



**FOREST ACADEMY**  
(A company limited by guarantee)

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

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**FOREST ACADEMY**  
**(A company limited by guarantee)**

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**CONTENTS**

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	Page
<b>Reference and administrative details</b>	1 - 2
<b>Trustees' report</b>	3 - 7
<b>Governance statement</b>	8 - 10
<b>Statement on regularity, propriety and compliance</b>	11
<b>Statement of Trustees' responsibilities</b>	12
<b>Independent auditors' report on the financial statements</b>	13 - 14
<b>Independent auditors' assurance report on regularity</b>	15 - 16
<b>Statement of financial activities incorporating income and expenditure account</b>	17
<b>Balance sheet</b>	18
<b>Statement of cash flows</b>	19
<b>Notes to the financial statements</b>	20 - 40

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**FOREST ACADEMY**  
(A company limited by guarantee)

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

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**Members**

M Pritchard  
M Andrew  
R G Hodgkinson  
A C Grimes

**Trustees**

P Brooks, Chair to 7 November 2016 (resigned 7 November 2016)  
R G Hodgkinson, Chair from 14 November 2016 (appointed 14 November 2016)  
E J Peck  
J V Jones, Staff Trustee  
A C Grimes<sup>1</sup>  
T Branch  
L Rourke  
C Goldstone  
M Pritchard  
M Andrew  
H Muteham (resigned 18 November 2015)

<sup>1</sup> Executive Principal and Accounting Officer

**Company registered number**

07400940

**Company name**

Forest Academy

**Principal and registered office**

Bury Road, Brandon, Suffolk, IP24 0FP

**Company secretary**

N Cogan

**Senior management team**

A Grimes, Executive Principal  
S Gough, Acting Assistant Headteacher  
H Morley, Acting Assistant Headteacher

**Independent auditors**

MA Partners LLP, 7 The Close, Norwich, Norfolk, NR1 4DJ

**Bankers**

LLoyds TSB Commercial, PO Box 1000, BX1 1LT

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

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**Advisers (continued)**

**Solicitors**

Stone King LLP, 16 St Johns Lane, London, EC1M 4BS



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**FOREST ACADEMY**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

**Structure, governance and management**

**a. CONSTITUTION**

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Forest Academy are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Forest Academy.

Details of the Trustees 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. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

**d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

Governors have committed to regular training sessions each year from a recognised consultant and to also attend any other development sessions.

**e. PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

The arrangements for setting the pay and remuneration of the academy's key management personnel and any benchmarks, parameters or criteria used in setting their pay are defined in the whole school pay policy set by the governors. The parameters are set using Performance Management targets as agreed in the policy. Increments will only be awarded following successful completion of Performance Management and following review by the Personnel committee.

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**(A company limited by guarantee)**

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

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**f. ORGANISATIONAL STRUCTURE**

The academy structure now consists of four levels: The Academy Trust, The Governors, The Senior Managers and the school staff. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Managers are the Principal, Deputy Principal and four senior teachers. These managers control the academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for all posts always contain a Governor.

**g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

Forest Academy has a formal partnership with Elveden Church of England Primary Academy.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

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

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

- To develop and Improve Leadership and Management
- To ensure the new SEND 0-25 Code of Practice is fully implemented.
- To further develop partnerships with parents, with high schools and other partnerships that support children's learning
- To ensure equality for all
- To ensure high standards of literacy and numeracy across the school
- To ensure high standards of T&L across both schools
- All staff are confident to implement and assess all aspects of the curriculum using both current and new systems
- To ensure excellent behaviour and attitudes to learning across both schools
- To ensure the New Curriculum is embedded across both schools including new units of work for RE
- To ensure standards of T&L of PE are outstanding across both schools.

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

The academy's main strategy is encompassed in its mission statement. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications; and
- training opportunities for all staff, and especially teaching staff.

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**FOREST ACADEMY**  
(A company limited by guarantee)

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

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**c. ACTIVITIES FOR ACHIEVING OBJECTIVES**

- Effective leadership and management
- High quality teaching and learning
- Regular communication with parents

**d. PUBLIC BENEFIT**

The principal object and activity of the charitable company is the operation of the Forest Academy to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The Governors confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the academy's aims and objectives.

**Achievements and performance**

**a. KEY PERFORMANCE INDICATORS**

The academy is committed to observing the importance of performance indicators to ensure that it continues to strive for both educational and financial excellence.

In its last inspection in June 2014, Ofsted concluded that the academy was a 'Good' school.

RAISE online attainment data for 2016 shows Key Stage 1 expected level for Reading: 74%, Writing: 64%, Maths: 76% these are in line with national average.

RAISE online attainment data for 2016 shows Key Stage 2 expected level for Reading: 76%, Writing: 78%, Maths: 64%, combined RWM: 62% above national average for reading and writing.

**b. REVIEW OF ACTIVITIES**

***Teaching and Learning***

We have good teaching across the school with outstanding teaching and learning evident. Quality teaching and learning is strong when children are more engaged and enthusiastic about their learning, learn at a good pace and produce good quality work, and where the work provided is sufficiently challenging for all pupils.

***Priorities for the past year***

These always include monitoring high standards and ensure quality teaching.

This year we also focused on:

- embedding the new curriculum
- assessment without levels
- improving progress and attainment tracking systems
- improving CPD

The school has faced the challenges of a new curriculum with higher expectations and worked tirelessly to ensure we are able to provide the best education possible for our children. The school remains confident and ambitious for all pupils.

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**FOREST ACADEMY**  
(A company limited by guarantee)

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

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**Financial review**

**a. RESERVES POLICY**

The Governors aim to maintain free reserves to ensure that there is 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 current target is to hold free reserves of £85,000 being approximately one month's salary costs. As at 31 August 2016, the academy had free reserves (total funds less the amount held in fixed assets, designated and restricted funds) of **£77,427** (2015 - £12,747).

**b. PRINCIPAL FUNDING**

Most of the academy'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.

**c. DEFICIT**

The balance sheet includes a deficit on the Pension Reserve of **£336,000** (2015 - £155,000) being the academy's FRS 102 valuation of its share of the Local Government Pension Scheme (see note 23 for further details).

**d. PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors have assessed the major risks to which the charitable company is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy, and its finances.

The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. They are satisfied that these systems are consistent with guidelines issued by the Charities Commission.

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

**e. GOING CONCERN**

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

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

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**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

Priorities for 2016/17 are:

- To ensure progress between KS1 and KS2 in reading, writing and Maths.
- To ensure progress of the middle attainers.
- To increase attainment in Maths at KS2.
- To develop and articulate a clear vision with high academic and social expectations.
- To develop the governing bodies of both schools, building on strengths and consider reconstitution.
- To further develop a broad and balanced curriculum with SMSC and BLP fully embedded SMSC/PSHE effectively addresses equality, bullying, safeguarding and keeping safe, healthy lifestyles, emotional and mental-well-being, relationships, e-safety, citizenship, extremism and radicalisation.
- To provide effective CPD, which is linked to PM, for all, to ensure staff are motivated, respected and effective and provide long term sustainability across the schools.
- To track progress of all children and vulnerable groups, engaging with parents/carers and other agencies to ensure no child underachieves.
- To ensure equality of provision for all. To increase effectiveness of safeguarding through early intervention.
- To address all incidents of poor behaviour effectively throughout the school day.
- All children to develop excellent attitudes to learning through BLP to increase pride in themselves and the schools, preparing them for the next stage in their education and future lives.

**DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

This report was approved by order of the board of trustees as the company directors, on 21 November 2016 and signed on its behalf by:

  
.....  
**R G Hodgkinson**  
Chair of Trustees

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**FOREST ACADEMY**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

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

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
P Brooks, Chair to 7 November 2016	3	3
J V Jones, Staff Trustee	3	3
T Branch	3	3
C Goldstone	3	3
M Pritchard	2	3
A C Grimes	2	3
L Rourke	3	3
E J Peck	3	3
R G Hodgkinson, Chair from 14 November 2016	3	3
H Muteham	0	0

**Governance reviews**

Governors are committed to the success of the academy and undertake an audit annually of their skills to fulfil their roles effectively and to enable them to have an oversight of the academy's work. They have an accurate view of the quality of teaching and learning based on visits to classrooms and information provided in the detailed impact reports from the headteachers. Governors are regularly provided with attainment and progress data for all children and focus on the outcomes of all groups. They ensure that performance management arrangements are linked to achieving high attainment standards in all year groups and that children make good progress. Governors have a good knowledge of the impact that the pupil premium and primary sports funding have and ask questions to challenge the academy, ensuring leaders achieve good value for money. Governors robustly check that legal requirements for ensuring the safety and well being of pupils are met. They ensure that all training for safeguarding and policies are up to date, and that rigorous and regular checks are made on the suitability of staff and visitors to work with children.

The next external review of governance will be carried out in the November 2016 by our SEO.



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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

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

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

All expenditure is focused on achieving high standards. We have a track record of high standards of attainment over six years in Key Stage 1 and four years in Key Stage 2 due to:

- continual evaluation of staffing to ensure that appropriate additional support is focused where it is needed for children to achieve
- very clear individual support plans for children with SEND. Also more able pupils are stretched through Upper Key Stage 2 streaming every morning so that year 5 and 6 can have more tailored work in literacy and numeracy.
- continued collaboration with Elveden Academy which allows for sharing of experience and resources this includes teaching and non-teaching staff.
- identifying new ways to overcome barriers to learning including buying in counselling support and buying into the SEND Hub.

Attainment data demonstrates that by targeting resources carefully, we achieve good results across the school.

Governors play an active role in overseeing all financial decisions. They evaluate decisions taken in the light of their impact on pupil achievement. They monitor expenditure to ensure that the school is secure financially and that risks are minimised.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

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

**CAPACITY TO HANDLE RISK**

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

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**FOREST ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

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**THE RISK AND CONTROL FRAMEWORK**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint TWR Accountants Limited, an independent firm of accountants, as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

**REVIEW OF EFFECTIVENESS**

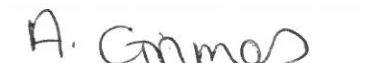
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 21 November 2016 and signed on their behalf,  
by:

  
.....  
**R G Hodgkinson**  
**Chair of Trustees**

  
.....  
**A C Grimes**  
**Accounting Officer**



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**FOREST ACADEMY**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Forest Academy 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.



.....  
**A C Grimes**  
**Accounting Officer**

Date: 21 November 2016

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

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 21 November 2016 and signed on its behalf by:

  
.....  
**R G Hodgkinson**  
**Chair of Trustees**

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**FOREST ACADEMY**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF FOREST ACADEMY**

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We have audited the financial statements of Forest Academy 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 TRUSTEES AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the 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.

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF FOREST ACADEMY**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



Frank Shippam BSc FCA DChA (Senior statutory auditor)

for and on behalf of

**MA Partners LLP**

Chartered Accountants  
Statutory Auditor

7 The Close  
Norwich  
Norfolk  
NR1 4DJ  
14 December 2016

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**FOREST ACADEMY**  
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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO FOREST  
ACADEMY AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 14 August 2013 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 Forest Academy 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 Forest Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Forest Academy 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 Forest Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF FOREST ACADEMY'S ACCOUNTING OFFICER AND THE  
REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Forest Academy's funding agreement with the Secretary of State for Education dated October 2010, 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.

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**(A company limited by guarantee)**

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

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Our work included:

- a review of minutes of committees and board meetings which may be relevant to regularity;
- a review of the work performed by the internal auditor;
- a review of the design and operational effectiveness of policies and procedures relating to areas assessed as presenting a higher risk of impropriety;
- substantive testing of individual transactions.

Where applicable, this work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

**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.



**MA Partners LLP**

Chartered Accountants  
Statutory Auditor

7 The Close  
Norwich  
Norfolk  
NR1 4DJ

14 December 2016

**FOREST ACADEMY**  
(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 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	790	-	-	790	-
Charitable activities	3	69,945	1,358,404	-	1,428,349	1,361,933
Other trading activities	4	39,064	2,000	-	41,064	48,491
Investments	5	501	-	-	501	518
<b>TOTAL INCOME</b>		<b>110,300</b>	<b>1,360,404</b>	<b>-</b>	<b>1,470,704</b>	<b>1,410,942</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		30,519	1,381,089	97,680	1,509,288	1,543,847
<b>TOTAL EXPENDITURE</b>	8	<b>30,519</b>	<b>1,381,089</b>	<b>97,680</b>	<b>1,509,288</b>	<b>1,543,847</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	19	79,781 (16,165)	(20,685) (4,773)	(97,680) 20,938	(38,584) -	(132,905) -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		63,616	(25,458)	(76,742)	(38,584)	(132,905)
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(162,000)	-	(162,000)	6,000
<b>NET MOVEMENT IN FUNDS</b>		<b>63,616</b>	<b>(187,458)</b>	<b>(76,742)</b>	<b>(200,584)</b>	<b>(126,905)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		18,223	(33,923)	922,586	906,886	1,033,791
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>81,839</b>	<b>(221,381)</b>	<b>845,844</b>	<b>706,302</b>	<b>906,886</b>

**FOREST ACADEMY**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07400940

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	15		<b>845,844</b>		922,586
<b>CURRENT ASSETS</b>					
Stocks	16	<b>1,044</b>		5,942	
Debtors	17	<b>132,695</b>		115,772	
Cash at bank and in hand		<b>200,417</b>		66,530	
			<b>334,156</b>	<b>188,244</b>	
<b>CREDITORS:</b> amounts falling due within one year	18	<b>(137,698)</b>		<b>(48,944)</b>	
<b>NET CURRENT ASSETS</b>			<b>196,458</b>		<b>139,300</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>1,042,302</b>		<b>1,061,886</b>
Defined benefit pension scheme liability	23		<b>(336,000)</b>		<b>(155,000)</b>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>706,302</b>		<b>906,886</b>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	19	<b>114,619</b>		121,077	
Pension reserve	19	<b>(336,000)</b>		(155,000)	
Restricted fixed asset funds	19	<b>845,844</b>		922,586	
Total restricted income funds			<b>624,463</b>		<b>888,663</b>
Unrestricted income funds	19		<b>81,839</b>		<b>18,223</b>
<b>TOTAL FUNDS</b>			<b>706,302</b>		<b>906,886</b>

The financial statements were approved by the Trustees, and authorised for issue, on 21 November 2016 and are signed on their behalf, by:

  
.....  
**R G Hodgkinson**  
Chair of Trustees

The notes on pages 20 to 40 form part of these financial statements.



**FOREST ACADEMY**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	21	<b>154,324</b>	<b>(22,520)</b>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		<b>501</b>	<b>518</b>
Purchase of tangible fixed assets		<b>(20,938)</b>	<b>(59,051)</b>
<b>Net cash used in investing activities</b>		<b>(20,437)</b>	<b>(58,533)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>133,887</b>	<b>(81,053)</b>
Cash and cash equivalents brought forward		<b>66,530</b>	<b>147,583</b>
<b>Cash and cash equivalents carried forward</b>	22	<b>200,417</b>	<b>66,530</b>

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**FOREST ACADEMY**  
(A company limited by guarantee)

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

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**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.

Forest Academy constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

**1.2 Fund accounting**

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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**FOREST ACADEMY**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

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

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

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

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

**1.4 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

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

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**FOREST ACADEMY**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £250 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 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:

Leasehold land	-	over lease term
Leasehold buildings	-	5% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	25% straight line

The academy is party to a lease agreement with Suffolk County Council for the school property. The lease is for a period of 125 years from 11 November 2010 and substantially all the risk and rewards of ownership were transferred to the academy for £nil rental. As such, the school property was recognised as a fixed asset in the financial statements for the period ended 31 August 2011 at a depreciated replacement cost of £3,150,000 (the corresponding entry was recognised as voluntary income). The depreciated replacement cost was based upon an insurance valuation performed in June 2011.

At 31 August 2012 a desktop valuation was carried out by DTZ on behalf of the EFA which showed that an impairment to the net book value was required. The impairment charge of £2,026,264 was expensed to the Statement of Financial Activities in the year ended 31 August 2012.

**1.7 Stocks**

Unsold uniforms are valued at the lower of cost and net realisable value.

**1.8 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.

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**FOREST ACADEMY**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Taxation**

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

**1.10 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 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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**FOREST ACADEMY**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.11 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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 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.

**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	790	-	-	790	-

**FOREST ACADEMY**  
(A company limited by guarantee)

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

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	1,029,436	1,029,436	1,037,230
Pupil Premium	-	111,820	111,820	107,644
Devolved Formula Capital	-	7,805	7,805	7,827
PE and Sports grant	-	9,310	9,310	9,310
Universal Infant Free School Meals	-	42,826	42,826	33,868
Rates relief	-	14,256	14,256	-
Reception Baseline Assessment	158	-	158	-
	<u>158</u>	<u>1,215,453</u>	<u>1,215,611</u>	<u>1,195,879</u>
<b>Other government grants</b>				
SEN income	-	17,034	17,034	10,751
Early Years funding	-	124,219	124,219	124,186
Pupil Premium - LAC	-	1,698	1,698	-
Suffolk County Council - New class	35,458	-	35,458	-
	<u>35,458</u>	<u>142,951</u>	<u>178,409</u>	<u>134,937</u>
<b>Other income from the academy trust's educational operations</b>				
Catering	18,903	-	18,903	20,787
Trips	15,426	-	15,426	10,330
	<u>34,329</u>	<u>-</u>	<u>34,329</u>	<u>31,117</u>
	<u>69,945</u>	<u>1,358,404</u>	<u>1,428,349</u>	<u>1,361,933</u>

In 2015, of the total income from charitable activities, £31,117 was to unrestricted funds and £1,330,816 was to restricted funds.



**FOREST ACADEMY**  
(A company limited by guarantee)

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

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
School Fund (excluding trips)	14,028	-	14,028	16,914
Elveden Primary recharge	16,165	-	16,165	11,495
Other	3,872	2,000	5,872	9,858
Insurance reclaims	4,999	-	4,999	10,224
	<u>39,064</u>	<u>2,000</u>	<u>41,064</u>	<u>48,491</u>

In 2015, all of the total income from other trading activities was to unrestricted funds.

**5. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Interest	501	-	501	518
	<u>501</u>	<u>-</u>	<u>501</u>	<u>518</u>

In 2015, of the total investment income, £ 518 was to unrestricted funds and £ NIL was to restricted funds.

**6. DIRECT COSTS**

	Total 2016 £	Total 2015 £
Pension interest	6,000	5,000
Teaching resources	70,667	65,633
Educational visits	-	420
Staff development and training	24,917	41,355
Curriculum services	13,032	11,376
Payments to other schools	18,437	3,010
Additional educational services	16,780	8,864
Agency staff	15,460	106,291
Wages and salaries	767,211	702,373
National insurance	53,090	39,565
Pension cost	90,928	78,334
	<u>1,076,522</u>	<u>1,062,221</u>



**FOREST ACADEMY**  
(A company limited by guarantee)

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

**7. SUPPORT COSTS**

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Rates	6,532	6,325
Advertising and recruitment	3,524	1,850
Light, heat and water	18,047	16,610
Admin costs	18,981	29,334
Bank charges	39	-
Insurances	27,109	38,404
Maintenance of property and equipment	28,778	37,060
Catering costs	74,474	78,508
Computer costs	7,159	8,320
Staff travel, subsistence and expenses	3,006	3,651
School fund and Friends expenditure	29,043	26,813
Auditors' remuneration - audit of financial statements	4,050	3,950
Auditors' remuneration - other	5,827	3,060
Legal and professional fees	4,605	7,612
Loss on disposal of fixed assets	130	-
Wages and salaries	79,482	87,411
National insurance	3,314	5,065
Pension cost	21,116	29,364
Depreciation	97,550	98,289
	<b>432,766</b>	<b>481,626</b>

During the year ended 31 August 2016, the academy incurred Governance costs of £14,482 (2015 - £14,622).

**8. EXPENDITURE**

	<b>Staff costs 2016 £</b>	<b>Premises 2016 £</b>	<b>Other costs 2016 £</b>	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Academy's educational operations:					
Direct costs	911,229	-	165,293	1,076,522	1,062,221
Support costs	103,912	101,938	226,916	432,766	481,626
	<b>1,015,141</b>	<b>101,938</b>	<b>392,209</b>	<b>1,509,288</b>	<b>1,543,847</b>

In 2016, of the total expenditure, £30,517 (2015 - £24,730) was to unrestricted funds and £1,478,770 (2015 - £1,519,117) was to restricted funds.

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**FOREST ACADEMY**  
(A company limited by guarantee)

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

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**9. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES**

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Fixed asset losses	130	-	Not applicable

**10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned or leased	97,550	98,289
Auditors' remuneration - audit	4,050	3,950
Auditors' remuneration - other services	5,827	3,060
	<u>          </u>	<u>          </u>

**FOREST ACADEMY**  
(A company limited by guarantee)

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

**11. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	816,351	753,398
Social security costs	56,404	44,630
Operating costs of defined benefit pension schemes	112,044	107,698
	<u>984,799</u>	<u>905,726</u>
Supply teacher costs	30,342	36,386
	<u>1,015,141</u>	<u>942,112</u>

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

	2016 No.	2015 No.
Management	1	1
Teachers	15	14
Administration and support	38	40
	<u>54</u>	<u>55</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Management	1	1
Teachers	14	11
Administration and support	19	21
	<u>34</u>	<u>33</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

Employer pension contributions of **£10,665** (2015 - £9,018) were made to the Teachers' Pension Scheme on behalf of the above employee.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was **£180,623** (2015 - £175,114).

**FOREST ACADEMY**  
(A company limited by guarantee)

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

**12. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 2 Trustees (2015 - 2) in respect of defined benefit pension schemes.

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

		2016 £	2015 £
A Grimes	Remuneration	60,000-65,000	60,000-65,000
	Pension contributions paid	10,000-15,000	5,000-10,000
J Jones	Remuneration	15,000-20,000	10,000-15,000
	Pension contributions paid	0-5,000	0-5,000

During the year ended 31 August 2016, expenses totalling £1,562 (2015 - £1,542) were reimbursed to 2 Trustees (2015 - 2).

**13. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £733 (2015 - £712).

**14. OTHER FINANCE INCOME**

	2016 £	2015 £
Interest income on pension scheme assets	10,000	8,000
Interest on pension scheme liabilities	(16,000)	(13,000)
	<u>(6,000)</u>	<u>(5,000)</u>

**FOREST ACADEMY**  
(A company limited by guarantee)

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

**15. TANGIBLE FIXED ASSETS**

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2015	3,150,000	223,086	108,766	3,481,852
Additions	-	12,159	8,779	20,938
Disposals	-	-	(521)	(521)
At 31 August 2016	3,150,000	235,245	117,024	3,502,269
<b>Depreciation</b>				
At 1 September 2015	2,326,611	147,633	85,022	2,559,266
Charge for the year	48,581	36,621	12,348	97,550
On disposals	-	-	(391)	(391)
At 31 August 2016	2,375,192	184,254	96,979	2,656,425
<b>Net book value</b>				
At 31 August 2016	774,808	50,991	20,045	845,844
At 31 August 2015	823,389	75,453	23,744	922,586

**16. STOCKS**

	2016 £	2015 £
Uniform	1,044	5,942

**17. DEBTORS**

	2016 £	2015 £
Trade debtors	9,259	200
Other debtors	-	128
VAT reclaimable	56,999	80,681
Prepayments and accrued income	66,437	34,763
	132,695	115,772

**FOREST ACADEMY**  
(A company limited by guarantee)

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

**18. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	14,815	114
Other taxation and social security	13,383	11,926
Other creditors	11,497	10,888
Accruals and deferred income	98,003	26,016
	<u>137,698</u>	<u>48,944</u>
	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	19,757	23,287
Resources deferred during the year	61,498	19,757
Amounts released from previous years	(19,757)	(23,287)
Deferred income at 31 August 2016	<u>61,498</u>	<u>19,757</u>

The Universal Infant Free School Meal and Growth funding received in July 2016 which relates to the 2016/17 academic year has been deferred.

**19. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>						
School Fund	5,476	29,454	(30,519)	-	-	4,411
<b>General funds</b>						
General Funds	12,747	80,846	-	(16,165)	-	77,428
Total Unrestricted funds	<u>18,223</u>	<u>110,300</u>	<u>(30,519)</u>	<u>(16,165)</u>	<u>-</u>	<u>81,839</u>

**FOREST ACADEMY**  
(A company limited by guarantee)

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

**19. STATEMENT OF FUNDS (continued)**

**Restricted funds**

General Annual Grant (GAG)	-	1,029,436	(997,174)	(28,842)	-	3,420
Devolved Formula Capital	-	7,805	(7,805)	-	-	-
Pupil Premium	86,576	113,518	(146,562)	-	-	53,532
Early Years	34,501	124,219	(100,970)	(9,054)	-	48,696
Rates Relief	-	14,256	(6,532)	-	-	7,724
Universal Infant Free School Meals	-	42,826	(42,826)	-	-	-
SEN funding	-	17,034	(15,477)	(310)	-	1,247
PE and Sports grant	-	9,310	(16,743)	7,433	-	-
Dual Placement funding	-	2,000	(2,000)	-	-	-
Pension reserve	(155,000)	-	(45,000)	26,000	(162,000)	(336,000)
	<u>(33,923)</u>	<u>1,360,404</u>	<u>(1,381,089)</u>	<u>(4,773)</u>	<u>(162,000)</u>	<u>(221,381)</u>

**Restricted fixed asset funds**

School Building Fund	823,389	-	(48,580)	-	-	774,809
Capital expenditure from GAG	67,155	-	(32,580)	11,574	-	46,149
Capital maintenance funding	6,567	-	(6,567)	-	-	-
Capital expenditure from DFC	7,488	-	(2,494)	-	-	4,994
Capital expenditure from Early Years funding	11,532	-	(5,229)	9,054	-	15,357
Capital expenditure from Pupil Premium	6,455	-	(2,152)	-	-	4,303
Capital expenditure from SEN funding	-	-	(78)	310	-	232
	<u>922,586</u>	<u>-</u>	<u>(97,680)</u>	<u>20,938</u>	<u>-</u>	<u>845,844</u>
Total restricted funds	<u>888,663</u>	<u>1,360,404</u>	<u>(1,478,769)</u>	<u>16,165</u>	<u>(162,000)</u>	<u>624,463</u>
Total of funds	<u>906,886</u>	<u>1,470,704</u>	<u>(1,509,288)</u>	<u>-</u>	<u>(162,000)</u>	<u>706,302</u>

**FOREST ACADEMY**  
(A company limited by guarantee)

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

**19. STATEMENT OF FUNDS (continued)**

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

The General Annual Grant (GAG) is for the normal running costs of the Academy. The following transfers have been made from the GAG: £26,000 to restricted pension reserve representing the cost of employer contributions towards the Local Government Pension Scheme, £7,433 to meet the shortfall on the PE and Sports grant fund and £11,574 representing fixed asset additions from GAG funding. Also, during the year, £16,165 has been transferred to the GAG fund from unrestricted funds, being income from Elveden Church of England Primary Academy for staff costs.

The **Devolved Formula** fund relates to funding for the cost of minor capital works and ICT replacement.

The **Pupil Premium** income has been provided by the EFA to help raise the attainment of disadvantaged pupils.

The **Early Years** funding has been received from the Local Authority to provide a nursery facility.

The **PE and Sport grant** represents funding received towards the cost of improving PE provision.

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

**20. 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	-	-	845,844	845,844	922,589
Current assets	123,355	210,803	-	334,158	188,244
Creditors due within one year	(41,516)	(96,184)	-	(137,700)	(48,947)
Provisions for liabilities and charges	-	(336,000)	-	(336,000)	(155,000)
	<u>81,839</u>	<u>(221,381)</u>	<u>845,844</u>	<u>706,302</u>	<u>906,886</u>



**FOREST ACADEMY**  
(A company limited by guarantee)

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

**21. 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)	(38,584)	(132,905)
<b>Adjustment for:</b>		
Depreciation charges	97,550	98,289
Dividends, interest and rents from investments	(501)	(518)
Loss on the sale of fixed assets	130	-
Decrease/(increase) in stocks	4,898	(4,597)
(Increase)/decrease in debtors	(16,923)	7,042
Increase/(decrease) in creditors	88,754	(16,831)
Defined benefit pension scheme cost less contributions payable	13,000	22,000
Defined benefit pension scheme finance cost	6,000	5,000
<b>Net cash provided by/(used in) operating activities</b>	<b>154,324</b>	<b>(22,520)</b>

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	200,417	66,530
<b>Total</b>	<b>200,417</b>	<b>66,530</b>

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**FOREST ACADEMY**  
(A company limited by guarantee)

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

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**23. 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 Suffolk 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.

Contributions amounting to £11,500 were payable to the schemes at 31 August 2016 (2015 - 10,891) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £73,967 (2015 - £60,048).

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**FOREST ACADEMY**  
**(A company limited by guarantee)**

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

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**23. PENSION COMMITMENTS (continued)**

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](http://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 £35,000 (2015 - £33,000), of which employer's contributions totalled £26,000 (2015 - £23,000) and employees' contributions totalled £9,000 (2015 - £10,000). The agreed contribution rates for future years are 16.5% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Rate of increase in salaries	4.10 %	4.60 %
Rate of increase for pensions	2.10 %	2.70 %
Discount rate	2.10 %	3.80 %

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

	2016	2015
Retiring today		
Males	22.4	22.4
Females	24.4	24.4
Retiring in 20 years		
Males	24.3	24.3
Females	26.9	26.9

**FOREST ACADEMY**  
(A company limited by guarantee)

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

**23. PENSION COMMITMENTS (continued)**

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

	<b>Fair value at 31 August 2016 £</b>	<i>Fair value at 31 August 2015 £</i>
Equities	<b>220,000</b>	<i>161,000</i>
Debt instruments	<b>64,000</b>	<i>51,000</i>
Property	<b>32,000</b>	<i>27,000</i>
Cash	<b>3,000</b>	<i>2,000</i>
Total market value of assets	<b>319,000</b>	<i>241,000</i>

The actual return on scheme assets was £45,000 (2015 - £8,000).

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

	<b>2016 £</b>	<i>2015 £</i>
Current service cost (net of employee contributions)	<b>(39,000)</b>	<i>(45,000)</i>
Net interest cost	<b>(6,000)</b>	<i>(5,000)</i>
Total	<b>(45,000)</b>	<i>(50,000)</i>

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

	<b>2016 £</b>	<i>2015 £</i>
Opening defined benefit obligation	<b>396,000</b>	<i>339,000</i>
Current service cost	<b>39,000</b>	<i>45,000</i>
Interest cost	<b>16,000</b>	<i>13,000</i>
Contributions by employees	<b>9,000</b>	<i>10,000</i>
Actuarial losses/(gains)	<b>197,000</b>	<i>(6,000)</i>
Benefits paid	<b>(2,000)</b>	<i>(5,000)</i>
Closing defined benefit obligation	<b>655,000</b>	<i>396,000</i>

**FOREST ACADEMY**  
(A company limited by guarantee)

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

**23. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening fair value of scheme assets	241,000	205,000
Return on plan assets (excluding net interest on the net defined pension liability)	10,000	8,000
Actuarial gains and (losses)	35,000	-
Contributions by employer	26,000	23,000
Contributions by employees	9,000	10,000
Benefits paid	(2,000)	(5,000)
	<u>319,000</u>	<u>241,000</u>
Closing fair value of scheme assets	<u>319,000</u>	<u>241,000</u>

**24. 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.

**25. RELATED PARTY TRANSACTIONS**

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

During the year services were provided between the academy and Elveden Church of England Primary Academy ("Elveden"), an academy with trustees in common.

A total of **£16,165** was receivable from Elveden in the year to 31 August 2016 (2015 - £11,495) for the supply of teaching and administration services. A total of **£18,437** was payable to Elveden in the year to 31 August 2016 (2015 - £nil).

At 31 August 2016 Forest Academy was owed **£2,209** (2015 - £4,479).

**FOREST ACADEMY**  
(A company limited by guarantee)

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

**26. FIRST TIME ADOPTION OF FRS 102**

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

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	<b>1 September 2014</b>	<b>31 August 2015</b>
		£	£
Total funds under previous UK GAAP		1,033,791	906,886
Total funds reported under FRS 102		<u>1,033,791</u>	<u>906,886</u>

<b>Reconciliation of net (expenditure)</b>	<b>Notes</b>	<b>31 August 2015</b>
		£
Net (expenditure) previously reported under UK GAAP		(128,905)
Change in recognition of LGPS interest cost	A	(4,000)
Net movement in funds reported under FRS 102		<u>(132,905)</u>

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

Change in recognition of LGPS interest cost

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income/expense by £4,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

In accordance with the Academies Accounts Direction 2015 to 2016 income for the year ended 31 August 2015 has been reclassified into appropriate categories and governance costs have been reclassified as expenditure on academy trust educational operations. The reclassification of income and expenditure has had no effect on total income, total expenditure, net income/(expenditure) for the year or total funds as previously reported.