

**ALTRINCHAM COLLEGE OF ARTS
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016**

Haines Watts

Chartered Accountants & Registered Auditors
Bridge House
157A Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT

ALTRINCHAM COLLEGE OF ARTS

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ALTRINCHAM COLLEGE OF ARTS

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

R J Aubrey (Chair of trustees) *
P R Brooks (Headteacher and accounting officer) *
A Bell (Resigned 7 April 2016)
J E Brophy
R Beattie
G Cartwright (Appointed 24 November 2015)
M Collier (Resigned 8 December 2015) *
R S Cornish *
A Eastwood
M English *
L A Goodchild
T Hague *
S Hodges (Resigned 9 May 2016)
J P Kevan
M Kane (Appointed 2 December 2015)
D Lewis
M Lucas
D Slack
H A Stevenson
S G Wildman
M D P Young

* members of the Finance and Audit Committee

Members

R J Aubrey
M English
S G Wildman

Senior management team

- Headteacher	P R Brooks
- Deputy headteacher	A Brennan
- Deputy headteacher	M Hacker
- Assistant headteacher	S Diffley
- Assistant headteacher	A Eastwood
- Assistant headteacher	K Tovey
- SEN co-ordinator	L McGrath
- School business manager	D N Taylor

Company secretary

D N Taylor

Company registration number

08137701 (England and Wales)

Registered office

Green Lane, Timperley, Altrincham, Cheshire, WA15 8QW

Independent auditor

Haines Watts, Bridge House, Ashley Road, Hale, Altrincham, WA14 2UT

Bankers

Lloyds TSB Bank Plc, PO Box 1000, Andover, BX1 1LT

ALTRINCHAM COLLEGE OF ARTS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their report with the financial statements of the charitable company for the year ended 31 August 2016.

Structure, governance and management

Constitution

The academy trust was incorporated on 10 July 2012 as a company limited by guarantee with no share capital, registration no: 08137701. The company commenced operation as an academy on 1 September 2012. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The initial members of the charitable company were nominated by the board of trustees of Altrincham College of Arts. The Articles of Association require the members of the charitable company to be responsible for the statutory and constitutional affairs of the charitable company and the management of the academy. The registered office of the company is noted on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one period after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

Trustees

The trustees are directors of the charitable company for the purposes of the Companies Act 2006 and all are trustees for the purposes of charity legislation. The charitable company is known as Altrincham College of Arts.

The trustees who were in office at 31 August 2016 and served during the period are listed on page 1.

Trustees' indemnities

The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

Principal activities

Altrincham College of Arts converted to academy trust status on 1 September 2012 at which point the entity's current operations commenced. The academy trust's principal activities are 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.

Method of recruitment and appointment or election of trustees

The members of the academy trust are responsible for the appointment of trustees except five parent trustees and four staff trustees who will be appointed through an election process directed by the board of trustees. The number of trustees shall be not less than three and shall not be subject to a maximum.

Policies and procedures adopted for the induction and training of trustees

Trustees are appointed based on the skills that they will bring to the board of trustees or based on a proposal to the board of trustees by representative groups. On appointment, trustees receive information relating to the academy trust, attend a briefing and receive an induction pack on the role and responsibilities of trustees.

During the year, trustees are offered all necessary training.

Organisational structure

The governance of the academy trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department for Education.

All trustees are members of the board of trustees. In addition trustees are members of committees which report to the board of trustees.

ALTRINCHAM COLLEGE OF ARTS

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The board of trustees meets once each term to receive reports from its sub-committees and manage its strategic objectives. The board has six sub-committees:

- Finance, Premises and Audit, which meets at least termly to consider the academy's budgets, financial performance, premises requirements, effectiveness of the academy's systems of internal control, the responsible officer's reports and its arrangements for risk management, control and governance processes;
- Personnel and Marketing, which meets at least termly to ensure the school complies with relevant employment legislation, consider staffing matters, remuneration and promote the academy, so that it is viewed as the preferred choice within the catchment area;
- Pastoral and Curriculum, which meets at least termly to consider curricular issues and academic performance against targets and the pastoral care, support and guidance given to students;
- Admissions, which meets at least annually to review the number on roll against net capacity and prepare and present the academy's case in response to any parental appeals against the refusal of admission to the academy;
- Pupil and Staff Discipline, which is convened as necessary to hear formal exclusion reviews, staff grievance, professional competency and discipline procedures; and
- Pay Review Committee, which meets at least annually, to conduct the performance management review of the headteacher, deputy headteacher and members of staff paid on the leadership scale.

The day to day management is delegated to the headteacher, who has appointed a Senior Leadership Team, which meets weekly to advise the headteacher on his day to day responsibilities.

Risk management

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy trust. The trustees have implemented a number of systems to assess risks that the academy trust 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.

Arrangements for setting pay and remuneration of key management personnel

The salary and ISR of the academy headteacher and members of the Senior Leadership Team is determined by the Governors' Pay Review Committee and reviewed annually. The performance management review of all senior leaders paid on the leadership scale is undertaken by the headteacher, who makes a recommendation to the Pay Review Committee. An external educational consultant is appointed by the governing body to support the Pay Review Committee in reviewing the performance of the headteacher. The setting of individual ISRs takes full account of guidance within the STPCD alongside the need to maintain a balanced budget that provides for the educational needs of students.

Related parties and other connected charities and organisations

Altrincham College of Arts is not connected to any other organisations as defined by the relevant Charities SORP. The members, directors, trustees, senior staff and their families are regarded as related parties in accordance with the definitions in the Charities SORP.

ALTRINCHAM COLLEGE OF ARTS

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and activities

Objects and aims

The academy trust's object is to advance for the public benefit education for children aged 11 to 18 by establishing, maintaining, and leading, managing and developing a school offering a broad and balanced curriculum.

The trustees' vision is to create a culture of high achievement and success in order to extend lifetime opportunities for young people and to do everything possible to encourage this. The latest Ofsted report (May 2011) judged Altrincham College of Arts to be 'Outstanding' for the second inspection in succession and provides clear evidence that this vision is being met. Altrincham College of Arts converted to academy status as it offered additional freedoms and resources to continue to drive the academy forward.

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra-curricular activities. As a result, students achieve academic, creative and technological excellence and extend their sporting and musical accomplishments.

The academy fosters personal development that helps students to become valued members of the community and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

Objectives, strategies and activities

The academy trust's objective for the period ended 31 August 2016 was to raise the attainment level of all students through care and well-being, curriculum structure, teaching and learning, and leadership development.

- Student roll: The total number on roll for the year to 31 August 2016 was 943.
- Admissions: The academy is currently under-subscribed by approximately 9.1% calculated against its official capacity of 1,030. However, numbers in Years 7 – 11 meet capacity, with the surplus in sixth form places due to the steady growth of the new sixth form.
- Permanent exclusions: The aim is to use exclusion only in very exceptional circumstances. Altrincham College of Arts had two permanent exclusions during the period from 1 September 2015 to 31 August 2016. During the same period there were seventeen fixed term exclusions.
- Staffing: The average number of (full time equivalent) staff employed during the year to 31 August 2016 was 105.

Public benefit

The academy trust will promote for the benefit of inhabitants of Altrincham, Sale and the surrounding area, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The academy's trustees 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

Achievement and performance

New performance measures were introduced into all secondary schools for the 2016 results. Previous to the new measures, achievement and progress at KS4 has been consistently good over the past five academic years with attainment and progress outcomes meeting or exceeding FFT estimates.

Under the new measure in 2016, the school achieved an Attainment 8 score of 4.89, broadly similar to Estimated Attainment 8 of 4.95 and giving a Progress 8 score of 0.8, representing progress that is broadly average compared to the national cohort. Under this new measure, the academy has set the target of achieving very good progress 8 scores in excess of 0.2 within two years.

ALTRINCHAM COLLEGE OF ARTS

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Altrincham College of Arts is a facilitator for school improvement through its designation as a National Support School. The headteacher is a National Leader in Education (NLE) and has led programmes of school-to-school support in a number of secondary schools which have gone on to post their best ever results.

GCSE KS4 Results	2011	2012	2013	2014	2015	2016
% 5+ A* - C inc English & Maths	59	47	48	62	54	51
% 5+ A* - C English	64	49	53	75	66	59
% 5+ A* - C Maths	69	68	72	72	64	61
% 5+ A* - C E Bacc	14	5	12	13	14	22
% 5+ A* - G	96	96	98	98	97	98

A Level results show an increase in student outcomes in 2016.

A Level KS5 Results	2013	2014	2015	2016
% of KS5 students achieving 3 or more A levels at A* - E (including equivalences)	86	80	74.5	87
% of KS5 students achieving 2 or more A levels at A* - E (including equivalences)	100	90	98	98

We are delighted to report that following an Ofsted inspection carried out on in May 2011, Altrincham College of Arts received the official rating of 'OUTSTANDING'. This inspection followed the revised 2012 Ofsted inspection criteria.

Our inspection judgements were:

- Overall effectiveness **OUTSTANDING**
- Achievement & progress of pupils **OUTSTANDING**
- Quality of teaching **OUTSTANDING**
- Behaviour & safety of pupils **GOOD**
- Leadership & management **OUTSTANDING**

We are proud of our staff and students' achievements and we continue to make year on year improvements in every aspect of our work.

Key performance indicators

Successful student outcomes are the key performance indicators for students at Altrincham College of Arts. This includes whole school attendance, Attainment 8 and Progress 8 scores, % A* - C in English and Maths, Best 8 Average Point Scores and L3VA in the sixth form. Student performance in the key outcomes are measured against expected outcomes (Fischer Family Trust estimates) and national averages.

Over the past 6 years performance has consistently exceeded or matched FFT estimates with the exception of 2013.

In the sixth form, key performance indicators are highlighted in the Department for Education Performance Tables and the Level 3 Value Added Measure. Since opening the sixth form in 2011, the results have improved year on year.

Whole school attendance for 2015/16 was at 94.9%, against a national average for 2015/16 of 94.8%.

The academy trust places importance on staff retention and development in order to maintain the highest standards of teaching and learning.

Going concern

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

ALTRINCHAM COLLEGE OF ARTS

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

The academy trust's financial position for the year to 31 August 2016 demonstrates total income of £6,070,000 with a deficit at 31 August 2016 of £81,000.

The reserves will be utilised for continuous improvements and for projects for the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of the academy's buildings, its plant, equipment and contents.

A strategic capital plan is updated and reviewed annually by the trustees in order that reserves can be prioritised and spent according to the needs of the academy trust.

The principal financial management policies adopted in the year are:

- regular financial reviews of income and expenditure versus planned budgets at Finance, Premises and Audit Committee meetings; and
- consideration as to whether income streams demonstrate a robust and stable position to continue to enable the provision of resources of sufficient quality to fulfil the academy trust's educational obligations.

Reserves carried forward at 31 August 2016 will be utilised as part of the medium and long term plans of the academy to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the site and facilities.

Financial and risk management objectives and policies

The academy trust has developed risk management procedures as outlined above. The trustees have assessed the major risks to which the academy trust is exposed and a formal review of the academy trust's risk management process is undertaken on an annual basis.

Reserves policy

The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure stream, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of free reserves should be equivalent to one month of the GAG, approximately £430,000. 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's current level of free reserves (total funds less the amount held in fixed assets restricted fund but excluding pension reserve) is £858,000.

Investment policy

Altrincham College of Arts' policy is to invest surplus funds in risk free deposit accounts listed on the council's approved list of banks and building societies. Free reserves in the current account should be at least equivalent to one month of GAG.

The Finance, Premises and Audit Committees periodically review interest rates and the school business manager invests surplus cash on either 6 week, 3 months, 6 months or 12 month terms dependent on market rates and cash flow. Changes to this policy require the approval of the board of trustees.

Principal risks and uncertainties

Altrincham College of Arts has adopted a risk management policy, risk register and risk review process. The objectives determine an approach and, where it is considered necessary, put in place measures of control and mitigation in order to manage risk.

The principal risks are seen as the loss of reputation through falling standards, falling student rolls, loss of buildings through fire, flood or explosion, and failure to safeguard our students.

ALTRINCHAM COLLEGE OF ARTS

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Key controls in place are:

- an organisational structure with defined roles, responsibilities and authorisation levels;
- terms of reference for the committees of the board of trustees;
- financial planning, budgeting and regular management reporting highlighting areas of financial risk;
- formal written and published policies for employees;
- vetting procedures as required by law for the protection of the vulnerable; and
- strategic risk management and review process.

The academy trust has recognised its share of the Local Government Pension Scheme (LGPS) assets and liabilities in accordance with FRS102. A deficit has been recognised at 31 August 2016.

The academy is experiencing issues with water ingress in the sixth form and is working with their lawyers and structural engineers to ensure that the issues are resolved as quickly as possible and there is no impact to sixth form curriculum delivery.

Plans for future periods

Altrincham College of Arts has been awarded facilitation school status, accredited by Ofsted, and will continue to teach the Outstanding Teacher Programme and the Improving Teacher Programme.

Whole school objectives and plans for the 2016-17 year include:

1. To meet/exceed whole school performance targets for 2016/2017.
2. To improve the outcomes of disadvantaged students, further closing any gaps in performance.
3. To rapidly improve attainment and progress in subjects that achieved below expectation in 2016.
4. To improve standards of literacy at KS3.
5. To ensure high attaining students continue to make excellent progress through KS3/4.
6. To ensure that high quality teaching, learning and assessment impacts on excellent student outcomes.
7. To increase the time allocation and quality of Department CPD time for improving, teaching, learning and assessment.
8. To improve the moderation, rigour and consistency of department assessment, positively impacting on the accuracy of professional projections.
9. To improve the completion of the quality of homework.
10. To ensure department consistency in high quality marking and feedback, which impacts positively and provides evidence of further learning.
11. To further improve whole school behaviour by ensuring consistent implementation and adherence to the new 'C' system behaviour policy.
12. To improve whole school attendance and remain above national average by further reducing persistent absence (below 90%).
13. To increase student completion of PiXL Edge Apprentice and Graduate Programmes.
14. To ensure quality of PSHE provision across the 11-16 curriculum, following curriculum re-design.
15. To ensure our capacity to effectively sponsor impacts positively on quality and standards at Altrincham College of Arts.
16. To reduce the variation in the impact of middle leadership, raising standards in subjects that underachieved in 2016.
17. To effectively manage cost pressures to positively impact on standards throughout KS3-5 and ensure future sixth form viability.

Targets for 2016-17 agreed by the board of trustees include:

- | | |
|--------------------|----------|
| ▪ Progress 8 | +0.1 |
| ▪ Attainment 8 | 5.1 (C+) |
| ▪ English Grade 5+ | 61% |
| ▪ Maths Grade 5+ | 56% |

ALTRINCHAM COLLEGE OF ARTS

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

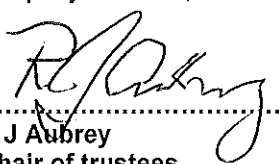
Auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps 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 audit business Haines Watts has been appointed as the company's auditor. The audit report has therefore been issued by Haines Watts.

This trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 30 November 2016 and signed on its behalf by:



.....

R J Aubrey
Chair of trustees

ALTRINCHAM COLLEGE OF ARTS

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the headteacher, as accounting officer, for ensuring financial controls conform to 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 Altrincham College of Arts 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 met three times during the period. Attendance during the meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of possible
Mr R Aubrey	3	3
Ms R Beattie	2	3
Mrs A Bell	0	2
Mr P Brooks	3	3
Cllr Mrs J Brophy	0	3
Mrs G Cartwright	3	3
Mr M Collier	0	1
Mr R S Cornish	3	3
Mr A Eastwood	2	3
Mr M English	2	3
Ms L A Goodchild	3	3
Mr T Hague	3	3
Mr S Hodges	1	2
Miss M Kane	2	3
Mr J Kevan	3	3
Mrs D Lewis	0	3
Mrs M Lucas JP	2	3
Mr D Slack	2	3
Mrs H A Stevenson	2	3
Mrs S Wildman	3	3
Cllr M Young	2	3

The Finance, Premises and Audit committee is a sub-committee of the board of trustees. Its purpose is to report to the board of trustees on a timely basis the finance of the academy. Attendance at meetings in the period was as follows:

Trustee	Meetings Attended	Out of Possible
Mr R Aubrey	3	3
Mr P Brooks	3	3
Mr M Collier	0	1
Mr R S Cornish	3	3
Mr M English	3	3
Mr T Hague	3	3

ALTRINCHAM COLLEGE OF ARTS

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Review of value for money

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

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

Improving educational results

We ensure resources are directed where they are most needed and most effective in meeting the educational requirements of all our students. We are proud of our staff and students' achievements and we continue to make year on year improvements in every aspect of our work.

The school leaders have applied the principles of *best value* when making decisions about:

- the allocation of resources to best promote the aims and values of the school;
- the targeting of resources to best improve standards and the quality of provision; and
- the use of resources to best support the various educational needs of all pupils.

The academy has fully embedded student tracking systems for monitoring progress from Key Stage 2 through to Post 16. Fisher Family Trust is the adopted performance measure and target monitoring tool. Over the past 8 years, performance at KS4, measured using the key benchmark of 5+A*-C inc. English and Maths against FFT estimates, has been impressive. With the exception of two years between 2006 and 2016, performance has consistently met and often exceeded FFT estimates.

More students have accessed further education at Altrincham College of Arts and all year 12 and 13 students are set target grades using the DfE Level 3 Ready Reckoner. This is a recognised system for Post 16 students and takes into account the GCSE performance of each student using their average point score, creating appropriate, challenging targets for KS5.

The L3 value added progress measure is the key source of evidence used for evaluating sixth form performance. Sixth form performance in 2015/16 for students on academic courses was slightly below the national average and for students on vocational courses, slightly above the national average.

The academy trust places importance on staff retention and development in order to maintain the highest standards of teaching and learning. School leaders have considered the allocation and use of teaching areas, support areas and communal areas and provided a rich learning environment for teaching and learning. The quality of children's learning has been reviewed by cohort, class and individually which has provided teaching that enabled children to progress and achieve.

School leaders reviewed the quality of curriculum provision and quality of teaching, and provided parents and students with:

- a curriculum which met the requirements of the National Curriculum, the LA Agreed RE Syllabus, and the individual needs of pupils; and
- teaching which built on previous learning and had high expectations of children's achievement.

Examples of good practice demonstrating good value for money include;

- the percentage of students achieving A*-B grades at GCSE passes has increased for the third year in succession;
 - sixth form students leaving with three or more A Level equivalent;
 - the percentage of students accessing higher education has increased significantly;
 - the percentage of Year 11 leavers classed as NEET (not in education, employment or training) is 0%; and
 - Saturday Gifted and Talented workshops and holiday revision classes all support the improved achievement.
-

ALTRINCHAM COLLEGE OF ARTS

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Financial governance and oversight

Our governance arrangements included regular monitoring by the accounting officer, board of trustees and its committees; including the Finance, Premises and Audit Committee. They received regular financial reports, discussed the information and asked relevant questions as evidenced in the minutes. The work of the Finance, Premises and Audit Committee was further informed by the work of the responsible officer, external auditors and on-going monthly support from the accountants.

The academy trust's system of internal financial control was 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 included:

- regular financial reviews of income and expenditure against planned budgets;
- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports;
- regular reviews by the finance and buildings committee of reports which indicated 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);
- delegation of authority and segregation of duties; and
- identification and management of risks.

The accounting officer, school leaders and trustees:

- made comparisons with other/similar schools and the government, e.g. RAISE online, FFT, Ofsted, L3VA, quality of teaching & learning, levels of expenditure;
- challenged proposals, examining them for effectiveness, efficiency, and cost, e.g. setting of annual pupil achievement targets, budget setting;
- required suppliers to compete on grounds of cost, and quality/suitability of services/products/backup, e.g. secure access system, refurbishment of the reception area; and
- consulted individuals and organisations on quality/suitability of service we provided to parents and pupils, and services we receive from providers, e.g. Sex and Relationships Education, pupil reports, assigned inspector, Ofsted, energy, maintenance consultant.

This applied in particular to:

- staffing;
- use of premises;
- use of resources;
- quality of teaching;
- quality of learning;
- purchasing;
- pupils' welfare; and
- health and safety.

Better purchasing

The academy trust maintains a database of approved regular suppliers and contractors. Consortia were used where they provided value for money. The academy trust took opportunities to work collaboratively with others to reduce and share administration and procurement costs e.g. National Leader in Education supporting schools with difficulties.

All services and contracts were appraised or renegotiated in a timely manner to get the best mix of quality and effectiveness and ensure they were fit for purpose and best value. Multiple year contracts with the clause to be able to cancel the contract, were entered into to ensure reduced costs where it was felt that it would benefit the trust e.g. cleaning, HR and payroll contracts.

ALTRINCHAM COLLEGE OF ARTS

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Examples of steps taken to ensure value for money when purchasing included:

- suppliers selected on the basis of their capacity to provide quality, service, timely delivery and value for money;
- viewing alternative purchasing options online and direct through suppliers in order to find the best value;
- consulting other local schools to be informed of any issues with products/services before making purchases;
- considering whether the purchase is really necessary, assessing the costs and benefits;
- obtaining three written quotes for goods or services in excess of £5,000;
- competitive tendering procedures for major purchases and contracts; and
- procedures for accepting *best value* quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship).

The school business manager has been influential in driving down costs through better procurement and negotiation throughout the year including; energy contracts, catering contract, ICT contracts and property management.

The academy trust reviews contracts on an annual basis to ensure they are still fit for purpose and represent best value. The school business manager consulted other local schools as part of the tendering process for energy maintenance. A contract was awarded to an energy management company which is working very well and takes place at better value.

Competitive tendering processes were followed for the capital projects which took place over the summer term. The reception area has been refurbished and a new secure access system has been installed.

The school business manager does not waste time and resources on investigating minor areas where few improvements and savings can be achieved as the pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas.

Better income generation

Opportunities have been taken to explore and generate additional and reliable revenue streams. The academy trust is fully committed to providing an excellent resource to its local community and has hired the school facilities in the evenings and weekends which has generated an additional and regular income source, as well as being a benefit to the local community. Additional income was sourced from hiring the facilities during the school holidays for practice entrance examinations which did not attract any additional expenditure costs as the site staff were already contracted to work the hours.

The academy trust invested funds in risk free deposit accounts to maximise bank interest where cash flow allowed.

Reviewing controls and managing risks

The accounting officer, school leaders and trustees assessed the major risks to which the academy was exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy. The school leaders implemented a number of systems to assess risks that the academy faced, 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 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. Adequate insurance cover was arranged for areas where significant financial risk may still have applied e.g. governor liability insurance.

The academy trust appointed a responsible officer under a reciprocal arrangement with Urmston Grammar School which provided the accounting officer and the board of trustees with on-going independent assurance that:

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

Haines Watts was appointed as external auditors as agreed with the board of trustees. The accounting officer, budget holders, school leaders and trustees received regular budget reports which were scrutinised and challenged to ensure the most effective use of resources were used to meet the objectives of the academy trust.

ALTRINCHAM COLLEGE OF ARTS

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Insurance levels were reviewed and used cost-effectively to manage risks. Professional strategic advice has also been sought from the HR provider to assist with managing risk.

The academy trust has an investment policy and moved balances to a high interest deposit account to ensure maximum returns on surplus balances. The trustees reviewed the reserve levels of the academy trust, which encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The accounting officer and trustees determined that an appropriate level of free reserves be maintained, equivalent to one month of the GAG, approximately £430,000. The reason for this was 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 and to plan for future capital projects.

Reviewing operations to maximise use of resources

The accounting officer, school leaders and trustees reviewed expenditure within each budget heading and made adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer and strategies identified in the Academy Development Plan.

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 the academy trust's 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 Altrincham College of Arts for the year ended 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 trust is exposed together with the operation, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process of identifying, evaluating and managing the academy trust's significant risks that have been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy trust's system of internal 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 system with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular review by the Finance, Premises and Audit 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 defining purchasing (assets purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Mrs Joanne Daley, Urmston Grammar School, as responsible officer (RO) under a reciprocal arrangement. The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the trustees' financial responsibilities.

The responsible officer completed the most recent review on 23 February 2016 and reported that that the academy's finance department was well managed and organised.

ALTRINCHAM COLLEGE OF ARTS

GOVERNANCE STATEMENT (CONTINUED)

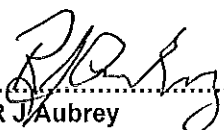
FOR THE YEAR ENDED 31 AUGUST 2016

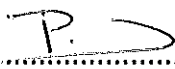
Review of effectiveness

As accounting officer, the headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the leadership team within the academy trust who has responsibility for the development and maintenance of the internal control framework;
- the work of the Finance, Premises and Audit Committee;
- the work of the responsible officer; and
- the work of the external auditors.

Approved by order of the members of the board of trustees on 30 November 2016 and signed on its behalf by:


.....
R J Aubrey
Chair of trustees


.....
P R Brooks
Headteacher and accounting officer

ALTRINCHAM COLLEGE OF ARTS

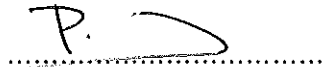
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Altrincham College of Arts 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's 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.



P R Brooks
Accounting officer

30 November 2016

ALTRINCHAM COLLEGE OF ARTS

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who also act as governors for Altrincham College of Arts and are also the directors of Altrincham College of Arts for the purposes of company law) are responsible for preparing the trustees' report and the accounts 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 accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 30 November 2016 and signed on its behalf by:

.....


R J Aubrey
Chair of trustees

ALTRINCHAM COLLEGE OF ARTS

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF ALTRINCHAM COLLEGE OF ARTS

FOR THE YEAR ENDED 31 AUGUST 2016

We have audited the accounts of Altrincham College of Arts for the year ended 31 August 2016 which comprise the statement of financial activities, 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the trustees' responsibilities statement set out on page 16 the trustees, who are also the directors of Altrincham College of Arts for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts

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

In our opinion the accounts:

- 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

ALTRINCHAM COLLEGE OF ARTS

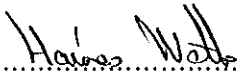
INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF ALTRINCHAM COLLEGE OF ARTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 accounts 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.


.....

John Whittick BSc FCA (Senior Statutory Auditor)

for and on behalf of Haines Watts

Chartered Accountants

Statutory Auditor

Bridge House

Ashley Road

Hale

Altrincham

WA14 2UT

Dated: 

ALTRINCHAM COLLEGE OF ARTS

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ALTRINCHAM COLLEGE OF ARTS AND THE EDUCATION FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2016

In accordance with the terms of our engagement letter dated 7 August 2014 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 Altrincham College of Arts during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Altrincham College of Arts' accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Altrincham College of Arts' funding agreement with the Secretary of State for Education dated 30 August 2012 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

ALTRINCHAM COLLEGE OF ARTS

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ALTRINCHAM COLLEGE OF ARTS AND THE EDUCATION FUNDING AGENCY (CONTINUED)

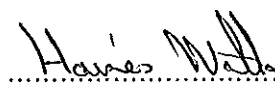
FOR THE YEAR ENDED 31 AUGUST 2016

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

Conclusion

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


.....

Haines Watts
Reporting Accountant

Dated: 2016

ALTRINCHAM COLLEGE OF ARTS

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £(000)	Restricted funds: General Fixed asset £(000) £(000)		Total 2016 £(000)	Total 2015 £(000)
Income and endowments from:						
Donations and capital grants	2	1	8	21	30	79
Charitable activities:						
- Funding for educational operations	3	-	5,560	-	5,560	5,595
Other trading activities	4	218	259	-	477	405
Investments	5	3	-	-	3	3
Total income and endowments		<u>222</u>	<u>5,827</u>	<u>21</u>	<u>6,070</u>	<u>6,082</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	93	5,793	265	6,151	6,311
Total expenditure	6	<u>93</u>	<u>5,793</u>	<u>265</u>	<u>6,151</u>	<u>6,311</u>
Net income/(expenditure)		129	34	(244)	(81)	(229)
Transfers between funds		(43)	-	43	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(509)	-	(509)	9
Net movement in funds		86	(475)	(201)	(590)	(220)
Reconciliation of funds						
Total funds brought forward		739	(608)	10,487	10,618	10,838
Total funds carried forward		<u>825</u>	<u>(1,083)</u>	<u>10,286</u>	<u>10,028</u>	<u>10,618</u>

ALTRINCHAM COLLEGE OF ARTS

BALANCE SHEET

AS AT 31 AUGUST 2016

		2016		2015	
	Notes	£(000)	£(000)	£(000)	£(000)
Fixed assets					
Tangible assets	11		10,286		10,487
Current assets					
Debtors	12	112		189	
Cash at bank and in hand		926		942	
		<u>1,038</u>		<u>1,131</u>	
Current liabilities					
Creditors: amounts falling due within one year	13	<u>(180)</u>		<u>(392)</u>	
Net current assets			<u>858</u>		<u>739</u>
Net assets excluding pension liability			<u>11,144</u>		<u>11,226</u>
Defined benefit pension liability	17		<u>(1,116)</u>		<u>(608)</u>
Net assets			<u>10,028</u>		<u>10,618</u>
Funds of the academy trust:					
Restricted funds	15				
- Fixed asset funds			10,286		10,487
- Restricted income funds			33		-
- Pension reserve			<u>(1,116)</u>		<u>(608)</u>
Total restricted funds			<u>9,203</u>		<u>9,879</u>
Unrestricted income funds	15		<u>825</u>		<u>739</u>
Total funds			<u>10,028</u>		<u>10,618</u>

The accounts were approved by the board of trustees and authorised for issue on 30 November 2016 and are signed on its behalf by:


R J Aubrey
Chair of trustees

Company Number 08137701

ALTRINCHAM COLLEGE OF ARTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £(000)	2015 £(000)	2015 £(000)
Cash flows from operating activities				
Net cash provided by operating activities	18		24	139
Cash flows from investing activities				
Dividends, interest and rents from investments		3	3	
Capital grants from DfE and EFA		21	20	
Capital funding from sponsors and others		-	32	
Payments to acquire tangible fixed assets		(64)	(225)	
			<u>(40)</u>	<u>(170)</u>
Change in cash and cash equivalents in the reporting period			(16)	(31)
Cash and cash equivalents at 1 September 2015			<u>942</u>	<u>973</u>
Cash and cash equivalents at 31 August 2016			<u>926</u>	<u>942</u>

ALTRINCHAM COLLEGE OF ARTS

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

The accounts 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.

Altrincham College of Arts meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Altrincham College of Arts prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 24.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 Income

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

Grants receivable

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Donations

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

Other income

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

Donated goods, facilities and services

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

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

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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 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 so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	7 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

1.6 Liabilities

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

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged on a straight line basis over the period of the lease.

1.8 Taxation

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

1.9 Pensions benefits

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

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, 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 are recognised in the period to which they relate.

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

1.10 Fund accounting

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

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

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

1.11 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 23.

1.12 Critical accounting estimates and areas of judgement

Accounting 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.

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, 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 Donations and capital grants

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2016 £(000)	Total 2015 £(000)
Capital grants	-	21	21	52
Other donations	1	8	9	27
	<u>1</u>	<u>29</u>	<u>30</u>	<u>79</u>

The income from donations and capital grants was £30,000 (2015: £79,000) of which £1,000 was unrestricted (2015: £3,000), £8,000 was restricted (2015: £24,000) and £21,000 was restricted fixed assets (2015: £52,000).

3 Funding for the academy trust's educational operations

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2016 £(000)	Total 2015 £(000)
DfE / EFA grants				
General annual grant (GAG)	-	5,216	5,216	5,259
Other DfE / EFA grants	-	249	249	260
	<u>-</u>	<u>5,465</u>	<u>5,465</u>	<u>5,519</u>
Other government grants				
Local authority grants	-	95	95	76
	<u>-</u>	<u>95</u>	<u>95</u>	<u>76</u>
Total funding	<u>-</u>	<u>5,560</u>	<u>5,560</u>	<u>5,595</u>

The income from funding for educational operations was £5,560,000 (2015: £5,595,000) of which £5,560,000 was restricted (2015: £5,595,000).

The academy trust received £95,000 from the local authority in the year, £17,000 being pupil premium funding and £78,000 being High Needs funding. There were no unfulfilled conditions or other contingencies relating to the grants in the year.

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Other trading activities

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2016 £(000)	Total 2015 £(000)
Hire of facilities	22	-	22	23
Catering income	-	259	259	277
Educational trips	95	-	95	71
Other income	101	-	101	34
	<u>218</u>	<u>259</u>	<u>477</u>	<u>405</u>

The income from other trading activities was £477,000 (2015: £405,000) of which £218,000 was unrestricted (2015: £128,000) and £259,000 was restricted (2015: £277,000)

5 Investment income

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2016 £(000)	Total 2015 £(000)
Short term deposits	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>

The income from funding for investment income was £3,000 (2015: £3,000) of which £3,000 was unrestricted (2015: £3,000).

6 Expenditure

	Staff costs £(000)	Premises & equipment £(000)	Other costs £(000)	Total 2016 £(000)	Total 2015 £(000)
Academy's educational operations					
- Direct costs	4,083	239	560	4,882	4,860
- Allocated support costs	367	115	787	1,269	1,451
	<u>4,450</u>	<u>354</u>	<u>1,347</u>	<u>6,151</u>	<u>6,311</u>
Total expenditure	<u>4,450</u>	<u>354</u>	<u>1,347</u>	<u>6,151</u>	<u>6,311</u>

Net income/(expenditure) for the year includes:

	2016 £(000)	2015 £(000)
Fees payable to auditor for:		
- Audit	8	6
- Other services	2	3
Operating lease rentals	7	14
Depreciation of tangible fixed assets	<u>265</u>	<u>260</u>

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable activities

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2016 £(000)	Total 2015 £(000)
Direct costs - educational operations	93	4,789	4,882	4,860
Support costs - educational operations	-	1,269	1,269	1,451
	<u>93</u>	<u>6,058</u>	<u>6,151</u>	<u>6,311</u>

The expenditure on educational operations was £6,151,000 (2015: £6,287,000) of which £93,000 was unrestricted (2015: £70,000), £5,793,000 was restricted (2015: £6,217,000) and £265,000 was restricted fixed assets (2015: £260,000).

Analysis of costs

	2016 £(000)	2015 £(000)
Direct costs		
Teaching and educational support staff costs	4,068	3,987
Staff development	15	27
Depreciation and amortisation	239	234
Technology costs	107	168
Educational supplies and services	223	220
Examination fees	93	92
Educational consultancy	90	92
Other direct costs	47	40
	<u>4,882</u>	<u>4,860</u>
Support costs		
Support staff costs	367	417
Depreciation and amortisation	26	26
Recruitment and support	-	84
Maintenance of premises and equipment	89	96
Cleaning	107	98
Energy costs	89	93
Rent and rates	63	61
Insurance	26	36
Security and transport	28	24
Catering	267	358
Interest on pension deficit	23	21
Other support costs	152	114
Governance costs	32	23
	<u>1,269</u>	<u>1,451</u>

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

	2016 £(000)	2015 £(000)
Wages and salaries	3,700	3,543
Social security costs	279	269
Operating costs of defined benefit pension schemes	416	562
Staff costs	4,395	4,374
Supply staff costs	40	30
Staff development and other staff costs	15	27
Total staff expenditure	4,450	4,431

Staff numbers

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

	2016 Number	2015 Number
Teachers	72	73
Administration and support	63	60
Management	8	8
	143	141

Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	1	-
£90,001 - £100,000	1	1

Key management personnel

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 £105,832 (2015: £80,230).

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £nil (2015: £29) were reimbursed.

The value of trustees' remuneration was as follows:

P Brooks (Principal)

Remuneration: £95,001 - £100,000 (2015: £90,001-£95,000)

Employers Pension Contributions: £15,001 - £20,000 (2015: £10,001-£15,000)

A Eastwood (Staff trustee)

Remuneration: £50,001 - £55,000 (2015: £50,001-£55,000)

Employers Pension Contributions: £5,001 - £10,000 (2015: £5,001-£10,000)

J Kevan (Staff trustee)

Remuneration: £45,001 - £50,000 (2015: £40,001-£45,000)

Employers Pension Contributions: £5,001 - £10,000 (2015: £5,001-£10,000)

D Lewis (Staff trustee)

Remuneration: £25,001 - £30,000 (2015: £25,001 - £30,000)

Employers Pension Contributions: £1 - £5,000 (2015: £5,000)

R Beattie (Staff trustee)

Remuneration: £40,001 - £45,000 (2015: £30,001 - £35,000)

Employers Pension Contribution: £5,001 - £10,000 (2015: £1 - £5,000)

Other related party transactions involving the trustees are set out within the related parties note.

10 Trustees and officers insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£(000)	£(000)	£(000)	£(000)
Cost				
At 1 September 2015	10,488	236	556	11,280
Additions	-	8	56	64
At 31 August 2016	10,488	244	612	11,344
Depreciation				
At 1 September 2015	468	195	130	793
Charge for the year	156	19	90	265
At 31 August 2016	624	214	220	1,058
Net book value				
At 31 August 2016	9,864	30	392	10,286
At 31 August 2015	10,020	41	426	10,487

12 Debtors

	2016 £(000)	2015 £(000)
Trade debtors	5	1
VAT recoverable	11	57
Prepayments and accrued income	96	131
	112	189

13 Creditors: amounts falling due within one year

	2016 £(000)	2015 £(000)
Trade creditors	29	113
Other creditors	17	10
Accruals and deferred income	134	269
	180	392

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

14 Deferred income	2016 £(000)	2015 £(000)
Deferred income is included within:		
Creditors due within one year	47	29
Deferred income at 1 September 2015	29	19
Released from previous years	(29)	(19)
Amounts deferred in the year	47	29
Deferred income at 31 August 2016	47	29

At the balance sheet date, the academy trust was holding funds received in advance for the following purposes:

- Rates income received in advance - £17,540
- British Council grant received in advance - £17,947
- Parent Pay income received in advance - £5,502
- Enthuse Award money received in advance - £1,200
- TMBC SEN Clawback income - £3,409
- TMBC Exclusion Clawback income - £1,091

15 Funds	Balance at 1 September 2015 £(000)	Incoming resources £(000)	Resources expended £(000)	Gains, losses & transfers £(000)	Balance at 31 August 2016 £(000)
Restricted general funds					
General Annual Grant	-	5,216	(5,183)	-	33
Other DfE / EFA grants	-	249	(249)	-	-
Other government grants	-	95	(95)	-	-
Other restricted funds	-	267	(267)	-	-
	-	5,827	(5,794)	-	33
Funds excluding pensions	-	5,827	(5,794)	-	33
Pension reserve	(608)	-	1	(509)	(1,116)
	(608)	5,827	(5,793)	(509)	(1,083)
Restricted fixed asset funds					
DfE / EFA capital grants	84	21	-	-	105
Inherited funds	10,026	-	(260)	-	9,766
Private sector capital sponsorship	377	-	(5)	43	415
	10,487	21	(265)	43	10,286
Total restricted funds	9,879	5,848	(6,058)	(466)	9,203

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15 Funds

	Balance at 1 September 2015 £(000)	Incoming resources £(000)	Resources expended £(000)	Gains, losses & transfers £(000)	Balance at 31 August 2016 £(000)
Unrestricted funds					
General funds	739	222	(93)	(43)	825
Total funds	10,618	6,070	(6,151)	(509)	10,028

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objectives of the academy.

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objectives of the academy.

Unrestricted funds are those funds which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees.

The transfer from unrestricted general funds to restricted fixed asset funds is to meet the cost of fixed asset additions for which there was no specific capital funding in the year.

16 Analysis of net assets between funds

	Unrestricted Funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Total 2016 £(000)
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	10,286	10,286
Current assets	825	213	-	1,038
Creditors falling due within one year	-	(180)	-	(180)
Defined benefit pension liability	-	(1,116)	-	(1,116)
	825	(1,083)	10,286	10,028

17 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough Council. Both are defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. 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.

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

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 pension costs paid to the TPS in the period amounted to £439,994 (2015: £367,095).

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

Under the definitions set out in FRS 102, the TPS is 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 the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.1 per cent for employers and 5.5-12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £132,000.

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

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.

Total contributions made	2016 £(000)	2015 £(000)
Employer's contributions	216	130
Employees' contributions	44	43
Total contributions	<u>260</u>	<u>173</u>
Principal actuarial assumptions	2016	2015
	%	%
Rate of increases in salaries	3.4	3.9
Rate of increase for pensions in payment	2.1	2.7
Discount rate	<u>2.1</u>	<u>3.8</u>

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are as set out below:

Sensitivity analysis

Changes in assumptions at 31 August 2016	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	410
1 year increase in member life expectancy	3%	94
0.5% increase in the Salary Increase Rate	5%	157
0.5% increase in the Pension Increase Rate	8%	239

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

	2016 Years	2015 Years
Retiring today		
- Males	21.4	21.4
- Females	24.0	24.0
Retiring in 20 years		
- Males	24.0	24.0
- Females	<u>26.6</u>	<u>26.6</u>

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

The academy trust's share of the assets in the scheme	2016 Fair value £(000)	2015 Fair value £(000)
Equities	1,441	1,031
Bonds	340	258
Property	120	86
Other assets	100	57
Total market value of assets	<u>2,001</u>	<u>1,432</u>
Actual return on scheme assets - gain/(loss)	<u>313</u>	<u>30</u>
Amounts recognised in the statement of financial activities	2016 £(000)	2015 £(000)
Current service cost (net of employee contributions)	192	194
Net interest cost	<u>23</u>	<u>21</u>
Changes in the present value of defined benefit obligations	2016 £(000)	2015 £(000)
Obligations at 1 September 2015	2,040	1,765
Current service cost	192	194
Interest cost	82	70
Employee contributions	44	43
Actuarial gain	763	(28)
Benefits paid	<u>(4)</u>	<u>(4)</u>
At 31 August 2016	<u>3,117</u>	<u>2,040</u>
Changes in the fair value of the academy trust's share of scheme assets	2016 £(000)	2015 £(000)
Assets at 1 September 2015	1,432	1,233
Interest income	59	49
Return on plan assets (excluding amounts included in net interest): Actuarial loss	254	(19)
Employer contributions	216	130
Employee contributions	44	43
Benefits paid	<u>(4)</u>	<u>(4)</u>
At 31 August 2016	<u>2,001</u>	<u>1,432</u>

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Reconciliation of net expenditure to net cash flows from operating activities

	2016 £(000)	2015 £(000)
Net expenditure for the reporting period	(81)	(229)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(21)	(52)
Investment income	(3)	(3)
Defined benefit pension costs less contributions payable	(24)	64
Defined benefit pension net finance cost/(income)	23	21
Depreciation of tangible fixed assets	265	260
(Increase)/decrease in debtors	77	(27)
Increase/(decrease) in creditors	(212)	105
Net cash provided by operating activities	24	139

19 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £(000)	2015 £(000)
Amounts due within one year	7	1
Amounts due in two and five years	6	11
	<u>13</u>	<u>12</u>

20 Capital commitments

	2016 £(000)	2015 £(000)
Expenditure contracted for but not provided in the accounts	-	26

21 Related party transactions

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

No related party transactions took place in the year.

ALTRINCHAM COLLEGE OF ARTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

23 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016 the academy trust received £12,230 and disbursed £12,230 from the fund. An amount of £nil is included in other creditors relating to undistributed funds that are repayable to the EFA.

24 Reconciliations on adoption of FRS 102

Reconciliation of funds for the previous financial period

		1 September 2014 £(000)	31 August 2015 £(000)
	Notes		
Funds as reported under previous UK GAAP		10,838	10,618
Adjustments arising from transition to FRS 102:			
Change in recognition of LGPS interest cost	1	-	(24)
Change in actuarial loss	1	-	24
Funds reported under FRS 102		<u>10,838</u>	<u>10,618</u>

Reconciliation of net loss for the previous financial period

		2015 £(000)
	Notes	
Net expenditure as reported under previous UK GAAP		(220)
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest cost	1	(24)
Change in actuarial loss	1	24
Net expenditure reported under FRS 102		<u>(220)</u>

Notes to reconciliations on adoption of FRS 102

1. Change in reconciliation of LGPS

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in 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 increase the debit to expense by £24,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.