

115391

Registered number: 08565187 (England and Wales)

LOUGHTON SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

LOUGHTON SCHOOL
(A company limited by guarantee)

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LOUGHTON SCHOOL

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

Members

Sandy Blackledge (appointed 19 April 2016)
Sharon Bridglalsingh (appointed 27 April 2016)
Jane Bromley (resigned 31 August 2016)
Mark Duggan
Ben Friday (appointed 19 April 2016)
Rachael Parkin
Peter Todd (resigned 10 October 2015)

Governors

Sandy Blackledge, Chair¹
Sharon Bridglalsingh¹
Jane Bromley (resigned 31 August 2016)¹
Sue Bundy, Staff Governor (resigned 31 August 2016)
Stephen Fortune (appointed 27 November 2015)
Robin Sporn (resigned 1 February 2016)
Ben Friday
Andy George, Headteacher¹
Monica Maughan, Staff Governor¹
Ellie Frost, Staff Governor
Ciaragh Hubert
Mark Duggan
Rachael Parkin
Peter Todd (resigned 10 October 2015)
Neil Goodman-Smith (appointed 27 November 2015)
Chris Pottinger (appointed 1 July 2016)
Andy Smith (appointed 22 October 2015)
Jacqueline Watson-Yarngo (appointed 27 November 2015)
Graham Cuthbert (appointed 12 October 2016)
Lucy Hazelwood, Staff Governor (appointed 12 October 2016)

¹ Resources and Effectiveness committee

Company registered number

08565187

Company name

Loughton School

Principal and registered office

Loughton School
Bradwell Road
Loughton
Milton Keynes
MK5 8DN

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

Advisers (continued)

Senior management team

Andy George, Head Teacher
Rebekah Green, Deputy Head Teacher
Grant Malloch, Assistant Head Teacher
Ellie Frost, Assistant Head Teacher

Independent auditors

Streets Audit LLP
Chartered Accountants
Statutory Auditors
Potton House
Wyboston Lakes
Great North Road
Wyboston
Beds
MK44 3BZ

Bankers

Lloyds Bank PLC
Lloyds Court
28 Secklow Gate West
Milton Keynes
Bucks
MK9 3EH

Solicitors

Schofield Sweeney LLP
Church Bank House
Church Bank
Bradford
BD1 4DY

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The trust operates an academy for pupils aged 7 to 11 serving a catchment area in West Milton Keynes. It has a pupil capacity of 480 and had a roll of 480 in the school census on 8 October 2016.

Please note that, throughout these financial statements, we have referred to governors as the governing body. In a single academy trust, the terms trustee, director and governor are interchangeable.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The governors of Loughton School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Loughton School.

Details of the governors who served during the year 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. GOVERNORS' INDEMNITIES

In accordance with normal commercial practice the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on business of the academy trust. The insurance provides cover up to £1,000,000 in any one claim. However, whilst this is the limit for any one claim, it is also the total aggregate limit during any one year.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The articles of association require the academy trust to appoint a minimum of 3 governors and the members can appoint up to 8 of these governors. The articles of association contain provisions for the appointment of additional governors, including staff and parent governors. There is no maximum number of governors. Governors are appointed for fixed term of 4 years, but are eligible for re-election at the end of the fixed term.

There are currently 8 co-opted governors, the headteacher, and 3 staff governors (employed by the academy trust and elected by the staff) and 4 parent governors (elected by the parents).

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

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

New governors receive induction and support from the development governor and the clerk to the governing board. All governors are offered training opportunities through the Milton Keynes Council Governance and Leadership training programme.

f. ORGANISATIONAL STRUCTURE

The governor roles and responsibilities were reviewed on 12 October 2016. The governors are organised into a number of committees who form policy about key areas. The committees comprise Happy and Caring Environment, Resources and Effectiveness, Developing Potential (Teaching and Learning), Complaints and Discipline, and Independent Appeals. The governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the finances of the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments. During the period under review the governors held 6 full governing board meetings. Regular emails have been sent to the governors keeping them informed of significant events and most have visited the academy during daytime activities. All governors have access to all policies, procedures, minutes, accounts, budgets and plans that they need to discharge their duties. The responsible officer has monitored the changes to processes and makes regular reports to the governors. The governors approve the statutory accounts. The levels of authorisation of budget spend are detailed in the academy finance manual. The day to day management of the academy is delegated by the governors to the headteacher who is the accounting officer. The headteacher is supported by the deputy headteacher and the finance officer.

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

The academy trust defines key management personnel as the senior leadership team. The pay and remuneration of the senior leadership team is set by the governors by the annual approval of a pay policy linked with an appraisal policy. The performance management of all staff is overseen by the governors. The headteacher is appraised annually by a panel of three governors, including the chair of governors and the chair of the resources and effectiveness committee. The governors use the services of an independent advisor to assist with this process.

h. RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

There are no related parties which either control or significantly influence the decisions and operations of the academy. There are no sponsors. The academy continues to work closely with the Friends of Loughton School Association to fund the principal activities of the academy. The academy works with many school networks to further the principal activities of the academy.

OBJECTIVES AND ACTIVITIES

a. OBJECTS AND AIMS

The principal objective of the academy trust is the operation of Loughton School.

In accordance with the articles of association the academy trust aims to advance for the public benefit education by managing and developing a school offering a broad and balanced curriculum.

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

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

In 2015 the governors updated the aims and visions of the academy, in consultation with pupils and staff

Loughton School is committed to developing the potential of each member of the school community in a happy, supportive and caring environment

Our aim is that every child will achieve their highest possible academic attainment at this school, providing a sound foundation for future educational, social and occupational opportunities. However, we recognise that every child is unique and will have talents and skills that cannot necessarily be fostered academically or measured through standard forms of testing.

We therefore aim to provide a wide variety of interesting and stimulating opportunities both within the curriculum and in extracurricular activities in which to learn. Every child will have the opportunity to participate in sports, arts, music, productions, excursions and residential trips, and have access to a well-equipped library. We have enthusiasm and joy in learning and recognise and celebrate our achievements. We expect all members of the school to become active and engaged learners, excited by the opportunities we offer.

We know success does not happen by accident, but by hard work, dedication and making gradual improvements. We are committed to going significantly above and beyond that which might be expected.

We encourage innovation, creativity and new ways of learning, including the use of new and developing technology. We support each other in experimenting with new ideas, learning both from our successes and failures to make our learning fresh and vibrant. We want each new school day to be an exciting new challenge, and for all members of the school community to be curious, questioning and alert.

We believe children learn best in a safe, secure and happy environment. We shall promote them to enjoy a healthy and active lifestyle. We have high expectations of the standard of behaviour and conduct of everyone in our school community. We respect and care for each other, celebrate our diversity, and learn from each other. Our children will feel cared for and supported and gain in self-confidence and self-esteem. They will enjoy coming to school. We will support successful learning by ascertaining and understanding any barriers to learning or potential for excellence and adapting the service we provide to ensure the best possible outcome for all our children.

We foster our children's curiosity about the world and encourage them to have interest and engagement in our local community, and in national and international awareness. They will be aware of and understand the wider world. We foster leadership and ambition throughout our school community and are committed to personal and professional development at every level in the school. Our children will understand environmental and ecological issues and how these affect our planet and their future. Everyone in the school is encouraged to see themselves as responsible citizens in the modern world.

The school's leadership team and the governing body are responsible for ensuring that all members of the school community thrive, fully developing their skills, knowledge, self-confidence and experience during their time with us so that they are ready for the next step in their education or career. We aim to be good stewards of the funding we receive and the resources we manage to ensure the most effective use and best outcomes. We will regularly review our performance, consider improvements, and plan our activities. We will know and understand how we and our children are performing and be constantly striving to achieve the best we can. Our Governors will effectively lead, review, plan and support the work of the school.

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GOVERNORS' REPORT (continued)
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We are committed to open communication between teachers, parents and children. Honesty, trust and mutual respect are core values in the school. All parents and carers will know how their child is faring. They will understand how they can support their child's learning effectively outside school. We will listen and be available to them so we understand their concerns and act on them appropriately. We will regularly send newsletters, individual reports on progress and hold consultations on a planned and ad hoc basis.

Our school will be open, warm and welcoming to all. We will make reasonable adjustments where required to ensure that everyone can fulfil their potential. We will never tolerate discrimination or bullying. All religions, races, creeds and classes of people form our school community and our diversity is celebrated as a strength. We ensure everyone is treated with fairness and respect.

We sum up this philosophy in our motto 'Inspiring children'.

c. PUBLIC BENEFIT

The academy trust's governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

a. KEY FINANCIAL PERFORMANCE INDICATORS

There was a short inspection by Ofsted on 15 March 2016. The inspector said that the school continues to be good. The Ofsted report to the headteacher said:

- You have determinedly ensured that pupils flourish as a result of the good care and rich learning experiences that you and your staff provide. Your unstinting focus on improving the quality of the curriculum has ensured that pupils are developing deep knowledge and gaining skills across a wide range of subjects. Pupils and parents value these well-planned opportunities. The collaborative, creative ventures in which the whole school participates have helped to build a harmonious school community.
- You have developed your pupils' communication skills very well so they can confidently articulate the delight they feel at discovering a new fact or working out how different concepts are linked. This creates a positivity which is palpable throughout your school. You and your leaders systematically and efficaciously have ensured that all pupils are clear about their role in creating the right conditions for learning. You are explicit about what positive attitudes to learning look and feel like.
- You have successfully developed subject leaders' skills.
- Before the school's conversion to academy status, in the previous inspection report, leaders were asked to improve the quality of teaching. You have successfully achieved this.

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- Safeguarding is effective You and your governors have established strong and effective safeguarding protocols and procedures which are properly implemented You ensure all safeguarding requirements are fully met
- You and the governors know the school very well
- Subject leaders have made a strong and effective contribution to improving teaching, learning and assessment in the subjects they manage
- Governors have made a positive difference to the school
- Pupils behave very well
- Pupils who have special educational needs or disability are making stronger progress now that you have developed the dedicated room where they receive additional help
- Pupils' spiritual, moral, social and cultural development is a strength of the school

The school was oversubscribed for the 2016/2017 intake and remains full in all year groups

Pupil attendance is higher than the national average attendance

The staff and governors at the academy continue to be proud of the achievements of the children at Loughton School Data for the academy, when compared to national figures, indicates that attainment is above the national average

The academy trust is also monitored through the completion and submission to the EFA of the budget forecast for the year ahead and the accounts annual return produced from the annual financial statements

b. GOING CONCERN

After making appropriate enquiries, the board of governors 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

FINANCIAL REVIEW

The academy trust's financial objectives are to

- Apply at all times best value principles in all purchases
- Monitor and evaluate the value for money of all staff
- Prevent all areas of wastage
- Generate extra income through external sources

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

These objectives were achieved in the year ended 31 August 2016

The academy trust reviews annually its finance policy and procedures and complies with the Academies Financial Handbook

Most of the academy trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities. The academy trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2016 total income (including capital funding) was £1,909,613 and expenditure was £2,020,596 excluding capital expenditure, depreciation and the movement on the LGPS actuary valuation. The excess of expenditure over income for the year was £247,503.

At 31 August 2016 the net book value of fixed assets was £4,028,677 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to pupils.

The academy trust held fund balances at 31 August 2016 of £3,456,667. This comprised restricted funds of £nil, restricted fixed asset funds of £4,028,677, a pension reserve deficit of £758,000 and £185,990 of unrestricted general funds.

a. RESERVES POLICY

The governors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be equivalent to 4 weeks of expenditure, approximately £150,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy trust currently has free reserves of £185,990.

b. INVESTMENT POLICY

The academy trust holds surplus cash balances on short fixed term deposits with Lloyds Bank.

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GOVERNORS' REPORT (continued)
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c. PRINCIPAL RISKS AND UNCERTAINTIES

The academy trust has undertaken work during the year to further develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the academy trust's assets and reputation. The academy governors undertake a comprehensive review of the risks to which the academy trust is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the academy trust. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the governors will also consider any risks which may arise as a result of a new area of work being undertaken by the academy trust.

A risk register is maintained which is reviewed at least annually by the Audit Committee, reporting to the Resources and Effectiveness Committee, and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the academy trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. Outlined below is a description of the principal risk factors that may affect the academy trust. Not all the factors are within the academy trust's control. Other factors besides those listed below may also adversely affect the academy trust.

1 Government funding

The academy trust has considerable reliance on continued government funding through the EFA. In 2015/16, 91% of the academy trust's revenue was ultimately public funded and this level of requirement is expected to continue. There is no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- Ensuring the academy trust is rigorous in delivering high quality education
- Placing considerable focus and investment on maintaining and managing key relationships with the EFA

2 Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the academy trust's balance sheet in line with the requirements of FRS102. This deficit relates to non-teaching staff who are members of the Buckinghamshire Pension Fund. At 31 August 2016 the deficit amounted to £758,000. The pension scheme liability is an on-going liability which is not expected to crystallise until the retirement of the employees in the scheme. The academy trust makes contributions to the scheme on behalf of its employees. During the year the academy trust made contributions to the scheme of £64,000. The contributions are determined by the scheme's actuaries and are designed to eliminate the deficit over the estimated future working lives of the employees in the scheme.

PLANS FOR FUTURE PERIODS

The academy trust intends to action fully the areas of development as detailed on the School Development Plan 2016/17.

FUNDS HELD AS CUSTODIAN GOVERNOR ON BEHALF OF OTHERS

There are no funds held as Custodian Trustee on behalf of others.

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

AUDITORS

Insofar as the governors are aware

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

The governors re-appoint Streets Audit LLP as auditors

This report, incorporating a strategic report, was approved by order of the board of governors as the company directors, on 7/12/16 and signed on its behalf by



Sandy Blackledge
Chair of Governors

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As governors, we acknowledge we have overall responsibility for ensuring that Loughton 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 governors 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 Loughton School and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Statement of governors' responsibilities. The board of governors has formally met 6 times during the year. Attendance during the year at meetings of the board of governors was as follows:

| Governor | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Sandy Blackledge, Chair | 6 | 6 |
| Sharon Bridgalsingh | 5 | 6 |
| Jane Bromley | 4 | 6 |
| Sue Bundy, Staff Governor | 6 | 6 |
| Rachael Parkin | 5 | 6 |
| Robin Sporn | 0 | 2 |
| Andy George, Headteacher | 6 | 6 |
| Ciaragh Hubert | 6 | 6 |
| Monica Maughan, Staff Governor | 4 | 6 |
| Stephen Fortune | 5 | 5 |
| Chris Pottinger | 1 | 1 |
| Mark Duggan | 6 | 6 |
| Ellie Frost, Staff Governor | 5 | 6 |
| Peter Todd (resigned 10 October 2015) | 0 | 0 |
| Jacqueline Watson-Yarngo | 4 | 5 |
| Ben Friday | 5 | 6 |
| Graham Cuthbert (appointed 12 October 2016) | 0 | 0 |
| Neil Goodman-Smith | 5 | 5 |
| Lucy Hazelwood (appointed 12 October 2016) | 0 | 0 |
| Andy Smith | 1 | 5 |

The board of governors undertook a governing body effectiveness self-evaluation, using a tool provided by Milton Keynes Council, in June 2016.

Areas where it was agreed that improvements could be made included:

- Involvement in the strategic development of and monitoring of milestones within the School Development Plan, to include governor development and stronger focus for governor visits to school and effective reporting back to meetings.
- Better links with stakeholders through governor visibility and celebrating achievements of staff and pupils.

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GOVERNANCE STATEMENT (continued)

The Resources and Effectiveness Committee is a sub-committee of the main board of governors. Its purpose is to ensure the school community has the resources available to fulfil its aims, so that

- The academy's financial reporting, accounting systems and internal controls are overseen by the academy governors
- Ensure the risks of the academy, financial and otherwise, are effectively reviewed and that the annual financial statements give a true and fair view of the activities of the school

During the year Sandy Blackledge, who is a qualified accountant, chaired the committee

Attendance at meetings in the year was as follows

| Governor | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| Sandy Blackledge (chair) | 6 | 6 |
| Sharon Bridglaisingh | 5 | 6 |
| Sue Bundy (staff governor) | 4 | 6 |
| Mark Duggan | 6 | 6 |
| Andy George (headteacher and accounting officer) | 6 | 6 |
| Neil Goodman-Smith (appointed 27 November 2015) | 3 | 4 |
| Monica Maughan (staff governor) | 4 | 6 |
| Rachael Parkin | 4 | 6 |

The audit committee is also a sub-committee of the main board of governors. Its purpose is to help the governors meet their responsibility for risk management, having effective internal controls, and the efficient and effective use of funds

Attendance at meetings in the year was as follows

| Governor | Meetings attended | Out of a possible |
|------------------|-------------------|-------------------|
| Sandy Blackledge | 3 | 3 |
| Rachael Parkin | 3 | 3 |

REVIEW OF VALUE FOR MONEY

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

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

- Reviewing the role of learning support assistants
- Reviewing, with the academy governors and staff, suggestions to raise money, save money and use resources effectively

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

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

The board of governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governors have appointed a responsible officer from Strictly Education, to perform additional checks.

The responsible officer's 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 a termly basis the responsible officer reports to the board of governors, through the Resources and Effectiveness Committee, on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

The responsible officer has delivered their schedule of work as planned. No material control issues were reported in 2015/16 as a result of their work.

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GOVERNANCE STATEMENT (continued)

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 responsible officer
- the work of the external auditor
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and the Resources and Effectiveness Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of governors on 7/12/16 and signed on their behalf, by



Sandy Blackledge
Chair of Governors



Andy George
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Loughton 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.



Andy George
Accounting Officer

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

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

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of governors on 7/12/16 and signed on its behalf by



Sandy Blackledge
Chair of Governors

LOUGHTON SCHOOL
(A company limited by guarantee)

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

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

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

LOUGHTON SCHOOL
(A company limited by guarantee)

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of governors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report

However, only partial disclosure has been made in respect of governors' remuneration (note 11)



Jonathan Day (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants
Statutory Auditors

Potton House
Wyboston Lakes
Great North Road
Wyboston
Beds
MK44 3BZ
Date

14 December 2016.

LOUGHTON SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO LOUGHTON SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 4 November 2015 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 Loughton 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 Loughton School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Loughton 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 Loughton School and the EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF LOUGHTON SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS

The accounting officer is responsible, under the requirements of Loughton School's funding agreement with the Secretary of State for Education dated 27 June 2013, 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.

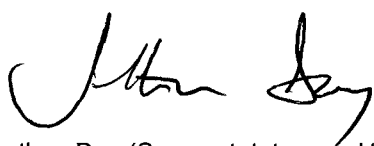
**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO LOUGHTON
SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

The work undertaken to draw our conclusions included

- Review of the Academy's systems and controls to ensure effective design,
- Confirmation of satisfactory operation of controls during the year, including authorisation of invoices, payments and salary adjustments,
- Review of a sample of expenses focussing on those nominal codes considered to include transactions of a greater risk,
- Review of the reports from internal scrutiny work undertaken during the year,
- Discussions with the Finance Team

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



Jonathan Day (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants
Statutory Auditors

Potton House
Wyboston Lakes
Great North Road
Wyboston
Beds
MK44 3BZ

Date

14 December 2016

LOUGHTON 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 | - | 2,072 | - | 2,072 | 13,965 |
| Charitable activities | 5 | - | 1,858,708 | 9,427 | 1,868,135 | 1,950,950 |
| Other trading activities | 3 | 38,466 | - | - | 38,466 | 43,040 |
| Investments | 4 | 940 | - | - | 940 | 771 |
| TOTAL INCOME | | 39,406 | 1,860,780 | 9,427 | 1,909,613 | 2,008,726 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | - | 2,020,596 | 136,520 | 2,157,116 | 2,145,122 |
| Other expenditure | | - | - | - | - | 5,926 |
| TOTAL EXPENDITURE | 6 | - | 2,020,596 | 136,520 | 2,157,116 | 2,151,048 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between Funds | 17 | 39,406 (64,175) | (159,816) 78,816 | (127,093) (14,641) | (247,503) - | (142,322) - |
| NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES | | (24,769) | (81,000) | (141,734) | (247,503) | (142,322) |
| Actuarial losses on defined benefit pension schemes | 21 | - | (321,000) | - | (321,000) | - |
| NET MOVEMENT IN FUNDS | | (24,769) | (402,000) | (141,734) | (568,503) | (142,322) |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 210,759 | (356,000) | 4,170,411 | 4,025,170 | 4,167,492 |
| TOTAL FUNDS CARRIED FORWARD | | 185,990 | (758,000) | 4,028,677 | 3,456,667 | 4,025,170 |

LOUGHTON SCHOOL


(A company limited by guarantee)
REGISTERED NUMBER: 08565187

**BALANCE SHEET
AS AT 31 AUGUST 2016**

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|------------------|------------------|------------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 13 | | 4,028,677 | | 4,165,197 |
| CURRENT ASSETS | | | | | |
| Debtors | 14 | 42,071 | | 34,767 | |
| Investments | 15 | 121,663 | | 120,809 | |
| Cash at bank and in hand | | <u>75,132</u> | | <u>108,180</u> | |
| | | 238,756 | | 263,756 | |
| CREDITORS: amounts falling due within one year | 16 | <u>(52,766)</u> | | <u>(37,783)</u> | |
| NET CURRENT ASSETS | | | <u>185,990</u> | | <u>225,973</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 4,214,667 | | 4,391,170 |
| Defined benefit pension scheme liability | 21 | | <u>(758,000)</u> | | <u>(366,000)</u> |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u>3,456,667</u> | | <u>4,025,170</u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds | 17 | | | 10,000 | |
| Restricted income funds | 17 | <u>4,028,677</u> | | <u>4,170,411</u> | |
| Restricted fixed asset funds | | | | | |
| Restricted income funds excluding pension liability | | <u>4,028,677</u> | | <u>4,180,411</u> | |
| Pension reserve | | <u>(758,000)</u> | | <u>(366,000)</u> | |
| Total restricted income funds | | | 3,270,677 | | 3,814,411 |
| Unrestricted income funds | 17 | | <u>185,990</u> | | <u>210,759</u> |
| TOTAL FUNDS | | | <u>3,456,667</u> | | <u>4,025,170</u> |

The financial statements were approved by the governors, and authorised for issue, on, 7/12/16 ... and are signed on their behalf, by:


Sandy Blackledge
Chair of Trustees


Andy George
Head Teacher

The notes on pages 24 to 43 form part of these financial statements

LOUGHTON 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 operating activities | 19 | <u>(64,165)</u> | <u>(73,283)</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 31,861 | 95,648 |
| Purchase of investments | | <u>(744)</u> | <u>(627)</u> |
| Net cash provided by investing activities | | <u>31,117</u> | <u>95,021</u> |
| Change in cash and cash equivalents in the year | | (33,048) | 21,738 |
| Cash and cash equivalents brought forward | | <u>108,180</u> | <u>86,442</u> |
| Cash and cash equivalents carried forward | 20 | <u><u>75,132</u></u> | <u><u>108,180</u></u> |

LOUGHTON SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Loughton School constitutes a public benefit entity as defined by FRS 102

1.2 Going concern

The governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

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.

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.

LOUGHTON 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.

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 Tangible fixed assets and depreciation

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

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

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 buildings | - | 4% straight line per annum, with effect from 1 April 2014 |
| Plant and machinery | - | 20% straight line per annum |
| Computer equipment | - | 20% straight line per annum |

1.6 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.

LOUGHTON SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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.

LOUGHTON SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

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

1.11 Financial instruments

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

1.12 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 21, 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.

LOUGHTON 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.

1.13 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

LOUGHTON SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Fund accounting

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

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

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | - | 2,072 | - | 2,072 | 13,753 |
| Educational visits | - | - | - | - | 212 |
| | | | | | |
| Total donations and capital grants | - | 2,072 | - | 2,072 | 13,965 |

In 2015, of the total income from donations and capital grants, £NIL was to unrestricted funds and £13,965 was to restricted funds

3. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|----------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Hire of facilities | 30,921 | - | 30,921 | 34,877 |
| Community activities | 545 | - | 545 | 250 |
| Course Fees | 7,000 | - | 7,000 | 7,913 |
| | | | | |
| | 38,466 | - | 38,466 | 43,040 |

In 2015, of the total income from other trading activities, £43,040 was to unrestricted funds and £NIL was to restricted funds

LOUGHTON SCHOOL
(A company limited by guarantee)

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

4. INVESTMENT INCOME

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Interest receivable | <u>940</u> | <u>-</u> | <u>940</u> | <u>771</u> |

In 2015, of the total investment income, £771 was to unrestricted funds and £NIL was to restricted funds

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA grants and other funding | | | | |
| General Annual Grant (GAG) | - | 1,659,765 | 1,659,765 | 1,703,701 |
| Capital Grants | - | 9,427 | 9,427 | 9,399 |
| Other DfE / EFA grants | - | 104,752 | 104,752 | 109,295 |
| | <u>-</u> | <u>1,773,944</u> | <u>1,773,944</u> | <u>1,822,395</u> |
| Other government grants | | | | |
| Local authority grants | - | 67,821 | 67,821 | 99,659 |
| | <u>-</u> | <u>67,821</u> | <u>67,821</u> | <u>99,659</u> |
| Other funding | | | | |
| Teacher training income | - | - | - | 8,500 |
| Music Tuition | - | 19,120 | 19,120 | 19,944 |
| Other income | - | 7,250 | 7,250 | 452 |
| | <u>-</u> | <u>26,370</u> | <u>26,370</u> | <u>28,896</u> |
| | <u>-</u> | <u>1,868,135</u> | <u>1,868,135</u> | <u>1,950,950</u> |

In 2015, of the total income from charitable activities, £NIL was to unrestricted funds and £1,950,950 was to restricted funds

LOUGHTON SCHOOL
(A company limited by guarantee)

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

6. EXPENDITURE

| | Staff costs 2016 £ | Premises 2016 £ | Other costs 2016 £ | Total 2016 £ | Total 2015 £ |
|------------------------|--------------------------|-----------------------|--------------------------|-------------------------|-------------------------|
| Educational Activities | | | | | |
| Direct costs | 1,463,629 | - | 90,702 | 1,554,331 | 1,592,805 |
| Support costs | <u>218,876</u> | <u>97,161</u> | <u>286,748</u> | <u>602,785</u> | <u>552,317</u> |
| | <u>1,682,505</u> | <u>97,161</u> | <u>377,450</u> | <u>2,157,116</u> | <u>2,145,122</u> |

In 2016, of the total expenditure, £NIL was to unrestricted funds and £2,157,116 was to restricted funds

LOUGHTON SCHOOL
(A company limited by guarantee)

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

7. CHARITABLE ACTIVITIES

| | Total funds 2016 £ | <i>Total funds 2015 £</i> |
|--|---------------------------------------|---------------------------------------|
| DIRECT COSTS - EDUCATIONAL OPERATIONS | | |
| Wages and salaries | 1,197,773 | 1,254,001 |
| National insurance | 87,827 | 67,858 |
| Pension cost | 174,534 | 177,742 |
| Educational supplies | 82,932 | 78,516 |
| Staff development | 11,265 | 11,178 |
| Other costs | - | 3,510 |
| | <u>1,554,331</u> | <u>1,592,805</u> |
| SUPPORT COSTS - EDUCATIONAL OPERATIONS | | |
| Wages and salaries | 143,335 | 139,724 |
| National insurance | 6,663 | 5,815 |
| Pension cost | 68,878 | 42,060 |
| Depreciation | 136,520 | 134,538 |
| Pension cost (FRS102) | 17,000 | 16,000 |
| Governance costs - audit and accountancy costs | 6,570 | 6,550 |
| Recruitment and HR/Payroll support | 10,249 | 14,268 |
| Maintenance of premises and equipment | 68,238 | 65,216 |
| Cleaning | 7,730 | 4,314 |
| Rent and rates | 10,776 | 11,408 |
| Energy costs | 18,147 | 18,442 |
| Insurance | 26,867 | 26,783 |
| Other support costs | 28,152 | 32,198 |
| Technology costs | 31,189 | 22,469 |
| Catering | 7,138 | 10,164 |
| Governance costs - legal and professional fees | 15,333 | 2,368 |
| | <u>602,785</u> | <u>552,317</u> |
| | <u>2,157,116</u> | <u>2,145,122</u> |

LOUGHTON SCHOOL
(A company limited by guarantee)

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

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging

| | 2016 £ | 2015 £ |
|---|--------------|--------------|
| Depreciation of tangible fixed assets | | |
| - owned by the charity | 136,520 | 134,538 |
| Auditors' remuneration - audit | 5,500 | 5,500 |
| Auditors' remuneration - other services | <u>1,070</u> | <u>1,050</u> |

Included within the depreciation charge above is a £2,933 loss on disposal of fixed assets (2015 £nil)

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9. STAFF COSTS

Staff costs were as follows

| | 2016 £ | 2015 £ |
|--|-------------------------|-------------------------|
| Wages and salaries | 1,282,947 | 1,355,636 |
| Social security costs | 94,490 | 73,673 |
| Operating costs of defined benefit pension schemes | 243,412 | 219,802 |
| | <u>1,620,849</u> | <u>1,649,111</u> |
| Supply teacher costs | 58,161 | 38,089 |
| Staff restructuring costs - redundancy payments | 3,495 | - |
| | <u><u>1,682,505</u></u> | <u><u>1,687,200</u></u> |

Average headcount expressed as a full time equivalent

| | 2016 No. | 2015 No |
|----------------------------|------------------|------------------|
| Teachers | 17 | 21 |
| Administration and support | 25 | 22 |
| Management | <u>5</u> | <u>4</u> |
| | <u><u>47</u></u> | <u><u>47</u></u> |

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

| | 2016 No. | 2015 No |
|---------------|------------------|------------------|
| Teachers | 25 | 26 |
| Support staff | 44 | 54 |
| Management | <u>4</u> | <u>5</u> |
| | <u><u>73</u></u> | <u><u>85</u></u> |

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

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

The above employees participated in the Teachers' Pension Scheme

The key management personnel of the academy comprise of the senior leadership team as listed on page 1. The total employee benefits (including employers pension contributions) received by key management personnel for their services to the academy was £239,955 (2015 £224,935)

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

10. GOVERNORS' 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 £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was £950 (2015 - £950)

11. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 4 governors (2015 - 4) in respect of defined contribution pension schemes

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

| | | 2016 £ | 2015 £ |
|-------------------------------------|----------------------------|-----------------|-----------------|
| Head Teacher and Accounting Officer | Remuneration | 75,000-80,000 | 75,000-80,000 |
| | Pension contributions paid | 10,000-15,000 | 10,000-15,000 |
| Staff Governors | Remuneration | 110,000-115,000 | 105,000-110,000 |
| | Pension contributions paid | 15,000-20,000 | 15,000-20,000 |

During the year, no governors received any benefits in kind (2015 - £NIL)

During the year ended 31 August 2016, expenses incurred on behalf of the school totalling £714 (2015 - £NIL) were reimbursed to 1 governor (2015 - £NIL)

12. OTHER FINANCE INCOME

| | 2016 £ | 2015 £ |
|--|-----------------|-----------------|
| Interest income on pension scheme assets | 16,000 | 15,000 |
| Interest on pension scheme liabilities | (33,000) | (31,000) |
| | <u>(17,000)</u> | <u>(16,000)</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
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13. TANGIBLE FIXED ASSETS

| | Freehold property £ | Plant and machinery £ | Computer equipment £ | Total £ |
|-----------------------|---------------------------|-----------------------------|----------------------------|------------------|
| Valuation | | | | |
| At 1 September 2015 | 4,318,000 | 4,756 | 38,535 | 4,361,291 |
| Disposals | - | (4,756) | - | (4,756) |
| At 31 August 2016 | <u>4,318,000</u> | <u>-</u> | <u>38,535</u> | <u>4,356,535</u> |
| Depreciation | | | | |
| At 1 September 2015 | 178,330 | 1,823 | 15,941 | 196,094 |
| Charge for the year | 125,880 | - | 7,707 | 133,587 |
| On disposals | - | (1,823) | - | (1,823) |
| At 31 August 2016 | <u>304,210</u> | <u>-</u> | <u>23,648</u> | <u>327,858</u> |
| Net book value | | | | |
| At 31 August 2016 | <u>4,013,790</u> | <u>-</u> | <u>14,887</u> | <u>4,028,677</u> |
| At 31 August 2015 | <u>4,139,670</u> | <u>2,933</u> | <u>22,594</u> | <u>4,165,197</u> |

Included in land and buildings is freehold land at valuation of £1,171,000 (2015 £1,171,000), which is not depreciated

14. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 8,433 | 14,925 |
| VAT Debtor | 7,337 | 1,231 |
| Prepayments and accrued income | 26,301 | 18,611 |
| | <u>42,071</u> | <u>34,767</u> |

15. CURRENT ASSET INVESTMENTS

| | 2016 £ | 2015 £ |
|--------------------------|----------------|----------------|
| Fixed term cash deposits | <u>121,553</u> | <u>120,809</u> |

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

16. CREDITORS: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------------|---------------|---------------|
| Trade creditors | 11,689 | - |
| Other taxation and social security | 28,222 | 26,773 |
| Accruals and deferred income | 12,855 | 11,010 |
| | <u>52,766</u> | <u>37,783</u> |

Deferred income

| | | |
|--------------------------------------|--------------|--------------|
| Deferred income at 1 September 2015 | 5,510 | 5,464 |
| Amounts released from previous years | (5,510) | (5,464) |
| Devolved formula capital | <u>5,483</u> | <u>5,510</u> |
| Deferred income at 31 August 2016 | <u>5,483</u> | <u>5,510</u> |

17. STATEMENT OF FUNDS

| | Brought Forward £ | Income £ | Expenditur e £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|---------------------------|-------------------------|---------------|----------------------|--------------------------|-------------------------|-------------------------|
| Unrestricted funds | | | | | | |
| General fund | <u>210,759</u> | <u>39,406</u> | <u>-</u> | <u>(64,175)</u> | <u>-</u> | <u>185,990</u> |

Restricted funds

| | Brought Forward £ | Income £ | Expenditur e £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|----------------------------|-------------------------|------------------|----------------------|--------------------------|-------------------------|-------------------------|
| General Annual Grant (GAG) | - | 1,860,780 | (1,939,596) | 78,816 | - | - |
| Big Lottery Fund | 10,000 | - | (10,000) | - | - | - |
| Pension reserve | (366,000) | - | (71,000) | - | (321,000) | (758,000) |
| | <u>(356,000)</u> | <u>1,860,780</u> | <u>(2,020,596)</u> | <u>78,816</u> | <u>(321,000)</u> | <u>(758,000)</u> |

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

17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

| | Brought Forward £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|--------------------------------|----------------------|------------------|--------------------|--------------------------|-------------------------|----------------------|
| Tangible Fixed Assets | 4,165,197 | - | (136,520) | - | - | 4,028,677 |
| Devolved Formula Capital - EFA | - | 9,427 | - | (9,427) | - | - |
| LA - SEN Space | 5,214 | - | - | (5,214) | - | - |
| | <u>4,170,411</u> | <u>9,427</u> | <u>(136,520)</u> | <u>(14,641)</u> | <u>-</u> | <u>4,028,677</u> |
| Total restricted funds | <u>3,814,411</u> | <u>1,870,207</u> | <u>(2,157,116)</u> | <u>64,175</u> | <u>(321,000)</u> | <u>3,270,677</u> |
| Total of funds | <u>4,025,170</u> | <u>1,909,613</u> | <u>(2,157,116)</u> | <u>-</u> | <u>(321,000)</u> | <u>3,456,667</u> |

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

General Funds:

The Academy's general funds represents income and expenditure relating to activities undertaken by the Academy as part of its charitable activities. The Academy can then use these funds for any purpose.

Restricted Funds:

The Academy received a number of grants during the year for the purpose of providing educational services to its pupils. These funds included grants from the EFA for the General Annual Grant (GAG) and Pupil Premium. Special Educational Needs grants were also received from the Local Authority. These grants have been used for staff costs, educational resources and general costs incurred in the running of the Academy.

The Academy received a donation of £10,000 from the Big Lottery Fund in relation to Loughton's Language in the comparative year. This donation was fully spent in the year.

Pension Reserve - As stated in note 21 the Academy is a participating employer in two defined benefit pension schemes. The liabilities relating to Loughton School can only be determined for one of these schemes. A separate reserve has been included to show the impact of the changes in valuation of this pension scheme.

Restricted Fixed Asset Funds:

The Academy received Capital Formula funding to be spent on capital repairs and the purchase of new equipment. Assets which are capitalised in the accounts are represented by a separate fund within the Restricted Fixed Assets reserve.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 4,028,677 | 4,028,677 | 4,165,197 |
| Current assets | 185,990 | 52,766 | - | 238,756 | 263,756 |
| Creditors due within one year | - | (52,766) | - | (52,766) | (37,783) |
| Provisions for liabilities and charges | - | (758,000) | - | (758,000) | (366,000) |
| | <u>185,990</u> | <u>(758,000)</u> | <u>4,028,677</u> | <u>3,456,667</u> | <u>4,025,170</u> |

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

| | 2016 £ | 2015 £ |
|---|-----------------|-----------------|
| Net expenditure for the year (as per Statement of financial activities) | (247,503) | (142,322) |
| Adjustment for: | | |
| Depreciation charges and loss on sale of fixed assets | 136,520 | 134,538 |
| Dividends, interest and rents from investments | (31,861) | (95,648) |
| Increase in debtors | (7,304) | (5,307) |
| Increase/(decrease) in creditors | 14,983 | (5,544) |
| Defined benefit pension scheme cost less contributions payable | <u>71,000</u> | <u>41,000</u> |
| Net cash used in operating activities | <u>(64,165)</u> | <u>(73,283)</u> |

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------------------------------|---------------|----------------|
| Cash in hand | 37 | 100 |
| Notice deposits (less than 3 months) | <u>75,095</u> | <u>108,080</u> |
| Total | <u>75,132</u> | <u>108,180</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
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21. 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 Buckinghamshire County Council Both are Multi-employer defined benefit pension schemes

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 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

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

21. PENSION COMMITMENTS (continued)

The employer's pension costs paid to TPS in the period amounted to £64,357 (2015 - £63,296)

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

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 £83,000 (2015 - £83,000), of which employer's contributions totalled £64,000 (2015 - £64,000) and employees' contributions totalled £19,000 (2015 - £19,000). The agreed contribution rates for future years are 20.5% for employers and varying % 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 | 2.20% | 4.00% |
| Expected return on scheme assets at 31 August | - % | 5.70% |
| Rate of increase in salaries | 4.10% | 4.50% |
| Rate of increase for pensions in payment / inflation | 2.30% | 2.70% |
| Inflation assumption (CPI) | 2.30% | 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 | 23.8 | 23.7 |
| Females | 26.2 | 26.1 |
| Retiring in 20 years | | |
| Males | 26.1 | 26 |
| Females | 28.5 | 28.4 |

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21. PENSION COMMITMENTS (continued)

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

| | Fair value at 31 August 2016 £ | Fair value at 31 August 2015 £ |
|------------------------------|---|---|
| Gilts | 74,000 | 61,000 |
| Equities | 314,000 | 274,000 |
| Bonds | 70,000 | 62,000 |
| Property | 47,000 | 39,000 |
| Cash | 19,000 | 17,000 |
| Alternative Assets | 50,000 | 45,000 |
| | <u>574,000</u> | <u>498,000</u> |
| Total market value of assets | <u>574,000</u> | <u>498,000</u> |

The actual return on scheme assets was £80,000 (2015 - £0)

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

| | 2016 £ | 2015 £ |
|--|-----------------|-----------------|
| Current service cost (net of employee contributions) | (118,000) | (89,000) |
| Net interest cost | (17,000) | (16,000) |
| Contributions by the employer | <u>64,000</u> | <u>64,000</u> |
| Total | <u>(71,000)</u> | <u>(41,000)</u> |

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

| | 2016 £ | 2015 £ |
|------------------------------------|------------------|----------------|
| Opening defined benefit obligation | 864,000 | 729,000 |
| Current service cost | 118,000 | 89,000 |
| Interest cost | 33,000 | 31,000 |
| Contributions by employees | 19,000 | 19,000 |
| Change in financial assumptions | 381,000 | - |
| Benefits paid | <u>(83,000)</u> | <u>(4,000)</u> |
| Closing defined benefit obligation | <u>1,332,000</u> | <u>864,000</u> |

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21. PENSION COMMITMENTS (continued)

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

| | 2016 £ | 2015 £ |
|---|-----------------|----------------|
| Opening fair value of scheme assets | 498,000 | 404,000 |
| Interest income | 16,000 | 15,000 |
| Return on plan assets (excluding net interest on the net defined pension liability) | 60,000 | - |
| Contributions by employer | 64,000 | 64,000 |
| Contributions by employees | 19,000 | 19,000 |
| Benefits paid | <u>(83,000)</u> | <u>(4,000)</u> |
| Closing fair value of scheme assets | <u>574,000</u> | <u>498,000</u> |

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account:

The wife of Mark Duggan, Chair of Governors, is employed by Loughton School. This appointment was made prior to the conversion to an academy and followed the staff recruitment policy. During the period the value of remuneration fell within the band £10,000 - £15,000 (2015 £10,000 - £15,000).

The husband of Sue Bundy, works as an Educational Consultant who provides services to Loughton School. During the year £3,541 was paid in connection with services provided (2015 - £2,517).

During the year Sue Bundy was reimbursed £714 (2015 - £nil) for expenses incurred on behalf of the academy.

During the year donations were received from Friends of Loughton amounting to £2,072 (2015 - £3,753).

No other related party transactions took place in the period of account.

23. 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.

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24. 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 expenditure.