					
Raising funds	7	14,519	-	14,519	11,974
Charitable activities					
Academy's educational operations		87,459	2,648,342	2,735,801	2,659,077
Other		-	755	755	777
Total	6	101,978	2,649,097	2,751,075	2,671,828
NET INCOME/(EXPENDITURE)		14,470	(97,028)	(82,558)	(217,201)
Other recognised gains/(losses)					
Actuarial gains/losses on defined benefit schemes		-	155,000	155,000	227,000
Net movement in funds		14,470	57,972	72,442	9,799
RECONCILIATION OF FUNDS					
Total funds brought forward		13,037	2,530,232	2,543,269	2,533,470
TOTAL FUNDS CARRIED FORWARD		27,507	2,588,204	2,615,711	2,543,269

The notes form part of these financial statements

The Axholme Academy

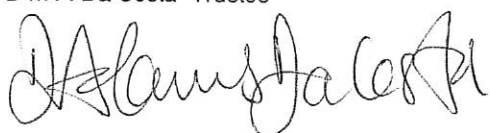
Balance Sheet
At 31 August 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	13	2,990,515	3,066,804
CURRENT ASSETS			
Debtors	14	54,087	35,144
Cash at bank and in hand		158,185	134,230
		<u>212,272</u>	<u>169,374</u>
CREDITORS			
Amounts falling due within one year	15	(103,076)	(125,909)
NET CURRENT ASSETS		<u>109,196</u>	<u>43,465</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,099,711	3,110,269
PENSION LIABILITY	20	(484,000)	(567,000)
NET ASSETS		<u>2,615,711</u>	<u>2,543,269</u>
FUNDS	19		
Unrestricted funds:			
Unrestricted General Fund		27,507	13,037
Restricted funds:			
Restricted General Fund		55,438	19,204
Restricted Fixed Asset Fund		3,016,766	3,078,028
Restricted Pension Fund		(484,000)	(567,000)
		<u>2,588,204</u>	<u>2,530,232</u>
TOTAL FUNDS		<u>2,615,711</u>	<u>2,543,269</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees on 10 December 2018 and were signed on its behalf by:

D M A Da Costa -Trustee



The Axholme Academy

Cash Flow Statement
for the Year Ended 31 August 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	9,638	(52,493)
Interest paid		(755)	(777)
Net cash provided by (used in) operating activities		<u>8,883</u>	<u>(53,270)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(1,651)	(7,893)
Capital grants from DfE/ESFA		11,678	11,155
Sale of tangible fixed assets		5,000	-
Interest received		45	26
Net cash provided by (used in) investing activities		<u>15,072</u>	<u>3,288</u>
Change in cash and cash equivalents in the reporting period		<u>23,955</u>	<u>(49,982)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>134,230</u>	<u>184,212</u>
Cash and cash equivalents at the end of the reporting period		<u><u>158,185</u></u>	<u><u>134,230</u></u>

The notes form part of these financial statements

The Axholme Academy

Notes to the Cash Flow Statement
for the Year Ended 31 August 2018

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(82,558)	(217,201)
Adjustments for:		
Depreciation	75,592	77,744
Capital grants from DfE/ESFA	(11,678)	(11,155)
Profit on disposal of fixed assets	(2,652)	-
Interest received	(45)	(26)
Interest paid	755	777
(Increase)/decrease in debtors	(18,943)	6,510
(Decrease)/increase in creditors	(22,833)	37,859
Difference between pension charge and cash contributions	72,000	52,999
Net cash provided by (used in) operating activities	<u>9,638</u>	<u>(52,493)</u>

Notes to the Financial Statements
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', 'Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Axholme Academy 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 governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the charity 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 it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

The Axholme Academy

Notes to the Financial Statements - continued for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

All resources expended are inclusive of irrecoverable VAT.

Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

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

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustee's meetings and reimbursed expenses.

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 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 life, 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 carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Asset Class

Leasehold land
Leasehold buildings
Motor vehicles
Plant and machinery
Computer equipment

Amortisation method and rate

125 years straight line
50 years straight line
25% reducing balance
15% reducing balance
15% reducing balance

Financial instruments

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

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

Taxation

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

Retirement benefits to employees of the Academy Trusts are provided by the Teacher's Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust. 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 quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

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 20, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Donations	1,392	-	1,392	300
Capital grants	-	11,678	11,678	11,155
Educational trips and visits	81,883	-	81,883	52,236
	<u>83,275</u>	<u>11,678</u>	<u>94,953</u>	<u>63,691</u>

Grants received, included in the above, are as follows:

	2018 £	2017 £
Devolved Capital Grant	<u>11,678</u>	<u>11,155</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	2,323,727	2,323,727	2,225,464
Other government grant				
Special Education Needs	-	31,164	31,164	34,623
Pupil Premium	-	184,650	184,650	72,124
Special Education Projects	-	-	-	7,500
North Lincolnshire Education Consortium	-	-	-	3,272
Axholme North Collaborative Trust	-	850	850	244
	-	<u>216,664</u>	<u>216,664</u>	<u>117,763</u>
	-	<u>2,540,391</u>	<u>2,540,391</u>	<u>2,343,227</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Hire of facilities	2,798	-	2,798	2,942
Music tuition	1,313	-	1,313	1,371
Hire of staff	6,629	-	6,629	11,683
	<u>10,740</u>	<u>-</u>	<u>10,740</u>	<u>15,996</u>

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Deposit account interest	<u>45</u>	<u>-</u>	<u>45</u>	<u>26</u>

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

6. EXPENDITURE

	Staff costs £	Non-pay expenditure Premises £	Other costs £	2018 Total £	2017 Total £
Raising funds					
Costs of fundraising					
Direct costs	-	-	12,849	12,849	10,304
Costs incurred by trading for a fundraising purpose					
Direct costs	-	-	1,670	1,670	1,670
Charitable activities					
Academies educational operations					
Direct costs	1,797,478	-	96,746	1,894,224	1,844,770
Allocated support costs	302,965	223,885	314,727	841,577	814,307
	<u>2,100,443</u>	<u>223,885</u>	<u>425,992</u>	<u>2,750,320</u>	<u>2,671,051</u>
Other	-	-	755	755	777
	<u>2,100,443</u>	<u>223,885</u>	<u>426,747</u>	<u>2,751,075</u>	<u>2,671,828</u>

Net income/(expenditure) is stated after charging/(crediting):

	2018 £	2017 £
Auditors' remuneration	5,000	4,800
Auditors' remuneration for non audit work	2,170	1,700
Depreciation - owned assets	75,592	77,743
Other operating leases	6,423	7,697
Surplus on disposal of fixed asset	(2,652)	-
	<u>86,533</u>	<u>92,740</u>

7. RAISING FUNDS

Costs of fundraising

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Academy trips	12,849	-	12,849	10,304
	<u>12,849</u>	<u>-</u>	<u>12,849</u>	<u>10,304</u>

Costs incurred by trading for a fundraising purpose

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Hire of facilities	500	-	500	500
Music tuition	1,170	-	1,170	1,170
	<u>1,670</u>	<u>-</u>	<u>1,670</u>	<u>1,670</u>

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

7. RAISING FUNDS - continued

Aggregate amounts	14,519	-	14,519	11,974
	<u>14,519</u>	<u>-</u>	<u>14,519</u>	<u>11,974</u>

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Direct costs	-	1,894,224	1,894,224	1,844,770
Support costs	87,459	754,118	841,577	814,307
	<u>87,459</u>	<u>2,648,342</u>	<u>2,735,801</u>	<u>2,659,077</u>

	2018 Total £	2017 Total £
Analysis of support costs		
Support staff costs	302,965	294,535
Depreciation	10,284	15,087
Technology costs	29,762	26,597
Premises costs	223,885	230,979
Other support costs	246,748	216,661
Governance costs	27,933	30,448
Total support costs	<u>841,577</u>	<u>814,307</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their roles as trustees. The value of trustees' remuneration and other benefits was as follows:

	2018	2017
Remuneration		
J Sellars	£	£
C L Carter	[REDACTED]	[REDACTED]
R P Thorpe	[REDACTED]	[REDACTED]
G Dodge (Wright)	[REDACTED]	[REDACTED]
Employer's pension contributions		
J Sellars	£	£
C L Carter	[REDACTED]	[REDACTED]
R P Thorpe	[REDACTED]	[REDACTED]
G Dodge (Wright)	[REDACTED]	[REDACTED]
Trustees' expenses		

During the period ended 31 August 2018, travel and subsistence expenses totalling £531 were reimbursed directly to 2 trustees (2017: £401 to 3 trustees).

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

10. STAFF COSTS

	2018 £	2017 £
Wages and salaries	1,602,917	1,555,493
Social security costs	152,992	152,190
Operating costs of defined benefit pension schemes	343,789	331,903
	<u>2,099,698</u>	<u>2,039,586</u>
Supply teacher costs	745	1,195
	<u>2,100,443</u>	<u>2,040,781</u>

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	2018	2017
Teachers	31	29
Administration and support	24	33
Management	4	4
	<u>59</u>	<u>66</u>

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

	2018	2017
£60,001 - £70,000	1	1
£80,001 - £90,000	1	1
	<u>2</u>	<u>2</u>

The key management personnel of the academy trust comprises 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 £357,201 (2017: £419,337).

11. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department of 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. The cost of this insurance is included in the total insurance cost.

It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and capital grants	52,536	11,155	63,691
Charitable activities			
Funding for the academy's educational operations	-	2,343,227	2,343,227
Other trading activities	15,996	-	15,996
Investment income	26	-	26
Other income	23,187	8,500	31,687
Total	<u>91,745</u>	<u>2,362,882</u>	<u>2,454,627</u>

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
EXPENDITURE ON			
Raising funds	11,974	-	11,974
Charitable activities			
Academy's educational operations	66,734	2,592,343	2,659,077
Other	-	777	777
Total	78,708	2,593,120	2,671,828
NET INCOME/(EXPENDITURE)	13,037	(230,238)	(217,201)
Transfers between funds	(94,198)	94,198	-
Other recognised gains/(losses)			
Actuarial gains/losses on defined benefit schemes	-	227,000	227,000
Net movement in funds	(81,161)	90,960	9,799
RECONCILIATION OF FUNDS			
Total funds brought forward	94,198	2,439,272	2,533,470
TOTAL FUNDS CARRIED FORWARD	13,037	2,530,232	2,543,269

13. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 September 2017	3,291,897	119,341	15,000	30,355	3,456,593
Additions	-	-	-	1,651	1,651
Disposals	-	-	(2,348)	-	(2,348)
At 31 August 2018	3,291,897	119,341	12,652	32,006	3,455,896
DEPRECIATION					
At 1 September 2017	308,792	56,277	12,034	12,686	389,789
Charge for year	62,656	9,461	618	2,857	75,592
At 31 August 2018	371,448	65,738	12,652	15,543	465,381
NET BOOK VALUE					
At 31 August 2018	2,920,449	53,603	-	16,463	2,990,515
At 31 August 2017	2,983,105	63,064	2,966	17,669	3,066,804

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	50	1,459
Other debtors	11,320	13,000
VAT	8,269	7,840
Accrued income	24,732	-
Prepayments	9,716	12,845
	<u>54,087</u>	<u>35,144</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Social security and other taxes	73,838	73,352
Other creditors	20,564	14,087
Deferred income	1,097	32,330
Accrued expenses	7,577	6,140
	<u>103,076</u>	<u>125,909</u>

	2018	2017
	£	£
Deferred income		
Opening	32,330	-
Amounts released from previous years	(32,330)	-
Resources deferred in the year	1,097	32,330
Deferred income at 31 August	<u>1,097</u>	<u>32,330</u>

Deferred income represents monies collected that relate to activities due to take place in the year ended 31 August 2019.

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	9,816	9,816
Between one and five years	8,180	17,996
	<u>17,996</u>	<u>27,812</u>

17. 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.

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted funds £	2018 Total funds £
Fixed assets	-	2,990,515	2,990,515
Current assets	35,207	177,065	212,272
Current liabilities	(7,700)	(95,376)	(103,076)
Pension liability	-	(484,000)	(484,000)
	<u>27,507</u>	<u>2,588,204</u>	<u>2,615,711</u>

Comparative information in respect of the preceeding period is as follows:

	Unrestricted fund £	Restricted funds £	2017 Total funds £
Fixed assets	-	3,066,804	3,066,804
Current assets	12,337	157,037	169,374
Current liabilities	700	(126,609)	(125,909)
Pension liability	-	(567,000)	(567,000)
	<u>13,037</u>	<u>2,530,232</u>	<u>2,543,269</u>

19. MOVEMENT IN FUNDS

	At 1.9.17 £	Net movement in funds £	At 31.8.18 £
Unrestricted funds			
Unrestricted General Fund	13,037	14,470	27,507
Restricted funds			
Restricted General Fund	19,204	36,234	55,438
Restricted Fixed Asset Fund	3,078,028	(61,262)	3,016,766
Restricted Pension Fund	(567,000)	83,000	(484,000)
	<u>2,530,232</u>	<u>57,972</u>	<u>2,588,204</u>
TOTAL FUNDS	<u>2,543,269</u>	<u>72,442</u>	<u>2,615,711</u>

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted General Fund	116,448	(101,978)	-	14,470
Restricted funds				
Restricted General Fund	2,540,391	(2,504,157)	-	36,234
Restricted Fixed Asset Fund	11,678	(72,940)	-	(61,262)
Restricted Pension Fund	-	(72,000)	155,000	83,000
	<u>2,552,069</u>	<u>(2,649,097)</u>	<u>155,000</u>	<u>57,972</u>
TOTAL FUNDS	<u><u>2,668,517</u></u>	<u><u>(2,751,075)</u></u>	<u><u>155,000</u></u>	<u><u>72,442</u></u>

Comparatives for movement in funds

	At 1.9.16 £	Net movement in funds £	Transfers between funds £	At 31.8.17 £
Unrestricted Funds				
Unrestricted General Fund	94,198	13,037	(94,198)	13,037
Restricted Funds				
Restricted General Fund	35,655	(110,649)	94,198	19,204
Restricted Fixed Asset Fund	3,144,617	(66,589)	-	3,078,028
Restricted Pension Fund	(741,000)	174,000	-	(567,000)
	<u>2,439,272</u>	<u>(3,238)</u>	<u>94,198</u>	<u>2,530,232</u>
TOTAL FUNDS	<u><u>2,533,470</u></u>	<u><u>9,799</u></u>	<u><u>-</u></u>	<u><u>2,543,269</u></u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted General Fund	91,745	(78,708)	-	13,037
Restricted funds				
Restricted General Fund	2,351,727	(2,462,376)	-	(110,649)
Restricted Fixed Asset Fund	11,155	(77,744)	-	(66,589)
Restricted Pension Fund	-	(53,000)	227,000	174,000
	<u>2,362,882</u>	<u>(2,593,120)</u>	<u>227,000</u>	<u>(3,238)</u>
TOTAL FUNDS	<u><u>2,454,627</u></u>	<u><u>(2,671,828)</u></u>	<u><u>227,000</u></u>	<u><u>9,799</u></u>

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.9.16 £	Net movement in funds £	Transfers between funds £	At 31.8.18 £
Unrestricted funds				
Unrestricted General Fund	94,198	27,507	(94,198)	27,507
Restricted funds				
Restricted General Fund	35,655	(74,415)	94,198	55,438
Restricted Fixed Asset Fund	3,144,617	(127,851)	-	3,016,766
Restricted Pension Fund	(741,000)	257,000	-	(484,000)
	<u>2,439,272</u>	<u>54,734</u>	<u>94,198</u>	<u>2,588,204</u>
TOTAL FUNDS	<u>2,533,470</u>	<u>82,241</u>	<u>-</u>	<u>2,615,711</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted General Fund	208,193	(180,686)	-	27,507
Restricted funds				
Restricted General Fund	4,892,118	(4,966,533)	-	(74,415)
Restricted Fixed Asset Fund	22,833	(150,684)	-	(127,851)
Restricted Pension Fund	-	(125,000)	382,000	257,000
	<u>4,914,951</u>	<u>(5,242,217)</u>	<u>382,000</u>	<u>54,734</u>
TOTAL FUNDS	<u>5,123,144</u>	<u>(5,422,903)</u>	<u>382,000</u>	<u>82,241</u>

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

Restricted general funds have been spent with the terms of the Master Funding Agreement.

Restricted fixed asset funds are used solely for capital purchases in line with the strategic objectives of The Axholme Academy.

The restricted pension fund is in deficit to the value of £484,000 as at 31 August 2018, which is in excess of the unrestricted funds. However this deficit had been inherited upon conversion to Academy status. The governors will continue to monitor this situation closely.

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2018.

20. 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 East Riding Pension Fund. 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 2016.

Contributions amounting to £35,523 were payable to the schemes at 31 August 2018 (2017: £36,117) and are included within creditors.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

20. PENSION AND SIMILAR OBLIGATIONS
- continued

**Local government pension scheme
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' Pensions 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%

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £199,947 (2017: £196,855).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2018 was £100,000 (2017: £127,000) of which employer's contributions totalled £81,000 (2017: £104,000) and employees' contributions totalled £19,000 (2017: £23,000). The agreed contribution rates for future years are 21.5 per cent for employers and 5.5 - 6.5 per cent 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.

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

20. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2018 £	2017 £
Present value of funded obligations	(1,502,000)	(1,445,000)
Fair value of plan assets	1,018,000	878,000
	<u>(484,000)</u>	<u>(567,000)</u>
Deficit	<u>(484,000)</u>	<u>(567,000)</u>
Liability	<u><u>(484,000)</u></u>	<u><u>(567,000)</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2018 £	2017 £
Current service cost	138,000	141,000
Net interest from net defined benefit asset/liability	38,000	30,000
	<u>176,000</u>	<u>171,000</u>
Actual return on plan assets	<u>-</u>	<u>-</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2018 £	2017 £
Defined benefit obligation	1,445,000	1,374,000
Current service cost	138,000	141,000
Contributions by scheme participants	19,000	23,000
Interest cost	38,000	30,000
Benefits paid	(22,000)	(19,000)
Oblig other remeasurement	(116,000)	(104,000)
	<u>1,502,000</u>	<u>1,445,000</u>

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

20. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Fair value of scheme assets	856,000	614,000
Assets no descr	23,000	14,000
Contributions by employer	81,000	104,000
Contributions by scheme participants	19,000	23,000
Assets other remeasurement	39,000	123,000
	<u>1,018,000</u>	<u>878,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Oblig other remeasurement	116,000	104,000
Assets other remeasurement	39,000	123,000
	<u>155,000</u>	<u>227,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
Equities	72%	71%
Bonds	13%	13%
Property	12%	11%
Cash	3%	5%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2018	2017
Discount rate	2.8%	2.5%
Future salary increases	2.6%	2.6%
Future pension increases	2.4%	2.4%

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

Adjustment to discount rate	+0.5%	0.0%	-0.5%
	£	£	£
Present value of total obligation	-	-	196,000
Adjustment to rate of salary growth	+0.5%	0.0%	-0.5%
	£	£	£
Present value of total obligation	25,000	-	-
Adjustment to rate of pension growth	+1 year	None	-1 year
	£	£	£
Present value of total obligation	169,000	-	-

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

The Axholme Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

20. PENSION AND SIMILAR OBLIGATIONS
- continued

	At 31 August 2018	At 31 August 2017
Retiring today		
Males retiring today	21.70	21.70
Females retiring today	24.20	24.20
Retiring in 20 years		
Males retiring in 20 years	23.70	23.70
Females retiring in 20 years	26.40	26.40

21. RELATED PARTY DISCLOSURES

Owing to the nature of the academy trust 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Luddington and Garthorpe Primary School - an academy in which N Shaw (a trustee of The Axholme Academy) is a Governor:

- Luddington and Garthorpe Primary School's share of £550 from North Lincolnshire Council for the Axholme North Collaboration Trust was received by The Axholme Academy and £310 was paid out on behalf of Luddington and Garthorpe Primary School.

The amount owed to Luddington and Garthorpe Primary School as at 31 August 2018 was £1,550 (2017: £1,310).

- A contribution of £178 (2017: £295) was paid by Luddington and Garthorpe Primary School to The Axholme Academy for their share towards the cost of a project manager of which £Nil (2017: £Nil) was still receivable as at 31 August 2018.

Fund Account - an account external to the financial statements for academy trips:

- The Axholme Academy invoiced the fund account a total amount of £9,018 (2017: £8,716) in order to reimburse academy trip purchases they had made on behalf of the fund account.
The amount due from the fund account as at 31 August 2018 was £50 (2017: £1,124).

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

The Axholme Academy

Detailed Statement of Financial Activities
for the Year Ended 31 August 2018

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS				
Donations and capital grants				
Donations	1,392	-	1,392	300
Capital grants	-	11,678	11,678	11,155
Educational trips and visits	81,883	-	81,883	52,236
	<u>83,275</u>	<u>11,678</u>	<u>94,953</u>	<u>63,691</u>
Other trading activities				
Hire of facilities	2,798	-	2,798	2,942
Music tuition	1,313	-	1,313	1,371
Hire of staff	6,629	-	6,629	11,683
	<u>10,740</u>	<u>-</u>	<u>10,740</u>	<u>15,996</u>
Investment income				
Deposit account interest	45	-	45	26
Charitable activities				
Grants	-	2,540,391	2,540,391	2,343,227
Other income				
Sundry income	22,388	-	22,388	31,687
Total incoming resources	<u>116,448</u>	<u>2,552,069</u>	<u>2,668,517</u>	<u>2,454,627</u>
EXPENDITURE				
Costs of fundraising				
Academy trips	12,849	-	12,849	10,304
Costs incurred by trading for a fundraising purpose				
Hire of facilities	500	-	500	500
Music tuition	1,170	-	1,170	1,170
	<u>1,670</u>	<u>-</u>	<u>1,670</u>	<u>1,670</u>
Charitable activities				
Wages	-	1,411,252	1,411,252	1,357,951
Social security	-	141,816	141,816	140,415
Pensions	-	244,410	244,410	247,880
Educational supplies	-	51,951	51,951	48,304
Examination fees	-	32,839	32,839	31,885
Staff development	-	4,892	4,892	7,607
Educational consultancy	-	7,064	7,064	10,728
	<u>-</u>	<u>1,894,224</u>	<u>1,894,224</u>	<u>1,844,770</u>
Other				
Bank interest	-	755	755	777
Support costs				

The Axholme Academy

Detailed Statement of Financial Activities
for the Year Ended 31 August 2018

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Management				
Wages	-	191,665	191,665	197,542
Social security	-	11,176	11,176	11,775
Pensions	-	99,379	99,379	84,023
Supply teacher costs	-	745	745	1,195
Other operating leases	-	6,423	6,423	7,697
Technology costs	-	29,762	29,762	26,597
Recruitment and support	-	30,976	30,976	50,779
Maintenance of premises and equipment	1,599	21,582	23,181	35,839
Cleaning	-	60,668	60,668	54,803
Rent and rates	-	12,636	12,636	14,359
Energy costs	-	40,052	40,052	38,748
Insurance	-	24,692	24,692	24,573
Security and transport	74,257	32,871	107,128	70,420
Catering	-	52,984	52,984	50,233
Interest on pension scheme liabilities	-	15,000	15,000	16,000
Other support costs	11,603	22,634	34,237	21,532
	<u>87,459</u>	<u>653,245</u>	<u>740,704</u>	<u>706,115</u>
Other				
Long leasehold	-	62,656	62,656	62,657
Plant and machinery	-	9,461	9,461	11,130
Motor vehicles	-	618	618	989
Computer equipment	-	2,857	2,857	2,968
Loss on sale of tangible fixed assets	-	(2,652)	(2,652)	-
	-	<u>72,940</u>	<u>72,940</u>	<u>77,744</u>
Governance costs				
Other costs	-	20,763	20,763	23,948
Auditors' remuneration	-	5,000	5,000	4,800
Auditors' remuneration for non audit work	-	2,170	2,170	1,700
	-	<u>27,933</u>	<u>27,933</u>	<u>30,448</u>
Total resources expended	<u>101,978</u>	<u>2,649,097</u>	<u>2,751,075</u>	<u>2,671,828</u>
Net expenditure	<u>14,470</u>	<u>(97,028)</u>	<u>(82,558)</u>	<u>(217,201)</u>