

Ocker Hill Academy Trust

Statement of Financial Activities

for the year ended 31 August 2016

(including Income and Expenditure Account)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	0	0	6,666	6,666	6,655
Transfer from local authority on conversion		0	0	0	0	0
Charitable activities:						
Funding for the academy trust's educational operations	3	0	1,190,914	0	1,190,914	1,156,186
Other Trading Activities	4	86,689	28,550	0	115,239	57,981
Investment Income	5	197	0	0	197	174
Total incoming resources		86,886	1,219,464	6,666	1,313,016	1,220,996
Expenditure on:						
Raising funds		0	0	0	0	0
Charitable activities:						
Academy trust educational operations	7	0	1,354,023	14,467	1,368,490	1,227,112
Other		0	0	0	0	0
Total resources expended	6	0	1,354,023	14,467	1,368,490	1,227,112
Net income (expenditure)		86,886	(134,560)	(7,800)	(55,474)	(6,116)
Transfers between funds		0	5,556	(5,556)	0	0
Net income/(expenditure) for the year		86,886	(129,003)	(13,357)	(55,474)	(6,116)
Other recognised gains / (losses)						
Actuarial (losses) / gains on defined benefit pension schemes	22	0	(107,000)	0	(107,000)	(10,000)
Net movement in funds		86,886	(236,003)	(13,357)	(162,474)	(16,116)
Reconciliation of funds						
Total funds brought forward		180,484	(507,887)	1,273,402	945,999	962,115
Funds carried forward		267,370	(743,890)	1,260,046	783,525	945,999

All of the academy trust's activities derive from acquisitions during the above two financial periods.

Ocker Hill Academy Trust

BALANCE SHEET at 31 August 2016

Company Number 8593820

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	11		1,260,045		1,273,402
Current assets					
Stock		0		0	
Debtors	12	29,531		27,057	
Cash at bank and in hand		138,603		154,220	
		168,134		181,277	
Liabilities					
Creditors: Amounts falling due within one year	13	(83,878)		(63,932)	
Net current assets			84,256		117,345
Total assets less current liabilities			1,344,300		1,390,747
Creditors: amounts falling due after more than one year	14		(47,776)		(53,748)
Net assets excluding pension liability			1,296,524		1,336,999
Defined benefit pension scheme liability	22		(513,000)		(391,000)
Total Assets			783,524		945,999
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	15		1,260,045		1,273,402
. Restricted income fund	15		(230,890)		(116,887)
. Pension reserve	22		(513,000)		(391,000)
Total restricted funds			516,154		765,515
Unrestricted income funds	15		267,370		180,484
Total funds			783,524		945,999

The financial statements on pages 25 to 50 were approved by the trustees, and authorised for issue on 5 December 2016 and are signed on their behalf by:

.....
 NAME
 Trustee

Ocker Hill Academy Trust

Statement of Cash Flows for the year ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	18	(21,370)	76,087
Cash flows from investing activities	19	5,753	6,829
Cash flows from financing activities		0	0
Change in cash and cash equivalents in the reporting period		<u>(15,617)</u>	<u>82,916</u>
Cash and cash equivalents at 1 September 2015		154,220	71,304
Cash and cash equivalents at the 31 August 2016		<u>138,603</u>	<u>154,220</u>

Ocker Hill Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of 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.

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102)), the Academies Accounts Direction 2014 to 2015 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Ocker Hill Academy Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The continuing standstill in per pupil funding coupled with a substantial increase in the rate of employers national insurance and teacher pension contributions have caused all schools and academies, including Ocker Hill Academy Trust, significant financial difficulties over the last twelve months. As a result of continued and detailed in-year monitoring and budget forecasting the Trust has reduced all levels of expenditure in non-staffing areas and implemented redundancy procedures in the summer term of 2016. On the basis of these actions and using current information on future funding the trustees in making an assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Incoming Resources

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.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

• Donations

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.

Resources Expended

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

• 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.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

• 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.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with 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. 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:

• Freehold buildings	1%
• Fixtures, fittings and equipment	20%
• ICT equipment	25%
• Motor Vehicles	10%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

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.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11 Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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.

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

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

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

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 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.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

The government has announced a delay in the implementation of the first stage of the National Funding Formula. This was originally intended to commence April 1st 2017 but has now been delayed for at least twelve months. As such, this places the initial changes beyond the going concern timeline employed by the academy trust. However, based on early indications, the Trust has already held detailed discussions as to potential courses of action should any move to a national formula cause a reduction in funding and will continue to assess information as soon as it is received.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pensions 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 2015. 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.

Critical areas of judgement

There are no critical areas of judgement that affect the Financial Statements.

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Notes to the Financial Statements for the Year Ended 31 August 2016

2 Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Capital Grants	0	6,666	6,666	6,655
	<u>0</u>	<u>6,666</u>	<u>6,666</u>	<u>6,655</u>

3 Funding for Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
DfE / EFA revenue grants				
General Annual Grant (GAG)	0	993,108	993,108	996,261
PE Grant	0	9,185	9,185	9,180
Pupil Premium	0	107,800	107,800	95,568
Other DfE / EFA grants Rates	0	7,094	7,094	5,799
	<u>0</u>	<u>1,117,187</u>	<u>1,117,187</u>	<u>1,106,808</u>
Other Government grants				
Local Authority Grants - High Cost SEN	0	73,727	73,727	49,378
	<u>0</u>	<u>73,727</u>	<u>73,727</u>	<u>49,378</u>
	<u>0</u>	<u>1,190,914</u>	<u>1,190,914</u>	<u>1,156,186</u>

4 Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Hire of Facilities	0	0	0	1,845
Catering Income	29,889	0	29,889	26,821
Healthy Schools Project (Tipton Schools)	0	28,550	28,550	0
Other Sales	56,801	0	56,801	29,315
	<u>86,689</u>	<u>28,550</u>	<u>115,239</u>	<u>57,981</u>

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Current/Deposit Account Interest	197	0	197	174
	<u>197</u>	<u>0</u>	<u>197</u>	<u>174</u>

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Notes to the Financial Statements for the Year Ended 31 August 2016

6 Expenditure

	Staff Costs £	Non Pay Expenditure Premises £	Other £	Total 2016 £	Total 2015 £
Costs of generating voluntary income	0	0	0	0	0
Costs of activities for generating funds Academy's educational operations	0	0	0	0	0
• Direct Costs	889,347	0	90,050	979,397	845,775
• Allocated Support Costs	160,317	60,362	168,415	389,093	381,337
	<u>1,049,663</u>	<u>60,362</u>	<u>258,465</u>	<u>1,368,490</u>	<u>1,227,112</u>

Net Income/(expenditure) for the period includes:

	2016 £	2015 £
Operating leases - plant and machinery	0	0
- other leases	2,966	9,348
Depreciation		
(Gain)/loss on disposal of fixed assets		
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)		
Fees payable to auditor for:		
- audit	5,306	3,000
- other services	0	0

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7 Charitable Activities - Academies Educational Operations

	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Direct costs				
Teaching and educational support costs	889,347	0	889,347	785,846
Depreciation	0	0	0	0
Technology costs	300	0	300	437
Educational supplies	87,085	0	87,085	52,384
Examination fees	0	0	0	0
Staff development	2,965	0	2,965	7,545
Educational consultancy	0	0	0	0
Other direct costs	0	0	0	0
	<u>979,697</u>	<u>0</u>	<u>979,697</u>	<u>846,212</u>
Allocated support costs				
Support staff costs	160,317	0	160,317	158,176
Depreciation	0	14,467	14,467	14,245
Technology costs	0	0	0	0
Recruitment and support	2,443	0	2,443	2,102
Maintenance of premises	19,927	0	19,927	18,776
Water rates	3,739	0	3,739	3,248
Energy costs	6,641	0	6,641	12,729
Maintenance of equipment	0	0	0	0
Cleaning	2,443	0	2,443	1,528
Operating lease (photocopier)	32,275	0	32,275	12,489
Rent and rates	1,393	0	1,393	2,317
Insurance	11,453	0	11,453	7,411
Supply teacher insurance	0	0	0	7,025
Security and transport	989	0	989	1,107
Catering	49,514	0	49,514	51,930
Bank interest and charges	0	0	0	0
Other support costs	78,459	0	78,459	80,250
Governance costs	4,736	0	4,736	7,568
	<u>374,327</u>	<u>14,467</u>	<u>388,793</u>	<u>380,901</u>
	<u>1,354,023</u>	<u>14,467</u>	<u>1,368,490</u>	<u>1,227,112</u>

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Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff

a. Staff Costs

Staff costs during the period were:

	2016	2015
	£	£
Wages and salaries	842,373	784,269
Social security costs	68,168	57,191
Operating costs of defined benefit pension schemes	119,049	85,028
Additional Pension Contribution	17,094	16,142
Statutory Maternity Pay	0	(2,724)
	<u>1,046,683</u>	<u>939,906</u>
Supply staff costs	2,980	555
Staff restructuring costs	0	0
	<u>2,980</u>	<u>555</u>

b. Staff numbers

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

	2016	2015
	No.	No.
Charitable Activities		
Teachers	9	8
Administration and support	28.5	30
Management	4	3
	<u>41.5</u>	<u>41</u>

d. Higher paid staff

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

	2016	2015
	No.	No.
£70,001 - £80,000	1	1
	<u>1</u>	<u>1</u>

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for services to the academy trust was £253,866 (2015: £241,626).

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Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

9 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

Principal: Mr A Hollyhead £80,001 - £85,000 (2015 £75,001 - £80,000)
Staff Trustee: Mr J Farmer £65,001 - £70,000 (2015 £55,001 - £60,000)
Staff Trustee: Mrs A Foster £40,001 - £45,000 (2015 £40,001 - £45,000)

During the period ended 31 August 2016, no travel and subsistence expenses were reimbursed to trustees (2015 £Nil).

Other related party transactions involving the Trustees are set out in note 23

10 Trustees and Officers Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2016 was £450 (2015 £443).

The cost of this insurance is included in the total insurance cost.

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Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

11 Tangible Fixed Assets

	Freehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost					
At 1 September 2015	1,297,550	6,345	0	0	1,303,895
Additions	0	1,110	0	0	1,110
Transfer on conversion	0	0	0	0	0
Disposals	0	0	0	0	0
At 31 August 2016	1,297,550	7,455	0	0	1,305,005
Depreciation					
At 1 September 2015	27,956	2,538	0	0	30,494
Charged in year	12,976	1,491	0	0	14,467
Disposals	0	0	0	0	0
At 31 August 2016	40,932	4,029	0	0	44,961
Net book values					
At 31 August 2016	1,256,619	3,426	0	0	1,260,045
At 31 August 2015	1,269,595	3,807	0	0	1,273,402

Ocker Hill Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

12 Debtors

	2016	2015
	£	£
Trade debtors	0	0
Other debtors	21,793	21,353
VAT recoverable	4,500	5,328
Prepayments and accrued income	3,238	375
	<u>29,531</u>	<u>27,056</u>

13 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	9,723	22,251
PAYE & NIC creditor	19,817	16,653
Other taxation and social security	0	0
Pension scheme creditors	13,890	11,472
Other creditors	20,398	13,555
	<u>63,828</u>	<u>63,932</u>

Deferred income

	2016	2015
	£	£
Deferred income at 1 September 2015	0	0
Released from previous years	0	0
Resources deferred in the year	20,050	0
Deferred Income at 31 August 2016	<u>20,050</u>	<u>0</u>
	<u>83,878</u>	<u>63,932</u>

14 Creditors: amounts falling due in greater than one year

	2016	2015
	£	£
Other Creditors	47,776	53,748
	<u>47,776</u>	<u>53,748</u>

Included within other creditors is a loan balance of £47,776 from Sandwell MBC which is provided on the following terms: Fifteen annual payments of £5,972 commencing in 2009/10 financial year and representing the former Ocker Hill Junior School commitment to a Council wide agreement to fund equal value settlements arising from Single Status disputes.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds

	Balance at 1 September 2015 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	(126,648)	993,108	(1,222,038)	5,556	(350,022)
Primary PE Grant	0	9,185	(9,185)	0	0
Pupil Premium	0	107,800	(107,800)	0	0
Transfer on Conversion	0	0	0	0	0
Other DfE/EFA grants	9,761	7,094	0	0	16,855
Other Government grants	0	73,727	0	0	73,727
Other grants	0	28,550	0	0	28,550
Pension reserve	(391,000)	0	(122,000)	0	(513,000)
	(507,887)	1,219,464	(1,461,023)	5,556	(743,890)
Restricted fixed asset funds					
Transfer on Conversion	1,261,155	0	(14,467)	0	1,246,689
DfE/EFA capital grants	11,676	6,666	(1,110)	0	17,232
Capital expenditure from GAG	571	0	1,110	(5,556)	(3,875)
Disposal of Assets	0	0	0	0	0
	1,273,402	6,666	(14,467)	(5,556)	1,260,046
Total restricted funds	765,515	1,226,130	(1,475,490)	0	516,155
Total unrestricted funds	180,484	86,886	0	0	267,370
Total Funds	945,999	1,313,016	(1,475,490)	0	783,525

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

Ocker Hill Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
In-tangible fixed assets	0	0	0	
Tangible fixed assets	0	0	1,260,046	1,260,046
Current assets	267,370	(99,236)	0	168,134
Current liabilities	0	(131,654)	0	(131,654)
Pension scheme liability	0	(513,000)	0	(513,000)
Total net assets	267,370	(743,890)	1,260,046	783,525

17 Financial commitments

Operating leases

At 31 August 2016 the academy had annual commitments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Land and buildings		
Expiring within one year	0	0
Expiring within two and five years inclusive	0	0
Expiring in over five years	0	0
	0	0
Other		
Expiring within one year	8323	2337
Expiring within two and five years inclusive	0	0
Expiring in over five years	0	0
	8323	2337

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Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

18 Reconciliation of net income to net cash inflow from operating activities	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(55,474)	(6,116)
Adjusted for:		
Amortisation (note 11)	0	0
Depreciation (note 12)	14,467	14,245
Capital grants from DfE and other capital income	(6,666)	(6,655)
Transfer on conversion	0	0
Interest receivable (note 5)	(197)	(174)
Defined benefit pension scheme obligation inherited	0	0
FRS 17 pension cost less contributions payable (note 22)	19,000	11,000
FRS 17 pension finance income (note 22)	(4,000)	(4,000)
(Increase)/decrease in stocks	0	0
(Increase)/decrease in debtors	(2,474)	41,547
Increase/(decrease) in creditors	13,974	26,241
Net cash provided by / (used in) Operating Activities	<u>(21,370)</u>	<u>76,088</u>
	2016	2015
	£	£
19 Cash Flows from Investing Activities		
Interest received	197	174
Proceeds from sale of tangible fixed assets	0	0
Purchase of intangible fixed assets	0	0
Purchase of tangible fixed assets	(1,110)	0
Capital grants from DfE/EFA	6,666	6,655
Capital funding received from sponsors and others	0	0
Net cash inflow from capital expenditure and financial investment	<u>5,753</u>	<u>6,829</u>
	2016	2015
	£	£
20 Analysis of cash and cash equivalents		
Cash in hand and at bank	138,603	154,220
Notice deposits (less than 3 months)	0	0
Total cash and cash equivalents	<u>138,603</u>	<u>154,220</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

21 Members' Liability

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

22 Pensions and similar obligations

The academy'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 the West Midlands Pension Fund. 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 was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £13,890 (2015: £11,472) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme governed by the Teachers' Pensions Regulations 2010 and from 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.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Pensions and similar obligations (continued)

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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation 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 TPS in the period amounted to £114,626 (2015: £98,241).

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 academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Pensions and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2016 was £60,513 (2015: £53,571), of which employer's contributions totalled £47,510 (2015: £42,686) and employees' contributions totalled £13,003 (2015: £11,065) The agreed contribution rates for future years are 17.5 per cent for employers from April 2017 and a range of between 5.5 per cent and 12.5 per cent, based on earnings, for employees.

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

Employer contributions include additional contributions of £17,094 (2015: £16,142) as agreed with the West Midlands Local Government Pension Scheme. This is part of a twenty three year arrangement to eradicate the deficit on the overall pension scheme by 2036. The additional contributions will increase as follows:

April 2017 £19,900 April 2018 £20,700 April 2019 £21,500 April 2020 £22,300

Principal Actuarial Assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.75%	4.05%
Rate of increase for pensions in payment/inflation	2.00%	2.30%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.00%	2.00%
Commutation of pensions to lump sums	50.00%	50.00%

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

Sensitivity analysis

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

	+ 0.1%	0%	-0.1%
	£	£	£
Adjustment to discount rate			
Present value of total obligation	609	622	636
Projected service cost	71	73	75
	+ 0.1%	0%	-0.1%
	£	£	£
Adjustment to long term salary increase			
Present value of total obligation	0	0	0
Projected service cost	0	0	0
	+ 1 Year	None	- 1 Year
	£	£	£
Adjustment to mortality age rating assumption			
Present value of total obligation	641	622	603
Projected service cost	75	73	71

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	23	23.1
Females	25.6	25.8
<i>Retiring in 20 years</i>		
Males	25.3	25.2
Females	28.1	28

Ocker Hill Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2016	Fair Value at 31 August 2016 £	Expected return at 31 August 2015	Fair Value at 31 August 2015 £
Equities	59.00%	64,000	60.00%	51,000
Government bonds	7.00%	8,000	7.00%	6,000
Other bonds	9.00%	9,000	10.00%	9,000
Property	8.00%	9,000	9.00%	7,000
Cash liquidity	6.00%	7,000	5.00%	4,000
Other	11.00%	12,000	9.00%	8,000
Total market value of assets		109,000		85,000
Present value of scheme liabilities				
- Funded		(622,000)		(476,000)
Surplus/(deficit) in the scheme		<u>(513,000)</u>		<u>(391,000)</u>

The actual return on scheme assets was £17,000 (2015: £3,000)

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	49,000	39,000
Past service cost	0	0
Total operating charge	<u>49,000</u>	<u>39,000</u>

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	4,000	4,000
Interest on pension liabilities	(18,000)	(17,000)
Pension finance income/(costs)	<u>(14,000)</u>	<u>(13,000)</u>

Ocker Hill Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

Changes in the present value of defined benefit obligations were as follows:

	2016 £	2015 £
At 1 September	476,000	424,000
Current service cost	49,000	39,000
Interest cost	18,000	17,000
Employee contributions	13,000	11,000
Changes in Financial Assumptions/Actuarial (gain)/loss	120,000	9,000
Benefits paid	(54,000)	(24,000)
Plan introductions, benefit changes, curtailments & settlements	0	0
At 31 August	622,000	476,000

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

	2016 £	2015 £
At 1 September	85,000	50,000
Expected return on assets	4,000	4,000
Actuarial gain/(loss)	13,000	(1,000)
Business combinations	0	0
Employer contributions	48,000	45,000
Employee contributions	13,000	11,000
Benefits paid	(54,000)	(24,000)
At 31 August	109,000	85,000

Ocker Hill Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Related Party Transactions

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

Hadley Travel – a company in which Mr A Hadley (a trustee of the trust) has a majority interest:

- The trust entered into contracts with Hadley Travel for pupil transportation to swimming lessons and on educational trips. These contracts totalled £3,825 (2015: £4,350) during the period. There were no amounts outstanding at 31 August 2016 (2015: £nil)
- In entering into the transaction the trust has complied with the requirements of EFA's Academies Financial Handbook

All transactions were provided at cost.