

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

LANDAU BAKER LIMITED

Chartered Accountants & Statutory Auditors

Mountcliff House

154 Brent Street

London

NW4 2DR

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

CONTENTS

| | Page |
|--|---------|
| Reference and administrative details | 1 - 2 |
| Trustees' report | 3 - 11 |
| Governance statement | 12 - 15 |
| Statement of Trustees' responsibilities | 16 |
| Statement on regularity, propriety and compliance | 17 |
| Independent auditors' report on the financial statements | 18 - 19 |
| Independent auditors' assurance report on regularity | 20 - 21 |
| Statement of financial activities incorporating income and expenditure account | 22 |
| Balance sheet | 23 |
| Statement of cash flows | 24 |
| Notes to the financial statements | 25 - 41 |

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

Members

Chris Upton
Robert Bedford

Trustees

Michael Armstrong, Community Governor
Robert Bedford, Co-opted Governor
Sampa Bhasin, Community Governor
Clare Henderson, Community Governor, Chair from 22 September 2015
Steve Foxley, Parent Governor
Aine Mawji, Parent Governor
Fiona McDonnell, Parent Governor
Morgan Melhuish, Staff Governor
Tim Parkin, Parent Governor
Jamie-Lee King, Staff Governor
Michael Phillips, Community Governor
Sarfraz Rahman, Parent Governor
Katherine Richardson, Community Governor
Niall Smith, Head Teacher
Bob Steed, Community Governor
Chris Upton, Co-opted Chair until 22 September 2015, Vice Chair from 22 September 2015

Company registered number

07776910

Company name

Southborough High School

Registered office

Hook Road, Surbiton, Surrey, KT6 5AS

Principal operating office

Hook Road, Surbiton, Surrey, KT6 5AS

Company secretary

Brian Burns

Senior management team

Niall Smith, Head Teacher
Brian Burns, Deputy Head Teacher
Craig Wicking, Deputy Head Teacher
Michael Neal, Assistant Head Teacher
Dan Edwards, Assistant Head Teacher

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

Advisers (continued)

Independent auditors

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

Bankers

Lloyds Bank Plc, 64 High Street, Epsom, Surrey, KT19 8AT

Barclays Bank, Leicestershire, LE87 2BB

Solicitors

Winckworth Sherwood, Minerva House, 5 Montague Close, London, SE1 9BB

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2015- 31st of August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and was set up by a Trust deed. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was incorporated on 16 September 2011. The school converted to Academy status on 1 March 2012. Between these dates no transactions took place in the company.

The Governors act as the Trustees for the charitable activities of Southborough High School Academy Trust Limited and are also directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Southborough High School.

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

b. 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.

c. TRUSTEES' INDEMNITIES

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favor or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Governors are appointed under the terms of the Academy's articles of association:

- The Headteacher
- Chair of Governors
- Vice Chairman and Chair of the Finance Committee
- Total number of Staff governors including the Headteacher does not exceed one third of the total number of Governors
- the governing body may appoint up to 20 Governors

The term of office for any Governor shall be four years. The Headteacher's term of office runs parallel with his contract of employment. Subject to remaining eligible to be a particular type of Governor any Governor may be reappointed or re-elected.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

During the period under review the Governors held four Full Governing Body meetings. All the new Governors are provided with an induction pack and are also sent on a variety of courses held by Royal Borough of Kingston and other providers of suitable training.

f. ORGANISATIONAL STRUCTURE

The Charitable Company has established a management structure to enable its efficient running. The structure consists of two levels: Headteacher and Governors.

The Governing Body has considered its role thoughtfully and decided that the role of the Governors is to approve the strategic direction and objectives of the Charitable Company and monitor its progress towards these objectives.

The Governing Body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities and terms of reference.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Charitable Company by use of budgets and making major decisions about the direction of the Charitable Company, including capital expenditure and senior staff appointments.

The Headteacher assumes the accounting officer role.

g. ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Pay and remuneration for the key academy personnel is set in line with published School Teacher's Pay and Conditions Document. The Headteachers payscale group is determined according to formula set out in the Pay and Conditions document. The group size of school is determined according a weighted total of pupils attending the school. The group size then determines the minimum and maximum pay ranges. The Deputy head's and Assistant head's pay is determined according to recommendations set in Pay and Condition document.

h. RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Academy does not have related parties or other connected charities and organisations.

Objectives and Activities

a. OBJECTIVES AND AIMS

The principal objective and activity of the Charitable Company is the operation of Southborough high School to provide education for pupils of all abilities between the ages of 11 and 19 years for boys, and 16 to 19 years for girls. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

- The academy has undertaken self-evaluation activities to correctly identify objectives for the next year. These objectives are:
 - To develop more effective relationships between all stakeholders to positively impact on the ethos of the academy and behaviour of pupils within the academy.
 - The academy seeks to develop its approach to creativity & engagement so that this positively impacts on the quality of teaching and learning in the school.
 - The academy will strengthen its accountability structure through a review of the effectiveness of leadership and management. It will achieve this through developing a more effective appraisal framework.
 - Achieve consistently high standards of teaching and learning.
 - Provide local leadership capacity and support.
 - Develop cost effective curriculum design and collaboration which optimises opportunities for pupils and students and provides added value progress for them.
- Achieve best value in service delivery especially where partnership working can add value.
- The Academy's main strategy is encompassed in the Academy's Aims, which are to develop students who are:
 - o Active Citizens
 - o Prepared for their future
 - o Happy, healthy and safe
 - o Caring individuals
 - o Responsible learners
- The Academy's vision is to build an ethos of:
 - Every child is capable of extraordinary achievement.
 - For any child to realise their inner potential they need an environment and adult role models that support their love and enjoyment of learning.
 - Every child has an absolute right to an equal opportunity to flourish in the academy.
 - Our pupils will develop the skills, knowledge and attitudes to realise their own dreams through a positive contribution to their community and wider society.
 - Self-realisation and positive contribution stem from a confidence and strength in one's own identity that allows us to embrace and respect the identity of other individuals and groups in our community and wider society.
 - The long-term well-being of our pupils is dependent on a sustainable economy, society and environment. We need to teach our children to be able to contribute to achieving that sustainability as adults.
 - It is the responsibility of all of the adult staff in Southborough High School to remove the barriers to each individual child's development and create the conditions in which they are able to love and enjoy learning.
 - The main activities for achieving objectives the academy will undertake will be:
 - Developing a new teaching and learning policy and implementing this effectively.
 - The academy will review and develop its curriculum provision to enhance creativity and engagement.
 - The accountability of the academy will be strengthened by the development of new policies and procedures and implementation of a new self-evaluation framework.
- Active Citizens
 - o Participate in a range of community activities.
 - o Have opportunities for leadership in all Key Stages of their time at the school.
 - o Create cultural social and economic links with the local and wider communities.
 - o Understand the importance of and contribute to student voice activities.
 - o Demonstrate local, national and global social awareness.
 - o Demonstrate environmental awareness in school and wider communities.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

- o Understand democracy and the importance of voting.
- o Understand that in any society there are limits to individual freedom for the wellbeing of the society as a whole.

- Prepared for their future

- o Develop the ability to adapt to change.
- o Develop a broad range of transferable skills.
- o Develop a broad knowledge of the world of work
- o Have real experience of the next Key Stage before making their choices of subjects to study.
- o Have a broad knowledge of post school options to make informed choices.
- o Develop life skills and academic and personal independence.
- o Understand the economic realities of their and others lives and ways to manage financial responsibilities.
- Happy, Healthy and Safe
- o Understand the importance of healthy eating for physical and mental wellbeing.
- o Understanding the importance of exercise for physical and mental wellbeing.
- o Act on awareness of healthy lifestyle choices.
- o Take advantage of and enjoy a range of extra-curricular activities.
- o Develop a knowledge of health issues, including sexual, mental and drug related, to enable informed decisions and choices.
- o Safely enjoy new technologies, experiences and environments.
- Caring Individuals
- o Respect everyone and welcome differences.
- o Be aware of the consequences of our actions, however small, for ourselves and others.
- o Provide social and academic support for all members of our community.
- o Learn to be good listeners and communicators.
- o Respect other's opinions and beliefs.
- o Respect oneself.

- Responsible Learners

- o Recognise that making mistakes is a key part of successful learning and develop perseverance.
- o Enjoy and cultivate a positive approach to, and accept responsibility for their learning.
- o Be able to and enjoy applying knowledge & understanding to a wide range of situations.
- o Work successfully in teams and as individuals.
- o Supported to take responsibility to achieve beyond their potential.
- o Reflect on both achievements and setbacks and learn from their experiences.
- o Think and learn creatively.

c. PUBLIC BENEFIT

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

As an academy we make the best use of our skills, expertise and experience with regards to the community. Some examples are:

- Raising money for local and national charities
- Hosting community events
- Primary outreach programme, which provides specialist teaching in local primary schools

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

STRATEGIC REPORT

a. ACHIEVEMENTS AND PERFORMANCE

Southborough High School converted into Academy in March 2012. The latest Ofsted inspection rated the school as "Good". Student's achievements good and improving rapidly. Students are provided with many opportunities for cultural and sporting activities.

GCSE results 2015-2016

| | 2013, % | 2014, % | 2015, % | 2016, % |
|-------------------|---------|---------|---------|---------|
| 5+ A*-C (inc E&M) | 59 | 63 | 59 | 63 |
| 5+ A*-G | 99 | 99 | 96 | 98 |
| 1+ A*-G | 100 | 100 | 99* | 99 |

A2 Level results

| | 2013, % | 2014, % | 2015, % | 2016, % |
|-------|---------|---------|---------|---------|
| A* | 12 | 13 | 9 | 7 |
| A | 11 | 15 | 14 | 12 |
| B | 15 | 24 | 22 | 17 |
| C | 21 | 23 | 31 | 31 |
| D | 19 | 11 | 15 | 17 |
| E | 18 | 11 | 8 | 12 |
| PASS | 98 | 97 | 98 | 97 |
| ENTRY | 48 | 51 | 53 | 76(239) |

Attendance

| | 2013-14, % | 2014-15, % | 2015-16, % |
|--------------|------------|------------|------------|
| authorised | 3.55 | 3.57 | 3.23 |
| unauthorised | 1.05 | 0.53 | 0.78 |
| total | 4.60 | 4.13 | 4.01 |

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

b. GOING CONCERN

After making appropriate enquiries, the board of trustees 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.

a. FINANCIAL REVIEW

During the period, EFA grants received and other income included within restricted funds totaled to £4,139,852 (2015: £4,922,021).

The main sources of unrestricted income are: external candidate exams, lettings. Unrestricted funds received total to £134,622 (2015: £73,024).

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the 12 month period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The Academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the Academy has a fairly healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plan and school aims.

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the Academy recognises a significant pension fund deficit totaling to £1,908,000 (2015: £1,214,000). This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted funds this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

b. RESERVES POLICY

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- permanent endowment funds
- expendable endowment funds
- restricted income funds
- any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the Academy and is to be spent at the trustees' discretion in furtherance of any of the Academy's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, they need to match them with commitments, including future capital projects, and the nature of reserves. The Governors will keep this level of reserves under review. One of the priorities of the school improvement plan is to build up sufficient reserves to ensure long term financial viability of the school.

Total reserves at the end of the period amounted to £96,852 (2015: £78,211). This balance includes restricted and unrestricted funds.

c. INVESTMENT POLICY

It should be noted that the Academy has substantial power with regards to investments due to cash balances held. Investment policies are determined the Governing Body. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academy to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by academies are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2016, no investments were held.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

d. PRINCIPAL RISKS AND UNCERTAINTIES

The Companies Act 2006 s417 (3b) requires disclosure of the principal risks and uncertainties facing a company. The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy faces. Internal control risks are minimized by the implementation of procedures for authorization of all transactions and projects.

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimize risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with health and safety of staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme at 31 August 2016.

a. PLANS FOR FUTURE PERIODS

The Academy has an ongoing programme of repairs and maintenance and a prioritised improvement plan, for which we will be applying for capital grants from the Department of Education, EFA and ACMF. Over the coming year priority will be given to key repairs to roofs and refurbishments of the kitchen as recommended in the 2011 Site conditions Survey prepared by external advisors in conjunction with school staff.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its trustees did not act as custodian trustee during the current or previous period.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees as the company directors, on 6 December 2016 and signed on its behalf by:



Clare Henderson
Chair of Trustees

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Southborough High School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Southborough High School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 9 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 |
|---|-------------------|-------------------|
| Michael Armstrong, Community Governor | 7 | 8 |
| Robert Bedford, Co-opted Governor | 4 | 7 |
| Sampa Bhasin, Community Governor | 8 | 9 |
| Clare Henderson, Community Governor, Chair from 22 September 2015 | 9 | 9 |
| Steve Foxley, Parent Governor | 5 | 9 |
| Aine Mawji, Parent Governor | 7 | 9 |
| Fiona McDonnell, Parent Governor | 6 | 7 |
| Morgan Melhuish, Staff Governor | 8 | 9 |
| Tim Parkin, Parent Governor | 5 | 6 |
| Michael Phillips, Community Governor | 6 | 9 |
| Sarfraz Rahman, Parent Governor | 7 | 9 |
| Katherine Richardson, Community Governor | 4 | 9 |
| Niall Smith, Head Teacher | 8 | 9 |
| Bob Steed, Community Governor | 6 | 9 |
| Chris Upton, Co-opted Chair until 22 September 2015, Vice Chair from 22 September 2015 | 9 | 9 |

The Resources, Personnel and Finance Committee is a sub-committee of the main board of trustees. Its purpose is to manage the finances of the academy and ensure that resources are applied for the purposes of the academy.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|--------------------------------------|-------------------|-------------------|
| Robert Bedford, Co-opted Governor | 1 | 4 |
| Steve Foxley, Parent Governor | 3 | 5 |
| Aine Mawji, Parent Governor | 4 | 5 |
| Michael Phillips, Community Governor | 4 | 5 |
| Sarfraz Rahman, Parent Governor | 3 | 5 |
| Chris Upton, Chair of Committee | 5 | 5 |
| Niall Smith, Head Teacher | 5 | 5 |

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- continuous improvement in the educational outcomes of our students
- economic, efficient and effective use of all resources to improve educational results
- the prudent and economical administration of our Academy
- the establishment and maintenance of financial governance, including robust controls on expenditure, keeping and reporting of up to date financial records, continuous financial monitoring and reporting to all concerned parties
- value for money in all financial transactions

Whilst the school operates within our funding levels and utilise resources correctly and with probity, we also continuously strive for improved educational and wider societal outcomes for our students with the resources available to us. We take very seriously our responsibilities as a caring employer, and work tirelessly to make our Academy an outstanding place to learn, work and develop in a professional manner.

We are very pleased with our examination results at Key Stage 4 and Key Stage 5. Our GCSE results have met the FFT D 5ACEM target for three years in a row (2014, 2015, 2016) and our EBacc score has been approximately double the national average for boys in 2014, 2015 and 2016. Our validated CVA for 2014 was 1007.7, which is well above the national mean figure for boys of 988.9; the validated RAISE for 2015 indicates a CVA of 1005.7, compared to the national mean figure for boys of 991.3.

At Key Stage 5, 20% of grades were A* or A, with 67% being A*-C. We have recently bought into ALPS to ensure that our students are set stretching goals and targets.

During 2015-16 Southborough High School continued to make improvements to its premises and facilities. The school increased the levels of self-generated income by 30%, which enabled us to fund gym toilets refurbishment, hall windows replacement, classroom refurbishments, upgrading of ICT equipment. Proactive strategic and financial management meant that the school was in a position to recruit additional teachers in maths, English, MFL and science in order to facilitate higher student achievement.

We are confident that our recruitment levels will remain stable even though there is currently an overcapacity of school places in the borough. The quality of provision our students continuously receive and the caring, nurturing and competitive environment within the school community creates the formula for outstanding success.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Resources, Personnel and Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed R. Bedford, a trustee, to carry out a programme of internal checks. The role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On regular basis the reviewer reports to the Governing body on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The board can confirm that reviewer has delivered their schedule of work as planned, provided details of any material control issues arising as a result of their work. During the current and previous periods there were no material control issues noted and thus no remedial action was required to be taken.

REVIEW OF EFFECTIVENESS

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

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

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

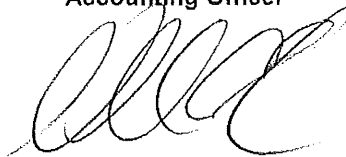
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources, Personnel and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 6 December 2016 and signed on their behalf, by:

Clare Henderson
Chair of Trustees



Niall Smith, Head Teacher
Accounting Officer



SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as governors of Southborough High School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 6 December 2016 and signed on its behalf by:



Clare Henderson
Chair of Trustees

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Southborough High School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

Niall Smith
Accounting Officer



Date: 6 December 2016

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SOUTHBOROUGH HIGH SCHOOL**

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

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

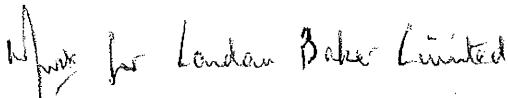
SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SOUTHBOROUGH HIGH SCHOOL

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
6 December 2016

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SOUTHBOROUGH
HIGH SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 27 April 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Southborough High School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF SOUTHBOROUGH HIGH SCHOOL'S ACCOUNTING OFFICER AND
THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Southborough High School's funding agreement with the Secretary of State for Education dated 01 March 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SOUTHBOROUGH
HIGH SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)

CONCLUSION

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

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

6 December 2016

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

| | Note | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 25,929 | 31,203 | (23,688) | 33,444 | 1,127,224 |
| Charitable activities | 5 | - | 4,052,071 | - | 4,052,071 | 3,906,883 |
| Other trading activities | 3 | 108,112 | 148,250 | - | 256,362 | 247,264 |
| Investments | 4 | 581 | - | - | 581 | 700 |
| TOTAL INCOME | | <u>134,622</u> | <u>4,231,524</u> | <u>(23,688)</u> | <u>4,342,458</u> | <u>5,282,071</u> |
| EXPENDITURE ON: | | | | | | |
| Raising funds | | 14,379 | 115,555 | - | 129,934 | 169,288 |
| Charitable activities | | - | 4,286,571 | 499,787 | 4,786,358 | 4,506,061 |
| TOTAL EXPENDITURE | 8 | <u>14,379</u> | <u>4,402,126</u> | <u>499,787</u> | <u>4,916,292</u> | <u>4,675,349</u> |
| NET INCOME / (EXPENDITURE) BEFORE MATERIAL ITEMS | | | | | | |
| | | 120,243 | (170,602) | (523,475) | (573,834) | 606,722 |
| Actuarial gains/(losses) on defined benefit pension schemes | 22 | - | (625,000) | - | (625,000) | 30,000 |
| NET MOVEMENT IN FUNDS | | <u>120,243</u> | <u>(795,602)</u> | <u>(523,475)</u> | <u>(1,198,834)</u> | <u>636,722</u> |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 78,211 | (1,214,000) | 11,539,666 | 10,403,877 | 9,767,155 |
| TOTAL FUNDS CARRIED FORWARD | | <u><u>198,454</u></u> | <u><u>(2,009,602)</u></u> | <u><u>11,016,191</u></u> | <u><u>9,205,043</u></u> | <u><u>10,403,877</u></u> |

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07776910

**BALANCE SHEET
AS AT 31 AUGUST 2016**

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|--------------------|--------------------|--------------------|--------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 11,196,191 | | 11,459,151 |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 82,828 | | 154,753 | |
| Cash at bank and in hand | | 299,461 | | 486,443 | |
| | | <u>382,289</u> | | <u>641,196</u> | |
| CREDITORS: amounts falling due within one year | 16 | <u>(309,437)</u> | | <u>(482,470)</u> | |
| NET CURRENT ASSETS | | | <u>72,852</u> | | <u>158,726</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>11,269,043</u> | | <u>11,617,877</u> |
| CREDITORS: amounts falling due after more than one year | 17 | | <u>(156,000)</u> | | <u>-</u> |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | <u>11,113,043</u> | | <u>11,617,877</u> |
| Defined benefit pension scheme liability | 22 | | <u>(1,908,000)</u> | | <u>(1,214,000)</u> |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u>9,205,043</u> | | <u>10,403,877</u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 18 | (101,602) | | - | |
| Restricted fixed asset funds | 18 | 11,016,191 | | 11,539,666 | |
| Restricted income funds excluding pension liability | | <u>10,914,589</u> | | <u>11,539,666</u> | |
| Pension reserve | | <u>(1,908,000)</u> | | <u>(1,214,000)</u> | |
| Total restricted income funds | | | <u>9,006,589</u> | | <u>10,325,666</u> |
| Unrestricted income funds | 18 | | <u>198,454</u> | | <u>78,211</u> |
| TOTAL FUNDS | | | <u>9,205,043</u> | | <u>10,403,877</u> |

The financial statements were approved by the Trustees, and authorised for issue, on 6 December 2016 and are signed on their behalf, by:

Clare Henderson
Chair of Trustees



The notes on pages 25 to 42 form part of these financial statements.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash (used in)/provided by operating activities | 20 | <u>(135,644)</u> | <u>1,343,055</u> |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | <u>(231,338)</u> | <u>(1,115,767)</u> |
| Net cash used in investing activities | | <u>(231,338)</u> | <u>(1,115,767)</u> |
| Cash flows from financing activities: | | | |
| Cash inflows from new borrowing | | <u>180,000</u> | <u>-</u> |
| Net cash provided by financing activities | | <u>180,000</u> | <u>-</u> |
| Change in cash and cash equivalents in the year | | (186,982) | 227,288 |
| Cash and cash equivalents brought forward | | <u>486,443</u> | <u>259,155</u> |
| Cash and cash equivalents carried forward | | <u><u>299,461</u></u> | <u><u>486,443</u></u> |

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

Southborough High School constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

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

1.3 Income

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

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

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

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

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

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

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The 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 academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

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

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-----------------------|---|----------------|
| Freehold property | - | 10 to 25 years |
| Motor vehicles | - | 5 years |
| Fixtures and fittings | - | 5 years |
| Computer equipment | - | 2 years |

1.7 Taxation

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

1.8 Interest receivable

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

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.12 Liabilities and provisions

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

1.13 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 August 2016 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | <i>Total funds 2015 £</i> |
|------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|---------------------------------------|
| Donations | 25,929 | 31,203 | - | 57,132 | 51,195 |
| Capital Grants | - | - | 156,312 | 156,312 | 1,076,029 |
| Recognition of Salix Loan | - | - | (180,000) | (180,000) | - |
| | <u>25,929</u> | <u>31,203</u> | <u>(23,688)</u> | <u>33,444</u> | <u>1,127,224</u> |
| Total donations and capital grants | | | | | |

In 2015, of the total income from donations and capital grants, £29,588 was to unrestricted funds and £1,097,636 was to restricted funds.

The Salix loan was received as part of the ACMF capital funding for the heating system project. Part of the funding consisted of a Salix loan which has been recognised this year upon receipt of the final tranches of the grant and the repayment commencing. Full disclosures of the Salix loan are included within notes 16 and 17 of these accounts.

3. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | <i>Total funds 2015 £</i> |
|---------------------------------|------------------------------------|----------------------------------|-----------------------------|---------------------------------------|
| Exam Fee | 44,083 | 2,840 | 46,923 | 36,354 |
| School Trips | - | 36,111 | 36,111 | 81,042 |
| Catering Income | - | 109,299 | 109,299 | 84,939 |
| Lettings | 52,780 | - | 52,780 | 25,211 |
| School Shop Income/Multi Income | 1,128 | - | 1,128 | 1,009 |
| Miscellaneous Income | 10,121 | - | 10,121 | 16,516 |
| Insurance income | - | - | - | 2,193 |
| | <u>108,112</u> | <u>148,250</u> | <u>256,362</u> | <u>247,264</u> |

In 2015, of the total income from other trading activities, £42,736 was to unrestricted funds and £204,528 was to restricted funds.

4. INVESTMENT INCOME

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | <i>Total funds 2015 £</i> |
|-------------------|------------------------------------|----------------------------------|-----------------------------|---------------------------------------|
| Investment income | 581 | - | 581 | 700 |
| | <u>581</u> | <u>-</u> | <u>581</u> | <u>700</u> |

In 2015, of the total investment income, £ 700 was to unrestricted funds.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Southborough High School

| | Restricted funds 2016 £ | Total funds 2016 £ | <i>Total funds 2015 £</i> |
|--------------------------------|----------------------------------|-----------------------------|---------------------------------------|
| DfE/EFA grants | | | |
| General Annual Grant (GAG) | 3,090,326 | 3,090,326 | 3,018,674 |
| Pupil Premium | 148,538 | 148,538 | 146,597 |
| Other EFA Grants | 732,866 | 732,866 | 661,565 |
| Bursary Grant | 11,810 | 11,810 | 19,156 |
| | <u>3,983,540</u> | <u>3,983,540</u> | <u>3,845,992</u> |
| Other government grants | | | |
| Other Government Grants | 16,758 | 16,758 | 18,786 |
| SEN Funding | 51,773 | 51,773 | 42,105 |
| | <u>68,531</u> | <u>68,531</u> | <u>60,891</u> |
| | <u><u>4,052,071</u></u> | <u><u>4,052,071</u></u> | <u><u>3,906,883</u></u> |

In 2015, of the total income from charitable activities, £3,906,883 was to restricted funds.

6. DIRECT COSTS

| | Educational Operations | Total 2016 | <i>Total 2015</i> |
|-------------------------|---------------------------|------------------|-----------------------|
| Educational supplies | 112,023 | 112,023 | 87,895 |
| Staff costs | 11,615 | 11,615 | 6,821 |
| Educational consultancy | 28,237 | 28,237 | 39,024 |
| Other direct costs | 104,208 | 104,208 | 97,160 |
| Wages and salaries | 2,245,642 | 2,245,642 | 2,258,194 |
| National insurance | 209,213 | 209,213 | 185,934 |
| Pension cost | 316,392 | 316,392 | 280,315 |
| | <u>3,027,330</u> | <u>3,027,330</u> | <u>2,955,343</u> |

In 2015, the academy incurred the following Direct costs:

£2,955,343 in respect of Educational Operations

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

7. SUPPORT COSTS

| | Governance | Educational Operations | Total 2016 | Total 2015 |
|------------------------------|---------------|---------------------------|------------------|------------------|
| Pension finance costs - LGPS | - | 46,000 | 46,000 | 72,000 |
| Staff costs | - | 12,940 | 12,940 | 11,150 |
| Maintenance costs | - | 99,662 | 99,662 | 55,412 |
| Cleaning | - | 65,662 | 65,662 | 67,463 |
| Rates | - | 19,450 | 19,450 | 19,168 |
| Insurance | - | 19,805 | 19,805 | 44,459 |
| Bank charges | - | 13 | 13 | 150 |
| Other support costs | 29,337 | 114,950 | 144,287 | 86,797 |
| ICT costs | - | 120,945 | 120,945 | 100,771 |
| Energy costs | - | 66,517 | 66,517 | 61,859 |
| Water and Sewerage | - | 7,407 | 7,407 | 7,212 |
| Other professional services | - | 33,522 | 33,522 | 27,433 |
| Wages and salaries | - | 476,365 | 476,365 | 480,532 |
| National insurance | - | 34,227 | 34,227 | 30,660 |
| Pension cost | - | 117,928 | 117,928 | 97,271 |
| Depreciation | - | 494,298 | 494,298 | 388,350 |
| | <u>29,337</u> | <u>1,729,691</u> | <u>1,759,028</u> | <u>1,550,687</u> |

During the year ended 31 August 2016, the academy incurred the following Governance costs: £29,337 (2015 - £37,492) included within the table above in respect of Educational Operations.

In 2015, the academy incurred the following Support costs: £1,513,195 in respect of Educational Operations

8. EXPENDITURE

| | Staff costs 2016 £ | Premises 2016 £ | Other costs 2016 £ | Total 2016 £ | Total 2015 £ |
|---|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Expenditure on raising voluntary income | - | - | 129,934 | 129,934 | 169,288 |
| Educational Operations: | | | | | |
| Direct costs | 2,771,247 | - | 256,083 | 3,027,330 | 2,955,343 |
| Support costs | 628,520 | 278,503 | 822,668 | 1,729,691 | 1,483,195 |
| | <u>3,399,767</u> | <u>278,503</u> | <u>1,208,685</u> | <u>4,886,955</u> | <u>4,607,826</u> |

In 2016, of the total expenditure, £14,379 (2015 - £26,846) was to unrestricted funds, £4,826,576 (2015 - £4,580,980) was to restricted funds.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

| | 2016 | 2015 |
|--|---------|---------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 494,298 | 388,350 |
| Auditors' remuneration | 4,000 | 4,000 |
| Governance Responsible Officer Fee | 375 | 975 |
| Operating lease rentals | 18,279 | 10,347 |
| | 18,279 | 10,347 |

10. STAFF COSTS

Staff costs were as follows:

| | 2016 | 2015 |
|--|-----------|-----------|
| | £ | £ |
| Wages and salaries | 2,722,007 | 2,738,726 |
| Social security costs | 243,440 | 216,594 |
| Operating costs of defined benefit pension schemes | 434,320 | 377,586 |
| | 3,399,767 | 3,332,906 |

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

| | 2016 | 2015 |
|-------------------|------|------|
| | No. | No. |
| Senior Management | 5 | 5 |
| Teachers | 42 | 41 |
| Support Staff | 28 | 31 |
| | 75 | 77 |

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

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

The key management personnel of the academy 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 was £56,711 (2015: £31,742).

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

11. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

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

Niall Smith (Principal and Trustee):

Remuneration £80,000 - £85,000 (2015: £80,000 - £85,000)
Employers pension contributions paid £10,000 - £15,000 (2015: £10,000 - £15,000)

Morgan Melhuish (Staff Trustee):

Remuneration £35,000 - £40,000 (2015: £40,000 - £45,000)
Employers pension contributions paid £5,000 - £10,000 (2015: £5,000 - £10,000)

Jamie Lee King (Staff Trustee):

Remuneration £35,000 - £40,000 (2015: £nil)
Employers pension contributions paid £5,000 - £10,000 (2015: £nil)

During the period ended 31 August 2016, travel and subsistence expenses totalling £nil (2015 - £31) were reimbursed to 0 Trustees (2015: 1 Trustee).

Other related party transactions involving the trustees are set out in note 25

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £8,759 (2015 - £8,759).

13. PENSION FINANCE COST

| | 2016 £ | 2015 £ |
|--|-----------------|-----------------|
| Interest income on pension scheme assets | 35,000 | 41,000 |
| Interest on pension scheme liabilities | (81,000) | (113,000) |
| | <u>(46,000)</u> | <u>(72,000)</u> |

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

14. TANGIBLE FIXED ASSETS

| | Freehold property £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|---------------------------|------------------------|-------------------------------|----------------------------|-------------------|
| Cost | | | | | |
| At 1 September 2015 | 12,382,994 | 4,750 | 98,861 | 175,203 | 12,661,808 |
| Additions | 205,673 | - | 7,242 | 18,423 | 231,338 |
| At 31 August 2016 | <u>12,588,667</u> | <u>4,750</u> | <u>106,103</u> | <u>193,626</u> | <u>12,893,146</u> |
| Depreciation | | | | | |
| At 1 September 2015 | 1,003,490 | 3,325 | 45,849 | 149,993 | 1,202,657 |
| Charge for the year | 450,383 | 950 | 19,923 | 23,042 | 494,298 |
| At 31 August 2016 | <u>1,453,873</u> | <u>4,275</u> | <u>65,772</u> | <u>173,035</u> | <u>1,696,955</u> |
| Net book value | | | | | |
| At 31 August 2016 | <u>11,134,794</u> | <u>475</u> | <u>40,331</u> | <u>20,591</u> | <u>11,196,191</u> |
| At 31 August 2015 | <u>11,379,504</u> | <u>1,425</u> | <u>53,012</u> | <u>25,210</u> | <u>11,459,151</u> |

Included in land and buildings is freehold land at valuation of £4,376,932 (2015 - £4,376,932), which is not depreciated.

15. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|---------------|----------------|
| Other debtors | 24,486 | 81,995 |
| Prepayments and accrued income | 58,342 | 72,758 |
| | <u>82,828</u> | <u>154,753</u> |

16. CREDITORS: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 874 | 341,421 |
| Other taxation and social security | 70,302 | 64,369 |
| Other creditors | 24,000 | - |
| Accruals and deferred income | 214,261 | 76,680 |
| | <u>309,437</u> | <u>482,470</u> |

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

16. CREDITORS: Amounts falling due within one year (continued)

| | 2016 | 2015 |
|--------------------------------------|----------|--------|
| | £ | £ |
| Deferred income | | |
| Deferred income at 1 September 2015 | 56,997 | 91,077 |
| Resources deferred during the year | 91,077 | - |
| Amounts released from previous years | (56,997) | - |
| | 91,077 | 91,077 |
| Deferred income at 31 August 2016 | 91,077 | 91,077 |

At the balance sheet date the academy trust was holding funds received in advance for EFA Rates Relief grant of £11,391, trips income of £16,477, lettings income of £5,340 and other income of £57,869.

17. CREDITORS:
Amounts falling due after more than one year

| | 2016 | 2015 |
|-----------------|---------|------|
| | £ | £ |
| Other creditors | 156,000 | - |
| | 156,000 | - |

Creditors include amounts not wholly repayable within 5 years as follows:

| | 2016 | 2015 |
|--------------------------|--------|------|
| | £ | £ |
| Repayable by instalments | 60,000 | - |
| | 60,000 | - |

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

18. STATEMENT OF FUNDS

| | Brought Forward £ | Income £ | Expenditure £ | Pension cost re: changes in actuarial assumption s £ | Carried Forward £ |
|--|--------------------------|-------------------------|---------------------------|--|-------------------------|
| Unrestricted funds | | | | | |
| General Funds - all funds | 78,211 | 134,622 | (14,379) | - | 198,454 |
| Restricted funds | | | | | |
| Restricted Funds - all funds | - | 4,231,524 | (4,333,126) | - | (101,602) |
| Pension reserve | (1,214,000) | - | (69,000) | (625,000) | (1,908,000) |
| | <u>(1,214,000)</u> | <u>4,231,524</u> | <u>(4,402,126)</u> | <u>(625,000)</u> | <u>(2,009,602)</u> |
| Restricted fixed asset funds | | | | | |
| Restricted Fixed Asset Funds - all funds | 11,539,666 | (23,688) | (499,787) | - | 11,016,191 |
| Total restricted funds | <u>10,325,666</u> | <u>4,207,836</u> | <u>(4,901,913)</u> | <u>(625,000)</u> | <u>9,006,589</u> |
| Total of funds | <u><u>10,403,877</u></u> | <u><u>4,342,458</u></u> | <u><u>(4,916,292)</u></u> | <u><u>(625,000)</u></u> | <u><u>9,205,043</u></u> |

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

Restricted Fixed Assets funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted General funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The Restricted funds can only be used in the terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | <i>Total funds 2015 £</i> |
|--|------------------------------------|----------------------------------|---|-----------------------------|---------------------------------------|
| Tangible fixed assets | - | - | 11,196,191 | 11,196,191 | 11,459,151 |
| Current assets | 198,454 | 183,835 | - | 382,289 | 641,196 |
| Creditors due within one year | - | (285,437) | (24,000) | (309,437) | (482,470) |
| Creditors due in more than one year | - | - | (156,000) | (156,000) | - |
| Provisions for liabilities and charges | - | (1,908,000) | - | (1,908,000) | (1,214,000) |
| | <u>198,454</u> | <u>(2,009,602)</u> | <u>11,016,191</u> | <u>9,205,043</u> | <u>10,403,877</u> |

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

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Net (expenditure)/income for the year (as per Statement of financial activities) | (573,834) | 606,722 |
| Adjustment for: | | |
| Depreciation charges | 494,298 | 388,350 |
| Decrease/(increase) in debtors | 71,925 | (12,326) |
| (Decrease)/increase in creditors | (197,033) | 286,309 |
| FRS 102 pension adjustments | 69,000 | 74,000 |
| Net cash (used in)/provided by operating activities | <u>(135,644)</u> | <u>1,343,055</u> |

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------|----------------|----------------|
| Cash in hand | 299,461 | 486,443 |
| Total | <u>299,461</u> | <u>486,443</u> |

22. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2016.

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

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

22. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £316,392 (2015 - £280,315).

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

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

Local Government Pension Scheme

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

22. PENSION COMMITMENTS (continued)

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £153,000 (2015 - £152,000), of which employer's contributions totalled £124,000 (2015 - £120,000) and employees' contributions totalled £29,000 (2015 - £32,000). The agreed contribution rates for future years are 26% for employers and 5.5% to 7.5% for employees.

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

Principal actuarial assumptions:

| | 2016 | 2015 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.10 % | 3.80 % |
| Rate of increase in salaries | 4.10 % | 4.60 % |
| Rate of increase for pensions in payment / inflation | 2.10 % | 2.70 % |

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

| | 2016 | 2015 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.5 | 22.5 |
| Females | 24.7 | 24.7 |
| Retiring in 20 years | | |
| Males | 24.6 | 24.6 |
| Females | 27.0 | 27.0 |

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

| | Fair value at 31 August 2016 £ | Fair value at 31 August 2015 £ |
|------------------------------|---|---|
| Equities | 829,500 | 591,500 |
| Debt instruments | 296,250 | 211,250 |
| Property | 47,400 | 33,800 |
| Cash | 11,850 | 8,450 |
| Total market value of assets | <u>1,185,000</u> | <u>845,000</u> |

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

| | | |
|--|------------------|------------------|
| Current service cost (net of employee contributions) | (148,000) | (150,000) |
| Net interest cost | (46,000) | (72,000) |
| Total | <u>(194,000)</u> | <u>(222,000)</u> |

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

22. PENSION COMMITMENTS (continued)

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

| | 2016 | 2015 |
|------------------------------------|-----------|-----------|
| | £ | £ |
| Opening defined benefit obligation | 2,059,000 | 1,840,000 |
| Current service cost | 148,000 | 150,000 |
| Interest cost | 81,000 | 71,000 |
| Contributions by employees | 29,000 | 32,000 |
| Actuarial losses/(gains) | 625,000 | (30,000) |
| Changes in financial assumptions | 160,000 | 3,000 |
| Other experience | (1,000) | (1,000) |
| Benefits paid | (8,000) | (6,000) |
| | 3,093,000 | 2,059,000 |
| | 3,093,000 | 2,059,000 |

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

| | 2016 | 2015 |
|---|-----------|---------|
| | £ | £ |
| Opening fair value of scheme assets | 845,000 | 670,000 |
| Return on plan assets (excluding net interest on the net defined pension liability) | 160,000 | 2,000 |
| Interest income | 35,000 | 27,000 |
| Contributions by employer | 124,000 | 120,000 |
| Contributions by employees | 29,000 | 32,000 |
| Benefits paid | (8,000) | (6,000) |
| | 1,185,000 | 845,000 |
| | 1,185,000 | 845,000 |

23. MATERIAL PENSION COST

The latest valuation of the Local Government Pension Scheme (LGPS) occurred on 31 August 2016. Since the date of the previous valuation, a number of changes, both legislative and economic, have occurred which has impacted upon the actuarial assumptions made. Consequently, a significant cost has been incurred in the current financial period which is reflective of these changes made. The comparative for the prior year has been restated.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

24. OPERATING LEASE COMMITMENTS

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

| | 2016 | <i>2015</i> |
|-------------------------|---------------|---------------|
| | £ | £ |
| Amounts payable: | | |
| Within 1 year | 18,279 | <i>10,347</i> |
| Between 1 and 5 years | 27,172 | <i>19,238</i> |
| Total | 45,451 | <i>29,585</i> |

25. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

26. 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.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

27. FIRST TIME ADOPTION OF FRS 102

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

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure. The table below shows the effect of the transition of FRS 102 on the SOFA for the prior year:-

| | | | | Year ended 31 August 2015 |
|---|--------------|-----------------------------|-----------------------------|----------------------------------|
| | Notes | As previously stated | Effect of transition | FRS 102 (as restated) |
| Total Income | | £5,282,071 | £NIL | £5,282,071 |
| Total Expenditure | 1 | £4,659,349 | £16,000) | £4,675,349 |
| Actuarial gains and (losses) on defined benefit schemes | 1 | £14,000 | £16,000 | £30,000 |

NOTES TO RECONCILIATION

1. Local Government Pension Scheme

In the prior year, there were actuarial gains recognised on the scheme of £14,000. Under FRS 102, part of these actuarial gains have been reclassified as follows:-

An increase in pension interest cost of £30,000 as shown under support costs.