

REGISTERED COMPANY NUMBER: 06486255 (England and Wales)
REGISTERED CHARITY NUMBER: 1124293

**STRATEGIC REPORT, REPORT OF THE TRUSTEES AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2015
FOR
SANDBACH SCHOOL**

Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

SANDBACH SCHOOL
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FOR THE YEAR ENDED 31 AUGUST 2015

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SANDBACH SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 AUGUST 2015

MEMBERS

Mr P Sherratt
Mr S Smith
Mrs C E Longden (Vice Chair)
Mr J Cargill
Mr C J Tyler (Chair of Governors)
Mrs S Kennerley (Vice Chair)
Mrs P G Kelly

TRUSTEES

Mr J Cargill
Mr S N Hodgkinson (resigned 6/7/15)
Mr P Sherratt
Mr M Roberts
Cllr Mrs G Merry
Mr C J Tyler (Chair of Governors)
Mr B Gribbin (resigned 1/11/14)
Mrs S I Burns
Mr S J Robertson
Mrs S Kennerley (Vice Chair)
Mr S Smith
Mr S C Dodds
Mr P J Mitchell (resigned 30/9/15)
Miss E M Hankey
Mrs C E Longden (Vice Chair)
Mr D Surry
Mrs S Lewington (resigned 30/9/15)
Mrs P G Kelly
Mr S C Davies (appointed 1/9/15)
Mr A P Mitchell (appointed 29/9/14)
Mr C N Sheardown (appointed 29/9/14)

COMPANY SECRETARY

Mrs D J Torjussen (Business Manager)

HEAD TEACHER DEPUTY HEAD TEACHERS

Mrs S I Burns (Accounting Officer)
Mr S Dodds
Dr J Cosgrove

REGISTERED OFFICE

Crewe Road
Sandbach
Cheshire
CW11 3NS

REGISTERED COMPANY NUMBER

06486255 (England and Wales)

SENIOR STATUTORY AUDITOR

Mr Stephen Grayson FCCA

SANDBACH SCHOOL
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2015

AUDITORS

Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

SOLICITORS

Shoosmiths LLP
Witan Gate House
500-600 Witan Gate West
Milton Keynes
MK9 1SH

BANKERS

Lloyds
2 Market Street
Crewe
Cheshire
CW1 2EQ

SANDBACH SCHOOL
STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The trustees present their strategic report for the year ended 31 August 2015.

Sandbach School is an 11-16 Comprehensive School for Boys, with a co-educational Sixth Form. In September 2011 Sandbach School became one of the first 24 Free Schools, directly funded by the DfE and working autonomously from the Local Authority. The school serves the communities of Sandbach, Haslington, Elworth and surrounding parishes in South Cheshire. In October 2014 there were 1,270 students on roll (1,023 Main School, 247 Sixth Form).

Sandbach School core ethos is Achievement, Excellence and Opportunity for all of our students. The School is determined to recognise the entitlement of all students to a quality and equality of experience, provision, care and support. The school endeavours to marry all that is seen as best in terms of educational development with all that is desirable from the traditions of the School.

The range of extra-curricular provision is outstanding, encompassing sport, the Arts, Combined Cadet Force and a myriad of clubs and activities. Extra-curricular relations are used positively to enhance in-class dynamic.

Sandbach School is committed to expanding as a community school via adult education, arts programmes, and via the wider use of sporting facilities. Sandbach School is fully committed to working in partnership with schools, community groups and arts organisations across a wide range of scales. Sandbach School also operates 'The Link' community business which helps to bridge wider relationships with the community and also to generate income to reinvest in the school.

Going Concern

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

Academic Performance for 2014/15

In the Summer of 2015, 74% of students achieved 5A*-C, with 63% achieving 5A*-C including English and Mathematics. 54% of students achieved at least 1 A*-A grade, 15% achieved at least 5 A*-A grades.

The performance of students in maths had elements of outstanding with 84% of students achieving A*-C and 23% gaining an A* or A. This has resulted in 1/3 the Y12 cohort following 'A level' maths.

English language achieved 65% A*-C; 7% above the national attainment figure for boys.

Other Ebacc subjects also performed strongly; Core Science 60% A*-C; Additional Science 67% A*-C; French 85% A*-C and Geography 77% A*-C. Vocational subjects also had strong performance in the summer particularly BTEC Sport.

The sixth form also had many strong individual A level performances, with an overall 99% pass rate and 54% of results graded A*-B. 47% of those who applied to university attended a Russell Group institution. A tremendous achievement by all concerned.

Financial Performance for 2014/15

The company's income and expenditure for the year includes capital income, depreciation and pension scheme adjustments which are accounting adjustments and are figures that are not included when operational budgets are agreed with the Education Funding Agency. The operating surplus excluding depreciation and pension scheme adjustments for the year ended 31 August 2015 was £0.045m.

SANDBACH SCHOOL
STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

Most of the school's income comes from the Education Funding Agency in the form of recurrent grants for the delivery of education. For the year ended 31st August 2015 income received from the EFA totalled £6.22m.

The school also received £0.124m funding from the Local Authority to support children with Special Educational Needs.

The school generated £0.154m of income from the provision of services for sport and room hire to the local and surrounding communities. A further £0.061m income was generated from adult education.

In addition, the school also received approval for a capital grant from the EFA of £0.103m for adding securing fencing to the perimeter of the school site. This project will be undertaken in the Autumn 2015. Expenditure totalling £0.063m was made in the financial year in relation to an overall grant of £0.180m awarded in 2013/14 to refurbish the Theatre Space.

During the year ended 31 August 2015, total revenue expenditure of £6.682m was incurred.

Reserves policy

The reserves policy is to hold sufficient reserves to cover any uninsured losses although given the extent and nature of insurance cover this is an unlikely occurrence.

Investment policy and objectives

The school receives funding on a monthly basis from the Education Funding Agency. This funding is kept in a low interest bearing current account.

The School has a permanent endowment which for many years has been invested in a Common Investment Fund (COIF). The particular fund is the 'COIF Charities Investment Fund' which is a managed fund invested predominantly in equities. The School takes as cash income the annual dividends from this investment and on an annual basis re-values the asset book value of the investment in line with stock market fluctuation.

For other longer term surplus funds the School adopts a policy of keeping risk to a minimum with a preference for a guaranteed return (all interest/dividends earned by the School are injected back into funding the School's activities). During the year ended 31st August 2015, Sandbach School did not make any longer term investments.

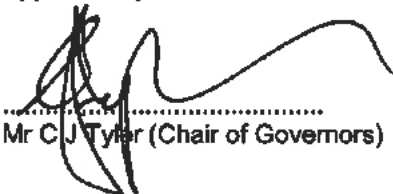
Principal Risks and Uncertainties

The principal risk to the school relates to changes to future national changes to funding for all schools, and ensuring that admission numbers remain high and on an upward trajectory. Governors are aware of the potential implications of reforms to schools funding. Central Government changes to the curriculum will also be a challenge to the school, however necessary steps are being taken in preparation for this. The school secured a 'Good' Ofsted rating in November 2014 which has put the school onto a more stable footing moving forward.

FUTURE DEVELOPMENTS

The main priorities for the school are unchanged from those previously listed within this report. The school will now embed these priorities and address individual objectives and actions which sit beneath those objectives in order to deliver the success criteria that are outlined.

Approved by order of the board of trustees on 14 December 2015 and signed on its behalf by:


.....
Mr C J Tyler (Chair of Governors)

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2015

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 and the Academies Accounts Direction issued by the Education Funding Agency.

COMMENCEMENT OF ACTIVITIES

On 4th July 2008 the assets and liabilities of Sandbach School (Charity Registration No. 525923), were transferred to the charitable company. The transfer excluded the whole of the freehold land and buildings and certain investments which were held by the charity on permanent endowment. These assets were retained within the charity, which under powers granted by the Charities Act 1993, was registered as a subsidiary charity of the charitable company Charity Registration No. 1124293-1.

On 17 August 2011 an agreement was reached with the EFA for the school to convert to an Academy via the Free School Route. The school became an Academy from the 1st September 2011.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Constitution

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The governors act as the trustees for the charitable activities of Sandbach School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Sandbach School.

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

Members' liability

The liability of the members of the Academy Trust is limited.

Every member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Academy Trust's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

If the Academy Trust is wound up or dissolved and after all its debts and liabilities have been satisfied there remains any property it shall not be paid to or distributed among the members of the Academy Trust, but shall be given or transferred to some other charity or charities having objects similar to the Objects which prohibits the distribution of its or their income and property to an extent at least as great as is imposed on the Academy Trust, chosen by the members of the Academy Trust at or before the time of dissolution and if that cannot be done then to some other charitable object.

Trustees' indemnities

Subject to the provisions of the Companies Act 2006 every Governor or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

Principal activities

The principal activities are detailed at the start of the Strategic Report on page 3.

The school was last inspected by OFSTED in November 2014. The judgement following this visit was that the school was 'Good'. The school is committed to moving from 'Good' to 'Great' over the next two years.

Recruitment and appointment of new trustees

The number of Governors shall be not less than three.

The Academy Trust per its Articles of Association shall have the following Governors:

- (a) Up to 7 Governors, appointed by Members of the Governing Body.
- (b) Up to 2 Staff Governors (in addition to the Headteacher). The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors.
- (c) Up to 1 LA Governor. The LA may appoint a LA Governor by not less than 1 month's notice in writing delivered or posted (by registered post), to the Office of the Academy Trust).
- (d) Between 2 and 6 Parent Governors. The Parent Governors shall be elected by parents/guardians of registered pupils at the Academy. A Parent Governor must be a parent/guardian of a pupil at the Academy at the time when he is elected.

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent/guardian of a registered pupil at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy.

(e) The Headteacher;

(f) Up to 3 Co-Opted Governors appointed by the Governors. The Governors may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Headteacher).

(g) Any Additional Governors. The Secretary of State may appoint such Additional Governors as he thinks fit if the Secretary of State has:

-Given the Governors a warning notice.

-The Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

-The Secretary of State may also appoint such Additional Governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy Trust receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades. For these purposes, the grade or description received by Sandbach School on any inspection prior to the date of adoption of these Articles shall not be regarded as a grade or assessment received by the Academy on any Inspection.

-Where an Additional or Further Governor appointed ceases to hold office as a Governor for any reason, other than being removed by the Secretary of State, the Secretary of State shall be entitled to appoint an additional or Further Governor in his place.

(h) Any Further Governors. The Secretary of State may also appoint such Further Governors as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy or if he is satisfied that any Governor or Member of the Academy Trust is not a suitable person and he exercises his powers further to clause 91A of the Funding Agreement.

The total number of Governors shall not exceed 23 at any one time.

Induction and training of new trustees

Sandbach School is committed to the training and development of Governors. The School subscribes to a training package offered by Cheshire East. Governors are encouraged to attend relevant courses. The school also uses training material from the Modern Governor and Ofsted website.

A secure Governor portal is in operation which is linked to the schools' website. This enables important information to be shared on a timely basis with Governors.

New Governors on induction receive briefings on their roles and responsibilities as school governors and as Trustees of the Charitable Company. The school has 5 subcommittees which are Finance, Personnel, Curriculum, Pastoral and Community & Marketing. Each of these Committees are chaired by a Governor. Each committee has clear Terms of Reference and delegated powers which are reviewed annually. The skills of each Governor are assessed on appointment or election and they are appointed to the relevant committee which best matches up to their skills and experience.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The school has a senior leadership team which comprises the Head Teacher, the school's Business Manager, 2 Deputy Headteachers, and 6 Assistant Head Teachers. Lead by the Head Teacher, this group is responsible for the strategic day to day running of the school and delivery of education to the students. The Headteacher and Business Manager attend all Governing Body meetings and provide reports directly to Governors at these meetings and throughout the year.

The Governors of Sandbach School are responsible for determining the general policy and strategic direction of the school following recommendations from the HeadTeacher. Each Governing Body sub committee has clear Terms of Reference, which detail the remit of that committee. Recommendations from sub committees are fed back to the Full Governing Body on a termly basis. Governors are actively involved in some of the day to day aspects of running the school such as recruitment, staff and pupil disciplinarys, and attending events.

The school has a clear delegated authority listing which details the decision making powers of the relevant sub committees. In respect of school funds, the Finance Committee has the power to agree non salary payments up to £50,000. Any commitments in excess of this must have full Governing Body approval.

Related parties

The Charitable company has two subsidiaries as detailed below:-

Sandbach School Property Trust (Registered Charity No. 1124293-1)

This subsidiary charity holds, on permanent endowment, the land and buildings known as Sandbach School, Cheshire and certain investments. The property and investments are held for the sole use of the Charitable Company, Sandbach School in furtherance of its objects as set out in the report of the trustees.

The assets of the Property Trust are included in the balance sheet of Sandbach School. No separate disclosures are included in the financial statements.

Sandbach School Developments Limited (The Link Business)

The company has been established to manage the hire of the Sandbach School sporting facilities to clubs, associations and individuals in the Sandbach and surrounding areas. All profits from such activities are transferred to the school as a donation under gift aid.

The Love Music Trust (Registered No 1148615)

The Love Music Trust is the lead partner and fund holder of the Music Education Hub in Cheshire East. Sandbach School have been the lead organisation behind the Trust since its inception in 2012. The Love Music Trust receives funding direct from The Arts Council England, and via parental fees and subscriptions. The Trust is committed to providing access to high quality music education and exposure to outstanding musical experiences to all pupils in Cheshire East. The Love Music Trust took over Cheshire East Councils existing music provision, staff and resources and with partners will work collaboratively to provide music tuition across the border. The infrastructure and management of The Love Music Trust is located at Bradwall Court in Sandbach and support is provided by Sandbach School to the Trust via a Service Level Agreement.

In connection with the above organisations - insofar as the Governors are aware:-

- There is no relevant audit information of which the charitable company's auditor is unaware;
- The governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The School carries out risk assessments covering all aspects of the operation of the school and the physical environment. Assessment of external risk factors such as changes in Government policy which may have a significant bearing on the future of the school are incorporated into the Schools Raising Attainment Plan.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Academy Trust's objects ("the Objects") are specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by:

- (a) the provision and conduct in or near Sandbach of a day school ("the Academy") for boys or boys and girls offering a broad and balanced curriculum; and
- (b) the provision of education through day and evening classes for persons over compulsory school age; including in each case academic, vocational, social, physical and recreational training and associated organised leisure time activities.

Objectives, Strategies and Activities

The main objectives for 2014/15 have been summarised within the four priorities listed below.

1. Achievement to be increased across all year groups and the gap to be narrowed between the whole school and the Pupil Premium cohort. 90% of students in each group to make the expected level of progress. 92% of Pupil Premium students make the expected level of progress.
2. Improve the quality of teaching and learning across the school. By July 2015 all teaching judged to be good with 40% outstanding.
3. Students' attainment, progress and personal development is improved by a relentless focus on attendance, behaviour, safety, well-being and the promotion of positive attitudes towards all that they do within school.
4. Leadership & Management communicate and embed an ambitious vision for the school by empowering senior, middle leaders and the GB to drive forward high expectations for all students and staff.

Public benefit

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit. Sandbach School provides a benefit to the public through the provision of a quality comprehensive education for 11-16 year old boys of Sandbach, Haslington and surrounding areas, and a co-educational Sixth Form.

In addition the school also opens all of its facilities to the local community. There is a large programme of adult education running 3 nights each week as well as a significant use of our sports facilities (Swimming pool, all weather pitch, sports hall, grass pitches) by local clubs, societies and casual users.

The Governors confirm that they have had due regard for the guidance published by the Charity Commission on public benefit.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2015

ACHIEVEMENT AND PERFORMANCE

Charitable activities

In the Summer of 2015, 74% of students achieved 5A*-C, with 83% achieving 5A*-C including English and Mathematics. 54% of students achieved at least 1 A*-A grade, 15% achieved at least 5 A*-A grades.

The performance of students in maths had elements of outstanding with 84% of students achieving A*-C and 23% gaining an A* or A. This has resulted in 1/3 the Y12 cohort following 'A level' maths.

English language achieved 65% A*-C; 7% above the national attainment figure for boys.

Other Ebacc subjects also performed strongly; Core Science 60% A*-C; Additional Science 67% A*-C; French 85% A*-C and Geography 77% A*-C. Vocational subjects also had strong performance in the summer particularly BTEC Sport.

The sixth form also had many strong individual A level performances, with an overall 99% pass rate and 54% of results graded A*-B. 47% of those who applied to university attended a Russell Group institution. A tremendous achievement by all concerned.

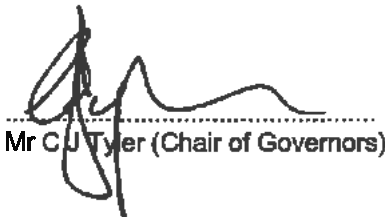
Investment performance

The School investments during the year consisted of shares in the COIF Charity Investment Fund. The return on the investments during the year, based on market value at 31 August 2015 was 3.7%.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

Approved by order of the board of trustees on 14 December 2015 and signed on its behalf by:



Mr C J Tyler (Chair of Governors)

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings Attended	Out of a possible
Mr J Cargill	3	5
Mrs P Kelly	3	5
Mr SN Hodgkinson	4	5
Mr P Sherratt	5	5
Mr M Roberts	5	5
Mr S Dodds	5	5
Mrs C Longden (Vice Chair)	5	5
Councillor Mrs G Merry	4	5
Mr C J Tyler (Chair of Governors)	5	5
Mrs S Lewington	4	5
Mrs SI Burns	5	5
Ms E Hankey	4	5
Mr S Smith	4	5
Mrs S Kennerley (Vice Chair)	5	5
Mr S Robertson	4	5
Mr P Michell	5	5
Mr D Surry	4	5
Mr C Sheardown	5	5
Mr A Mitchell	5	5

There were changes to the Governing Body during the academic year. Two new Governors were appointed on 29th September 2014 – Mr C Sheardown and Mr A Mitchell. Mr B Gribbin's term of office as a Parent Governor expired on 1st November 2014. Mr S Hodgkinson resigned from 6th July 2015. S Davies was appointed from 1st September 2015. Mr P Michell and Mrs S Lewington resigned from 30th September 2015. Plans to recruit Governors during 2015/16 are in progress.

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

The Finance Committee is a subcommittee of the main governing body. Its purpose is to set and review the budget and annual accounts, make recommendations in respect of delegated financial limits, authorise levels of expenditure, agree adequate insurance cover, and ensure Health and Safety legislation is followed. Attendance at meetings in the year was as follows:-

Governor	Meetings Attended	Out of a possible
Mr J Cargill	2	6
Mr M Roberts	3	6
Mr S Hodgkinson	5	6
Mr A Mitchell	4	6
Mrs SI Burns	6	6
Cllr Mrs G Merry	4	6
Mr C Tyler (Chair of Governors)	5	6
Mr S Smith	5	6

Review of Value for Money

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

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

1. The economic, efficient and effective use of all resources to produce better educational results.
2. The avoidance of waste and extravagance.
3. The prudent and economical administration of the organisation.
4. The establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting.
5. Ensuring all financial transactions represent value for money.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluation and managing the Academy Trust's significant risks that has been in place for the year ending 31st August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

The Risk and Control Framework - continued

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an Internal auditor. However, Governors have appointed Afford Bond to undertake the role of Responsible Officer (RO). Reports provided by Afford Bond are shared with the Finance Committee, and any actions required are agreed through this Committee. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

The RO function has been fully delivered in line with the EFA's requirements. There have been no material control issues identified arising from the RO's work.

In particular the checks carried out in the current period included:

1. Verification of payroll information back to source information (i.e. employment contracts, accounting systems, bank payments)
2. Review of authorisation processes around invoicing in line with Delegated Authorities and available budgets.
3. Review of income to ensure appropriately collected, accounted and reconciled and used for appropriate purposes.
4. Checking of bank balances and reconciliations to ensure they are timely, appropriately approved, and entered correctly onto the finance system.
5. Review of management accounts to ensure reasonable, accurate and completed with sufficient detail.
6. Consideration of material contracts to ensure appropriate tender processes are followed, and decisions regarding award are taken appropriately.

On a quarterly basis, the RO reports to the board of trustees, through the finance and general purposes committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

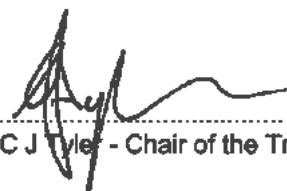
As accounting officer, Mrs S I Burns has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:-

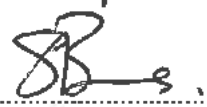
- The work of the Responsible Officer;
- The work of the external auditor;
- The financial management and governance self assessment process;
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

Approved by order of the members of the board of trustees on 14 December 2015 and signed on its behalf by:


.....
Mr C J Tyler - Chair of the Trustees


.....
Mrs S I Burns - Accounting Officer

SANDBACH SCHOOL

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2015**

As accounting officer of Sandbach School I have considered my responsibility to notify the charitable company 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 charitable company and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



.....
Mrs S I Burns - Accounting Officer

Date: 14 December 2015

SANDBACH SCHOOL

STATEMENT OF TRUSTEES RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2015

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

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

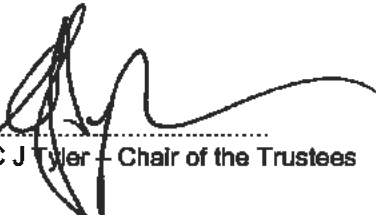
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on 14 December 2015 and signed on its behalf by:



.....
Mr C J Tyler – Chair of the Trustees

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SANDBACH SCHOOL

We have audited the group's and parent company's financial statements of Sandbach School for the year ended 31 August 2015 on pages twenty one to fifty one. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2014 issued by the Education Funding Agency (EFA).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's 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 Statement of Trustees Responsibilities set out on page sixteen, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2015 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 Academies Accounts Direction 2014 to 2015 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SANDBACH SCHOOL**

Matters on which we are required to report by exception

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

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



.....
Stephen Grayson FCCA (Senior Statutory Auditor)
for and on behalf of Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Date: 14 December 2015

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SANDBACH SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sandbach School during the period 1 September 2014 to 31 August 2015 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 Sandbach School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sandbach School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Sandbach School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Sandbach School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Sandbach School's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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.

The work undertaken to draw our conclusion includes confirmation of the following:-

1. There is a policy for receiving hospitality gifts, awards & prizes and that this is communicated to all staff. Confirmation that any such transactions are in line with the policy.
2. Staff severance payments outside the contractual obligations are approved by the Secretary of State.
3. An up to date register of Trustees business interests is maintained.
4. Any payments to Trustees are in line with those in the Articles and funding agreement.
5. A competitive tendering process is in place for high value purchases.
6. Any borrowing is in line with the Funding Agreement.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
SANDBACH SCHOOL AND THE EDUCATION FUNDING AGENCY**

7. The appropriate consent from the EFA is obtained for any operating leases of more than 3 years.
8. Purchasing is in line with the set levels of delegated authority. Obtained an up to date list of authorised departmental personnel with the limits of the expenditure for each person.
9. The nature of the expenditure is reasonable given the objects of the school to provide education.
10. The funds position is under control and that the Academy is not generating an unsustainable deficit.
11. There are sufficient controls over procedures for changing payment details to suppliers.
12. The nature of credit card and petty cash expenditure is reasonable and in line with the objects of the Academy.

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 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Howard Worth
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Date: 14 December 2015

SANDBACH SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE CONSOLIDATED INCOME & EXPENDITURE ACCOUNT AND THE
STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES)
FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	31.08.15 Total funds £	31.08.14 Total funds £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	3	2,701	-	-	2,701	750
Activities for generating funds	5	163,696	-	-	163,696	185,643
Investment income	6	6,252	-	-	6,252	6,174
Incoming resources from charitable activities						
Academy's educational operations	7	61,187	6,493,252	-	6,554,439	6,622,201
Total incoming resources		233,836	6,493,252	-	6,727,088	6,814,768
RESOURCES EXPENDED						
Costs of generating funds						
Cost of activities for generating funds	8	46,173	-	-	46,173	49,617
Charitable activities						
Academy's educational operations	9	34,808	6,675,772	127,618	6,838,198	6,845,320
Governance costs	11	1,300	14,680	-	15,980	18,320
Total resources expended		82,281	6,690,452	127,618	6,900,351	6,913,257
Net incoming / (outgoing) resources before transfers		151,555	(197,200)	(127,618)	(173,263)	(98,489)
Gross transfers between funds		(150,850)	(314,866)	465,716	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		705	(512,066)	338,098	(173,263)	(98,489)
Other recognised gains / losses						
Gains on fixed asset investments		-	10,080	-	10,080	13,183
Actuarial losses on defined benefit schemes		-	(28,000)	-	(28,000)	(100,000)
Net movement in funds		705	(529,986)	338,098	(191,183)	(185,306)
RECONCILIATION OF FUNDS						
Total funds brought forward		1,040	60,082	5,869,920	5,931,042	6,116,348
TOTAL FUNDS CARRIED FORWARD		1,745	(469,904)	6,208,018	5,739,859	5,931,042

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

The notes form part of these financial statements

SANDBACH SCHOOL
Registered Company No. 06486255 (England & Wales)
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2015

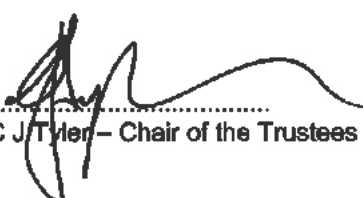
	Notes	Group 31.08.15 £	Group 31.08.14 £	Charity 31.08.15 £	Charity 31.08.14 £
FIXED ASSETS					
Tangible assets	15	7,062,568	7,169,673	7,062,568	7,169,673
Investments	16	<u>161,996</u>	<u>151,917</u>	<u>161,997</u>	<u>151,918</u>
		7,224,564	7,321,590	7,224,565	7,321,591
CURRENT ASSETS					
Stocks	17	15,812	12,687	15,812	12,687
Debtors	18	133,369	209,471	210,973	287,150
Cash at bank & in hand		<u>412,310</u>	<u>756,167</u>	<u>333,405</u>	<u>678,487</u>
		561,491	978,325	560,190	978,324
CREDITORS					
Amounts falling due within one year	19	<u>(642,373)</u>	<u>(1,115,447)</u>	<u>(641,073)</u>	<u>(1,115,447)</u>
NET CURRENT LIABILITIES		<u>(80,882)</u>	<u>(137,122)</u>	<u>(80,883)</u>	<u>(137,123)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,143,682	7,184,468	7,143,682	7,184,468
CREDITORS					
Amounts falling due after more than one year	20	(488,823)	(389,426)	(488,823)	(389,426)
PENSION LIABILITY	24	<u>(915,000)</u>	<u>(864,000)</u>	<u>(915,000)</u>	<u>(864,000)</u>
NET ASSETS		<u>5,739,859</u>	<u>5,931,042</u>	<u>5,739,859</u>	<u>5,931,042</u>

The notes form part of these financial statements

SANDBACH SCHOOL
Registered Company No. 06486255 (England & Wales)
CONSOLIDATED BALANCE SHEET - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	31/8/15 Total funds £	31/8/14 Total funds £
FUNDS	23		
Unrestricted funds:			
Headteachers Account		<u>1,745</u>	<u>1,040</u>
		1,745	1,040
Restricted funds:			
General Annual Grant (GAG)		(87,048)	(93,440)
Pension Reserve		(915,000)	(864,000)
DfE/EFA Capital Grants		441,084	943,751
Capital Expenditure from GAG		85,875	68,738
Other Restricted Funds		<u>5,185</u>	<u>5,033</u>
		(469,904)	60,082
Endowment funds:			
School Funds		<u>6,208,018</u>	<u>5,869,920</u>
TOTAL FUNDS		<u>5,739,859</u>	<u>5,931,042</u>

The financial statements were approved by the Board of Trustees on 14 December 2015 and were signed on its behalf by:



 Mr C J Tyler – Chair of the Trustees

The notes form part of these financial statements

SANDBACH SCHOOL
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

		31/8/15 £	31/8/14 £
Net cash Inflow from operating activities	Notes 1	(242,415)	643,252
Returns on investments and servicing of finance	2	(33,972)	(34,842)
Capital expenditure and financial investment	2	(111,235)	(108,308)
		<u>(387,622)</u>	<u>500,102</u>
Financing	2	43,765	(54,528)
Increase in cash in the period		<u>(343,857)</u>	<u>445,574</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		(343,857)	445,574
Cash outflow from decrease in debt and lease financing		<u>(43,765)</u>	<u>54,528</u>
Change in net debt resulting from cash flows		<u>(387,622)</u>	<u>500,102</u>
Movement in net debt in the period		(387,622)	500,102
Net debt at 1 September		<u>310,345</u>	<u>(189,757)</u>
Net debt at 31 August		<u>77,277</u>	<u>310,345</u>

The notes form part of these financial statements

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31/8/15 £	31/8/14 £
Net incoming resources	(173,263)	(98,489)
Depreciation charges	218,340	232,007
Interest received	(193)	(57)
Interest paid	40,225	41,016
Dividends received	(6,059)	(6,117)
(Increase)/decrease in stocks	(3,125)	(7,198)
Decrease/(increase) in debtors	76,102	28,347
Increase in creditors	(417,442)	410,743
Difference between pension charge and cash contributions	<u>23,000</u>	<u>43,000</u>
Net cash inflow from operating activities	<u>(242,415)</u>	<u>643,252</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31/8/15 £	31/8/14 £
Returns on investments and servicing of finance		
Interest received	193	57
Interest paid	(40,224)	(41,016)
Dividends received	<u>6,059</u>	<u>6,117</u>
Net cash outflow for returns on investments and servicing of finance	<u>(33,972)</u>	<u>(34,842)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(111,235)</u>	<u>(108,308)</u>
Net cash outflow for capital expenditure and financial investment	<u>(111,235)</u>	<u>(108,308)</u>
Financing		
New loans in year	489,587	-
Loan repayments in year	<u>(445,822)</u>	<u>(54,528)</u>
Net cash outflow from financing	<u>43,765</u>	<u>(54,528)</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/9/14 £	Cash flow £	At 31/8/15 £
Net cash:			
Cash at bank and in hand	<u>756,167</u>	<u>(343,857)</u>	<u>412,310</u>
	<u>756,167</u>	<u>(343,857)</u>	<u>412,310</u>
Debt:			
Debts falling due within one year	(56,396)	55,632	(764)
Debts falling due after one year	<u>(389,426)</u>	<u>(99,397)</u>	<u>(488,823)</u>
	<u>(445,822)</u>	<u>(43,765)</u>	<u>(489,587)</u>
Total	<u>310,345</u>	<u>(387,622)</u>	<u>(77,277)</u>

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 Issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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 is certainty of receipt 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 goods have been provided or on completion of the service.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category.

Charitable Activities

These are costs incurred on the academy trust's educational operations.

Governance Costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

The Academy is able to recover VAT on all education related expenditure.

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES - continued

Allocation and apportionment of costs

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Central staff costs allocated on the basis of time spent and depreciation charges allocated on the portion of the asset's use.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Freehold property	- 2% on cost
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 20% on cost

Assets costing £500 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. 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 such assets is charged 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.

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.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

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].

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement 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 quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Investments

The Academy's investment is in Charity Investment Fund Units. The investment is stated at market value with any unrealised gains or losses being adjusted through the reserves. The investment dates back to the pre-conversion Free School and is held in an Endowment fund.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

2. GENERAL ANNUAL GRANT

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2015 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2015.

3. VOLUNTARY INCOME

	31/8/15	31/8/14
	£	£
Donations	<u>2,701</u>	<u>750</u>

4. FINANCIAL ACTIVITIES OF THE CHARITABLE COMPANY

The financial activities shown in the consolidated financial statements include those of the charitable company's subsidiaries; Sandbach School Property Trust and Sandbach School Developments Limited.

A summary of the financial activities undertaken by the charity is set out below:

	31.08.15	31.08.14
	£	£
Gross incoming resources	6,679,614	6,763,864
Total expenditure on charitable activities	(6,838,197)	(6,845,320)
Governance costs	(14,680)	(17,033)
Investment gain	10,080	13,183
Actuarial loss	<u>(28,000)</u>	<u>(100,000)</u>
Net outgoing resources	(191,183)	(185,306)
Total funds brought forward	<u>5,931,042</u>	<u>6,116,348</u>
Total funds carried forward	<u>5,739,859</u>	<u>5,931,042</u>

5. ACTIVITIES FOR GENERATING FUNDS

	31.08.15	31.08.14
	£	£
Hire of School facilities	139,125	137,675
Rental & hire of premises	8,748	11,018
Sundry income	9,823	21,533
Love Music Trust	6,000	15,417
	<u>163,696</u>	<u>185,643</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

5. ACTIVITIES FOR GENERATING FUNDS - CONTINUED

The wholly owned trading subsidiary; Sandbach School Developments Limited, which is incorporated in England and Wales, has gift aided 100% of its profits to the charity. Sandbach School Developments Limited operates the hire of sporting facilities on behalf of Sandbach School. A summary of the trading results is set out below:

	31.08.15 £	31.08.14 £
Turnover	139,125	137,675
Cost of sales	(43,545)	(30,652)
Administrative expenses	(3,928)	(48,169)
Interest receivable and similar income	41	55
	<u>91,693</u>	<u>58,872</u>
Net profit	91,693	58,872
Amount gift aided to the charity	(91,693)	(58,882)
Retained in subsidiary	<u>-</u>	<u>-</u>

The assets and liabilities of the subsidiary were:

	31.08.15 £	31.08.14 £
Current assets	97,976	96,403
Total liabilities	(97,975)	(96,402)
Net assets	<u>1</u>	<u>1</u>
Capital and reserves	<u>1</u>	<u>1</u>

6. INVESTMENT INCOME

	31.08.15 £	31.08.14 £
Dividends received	6,059	6,117
Deposit account interest	193	57
	<u>6,252</u>	<u>6,174</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

7. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Endowment funds £	31/8/15 Total funds £	31/8/14 Total funds £
Adult education course fees	61,187	-	-	61,187	67,414
Music fees	-	-	-	-	22,908
Grants	-	6,493,252	-	6,493,252	6,531,879
	<u>61,187</u>	<u>6,493,252</u>	<u>-</u>	<u>6,554,439</u>	<u>6,622,201</u>

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	Endowment funds £	31/8/15 Total funds £	31/8/14 Total funds £
DfE/EFA revenue grant					
General Annual Grant(GAG)	-	6,030,566	-	6,030,566	6,087,135
Other DfE/EFA grants	-	188,307	-	188,307	163,170
	-	6,218,873	-	6,218,873	6,250,305
DfE/EFA capital grant					
Capital Grant	-	134,676	-	134,676	149,860
Other government grant					
Adult Education Grant	-	15,544	-	15,544	23,843
Cheshire East Council Grant	-	124,159	-	124,159	107,871
	-	139,703	-	139,703	131,714
	-	6,493,252	-	6,493,252	6,531,879

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

8. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	31.08.15	31.08.14
	£	£
Wages	43,235	30,625
Repairs and renewals	492	15,350
Hire of plants and machinery	2,136	3,642
Other	310	-
	<u>46,173</u>	<u>49,617</u>

9. RESOURCES EXPENDED

				31/8/15	31/8/14
	Staff costs	Non-pay expenditure		Total	Total
	£	Premises	Other costs	£	£
		£	£		
Charitable activities					
Academy's educational					
operations					
Direct costs	4,706,058	413,458	519,708	5,639,224	5,696,404
Allocated support costs	<u>607,155</u>	<u>367,338</u>	<u>224,481</u>	<u>1,198,974</u>	<u>1,114,916</u>
	<u>5,313,213</u>	<u>780,796</u>	<u>744,189</u>	<u>6,838,198</u>	<u>6,845,320</u>

Net resources are stated after charging

	31/8/15	31/8/14
	£	£
Auditors' remuneration	11,299	11,549
Auditors' remuneration for non-audit work	4,681	6,771
Depreciation - owned assets	218,340	232,008
Other operating leases	<u>12,854</u>	<u>11,694</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

10. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Endowment funds £	31/8/15 Total funds £	31/8/14 Total funds £
Direct costs					
Teaching and educational support staff	34,808	4,671,250	-	4,706,058	4,721,049
Depreciation	-	83,327	119,729	203,056	212,707
Technology costs	-	164,412	-	164,412	141,077
Educational supplies	-	118,726	-	118,726	137,680
Examination fees	-	105,262	-	105,262	106,939
Staff development	-	17,478	-	17,478	18,540
Goods and services	-	129,562	-	129,562	141,760
Light and heat	-	161,866	-	161,866	160,805
Water	-	48,536	-	48,536	49,084
Other direct costs	-	(15,732)	-	(15,732)	6,763
	34,808	5,484,687	119,729	5,639,224	5,696,404
Allocated support costs					
Support staff costs	-	607,155	-	607,155	584,465
Depreciation	-	7,396	7,889	15,285	19,300
Technology costs	-	18,268	-	18,268	15,756
Recruitment and support	-	9,564	-	9,564	5,185
Maintenance of premises and equipment	-	180,192	-	180,192	191,472
Cleaning	-	141,189	-	141,189	147,041
Energy costs	-	30,672	-	30,672	30,400
Insurance	-	56,583	-	56,583	48,932
Security and transport	-	3,389	-	3,389	3,572
Other	-	93,003	-	93,003	75,567
Interest payable and similar charges	-	40,224	-	40,224	20,937
Other	-	3,450	-	3,450	6,289
	-	1,191,085	7,889	1,198,974	1,114,916
	<u>34,808</u>	<u>6,675,772</u>	<u>127,618</u>	<u>6,838,198</u>	<u>6,845,320</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

11. GOVERNANCE COSTS

	31/8/15	31/8/14
	£	£
Auditors' remuneration	11,299	11,549
Auditors' remuneration for non-audit work	<u>4,681</u>	<u>6,771</u>
	<u>15,980</u>	<u>18,320</u>

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2015 nor for the year ended 31 August 2014.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2015 nor for the year ended 31 August 2014.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

13. STAFF COSTS

	31/8/15 £	31/8/14 £
Wages and salaries	4,661,657	4,691,605
Other pension costs	<u>658,538</u>	<u>609,290</u>
	5,320,195	5,300,895
Supply teacher costs	<u>36,253</u>	<u>35,273</u>
	<u>5,356,448</u>	<u>5,336,168</u>

The average number of persons (including senior management team) employed by the charitable company during the year expressed as full time equivalents was as follows:

	31/8/14	31/8/13
Teaching & peripatetic	87	90
Administration	10	9
Support	<u>38</u>	<u>39</u>
	<u>135</u>	<u>138</u>

The number of employees whose emoluments fell within the following bands was:

	31/8/15	31/8/14
£60,001 - £70,000	2	1
£90,001 - £100,000	<u>1</u>	<u>1</u>
	<u>3</u>	<u>2</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £30,241 (2014: £20,845).

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £622 (2014: £594).

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

15. TANGIBLE FIXED ASSETS

GROUP & CHARITABLE COMPANY	Freehold property £	Assets under construction £	Plant and machinery £
COST			
At 1 September 2014	7,674,873	59,648	123,150
Additions	15,953	53,641	-
Reclassification	59,648	(59,648)	-
At 31 August 2015	<u>7,750,474</u>	<u>53,641</u>	<u>123,150</u>
DEPRECIATION			
At 1 September 2014	855,047	-	90,434
Charge for year	127,618	-	21,251
At 31 August 2015	<u>982,665</u>	<u>-</u>	<u>111,685</u>
NET BOOK VALUE			
At 31 August 2015	<u>6,767,809</u>	<u>53,641</u>	<u>11,465</u>
At 31 August 2014	<u>6,819,826</u>	<u>59,648</u>	<u>32,716</u>
	Fixtures and fittings £	Motor vehicles £	Computer equipment £
COST			
At 1 September 2014	317,230	6,768	444,004
Additions	28,333	-	13,308
At 31 August 2015	<u>345,563</u>	<u>6,768</u>	<u>457,312</u>
DEPRECIATION			
At 1 September 2014	150,257	6,768	353,494
Charge for year	6,552	-	62,919
At 31 August 2015	<u>156,809</u>	<u>6,768</u>	<u>416,413</u>
NET BOOK VALUE			
At 31 August 2015	<u>188,754</u>	<u>-</u>	<u>40,899</u>
At 31 August 2014	<u>166,973</u>	<u>-</u>	<u>90,510</u>

The assets under construction represents the cost incurred to 31 August 2015 of the new boilers and security fencing which are being funded by capital grants from the EFA.

The land and buildings additions are in relation to improvements to the Theatre Hall.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

15. TANGIBLE FIXED ASSETS - continued

The governors are required to disclose the market value of the freehold property. In the opinion of the governors the market value of the freehold property is considerably in excess of the net book value of £6,767,809 shown in the accounts. The governors have made the decision not to obtain a professional valuation on the basis that the cost of such a valuation would be considerable and that it would be more appropriate to use the funds for direct charitable activities.

16. FIXED ASSET INVESTMENTS

	GROUP	CHARITY	CHARITY	CHARITY
	Listed	Shares in	Listed	Total
	Investments	group	Investments	
	£	undertakings	£	£
MARKET VALUE				
At 1 September 2014	151,917	1	151,917	151,918
Revaluations	10,079	-	10,079	10,079
At 31 August 2015	<u>161,996</u>	<u>1</u>	<u>161,996</u>	<u>161,997</u>

There were no investments outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

The charitable company has an investment in Sandbach School Developments Limited, a company incorporated in England and Wales. Details of this investment are as follows:

	Ownership	Nature of business	Year end
Sandbach School Developments Ltd	100%	Hire of sports facilities	31/08

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

17. STOCKS

	GROUP	GROUP	CHARITY	CHARITY
	31.08.15	31.08.14	31.08.15	31.08.14
	£	£	£	£
Stocks	<u>15,812</u>	<u>12,687</u>	<u>15,812</u>	<u>12,687</u>

18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP	GROUP	CHARITY	CHARITY
	31.08.15	31.08.14	31.08.15	31.08.14
	£	£	£	£
Trade debtors	19,071	18,722	-	-
Amounts owed by group undertakings	-	-	96,874	96,402
Other debtors	12,871	41,527	12,872	41,526
VAT	24,207	57,779	24,207	57,779
Prepayments & accrued income	<u>77,220</u>	<u>91,443</u>	<u>77,220</u>	<u>91,443</u>
	<u>133,369</u>	<u>209,471</u>	<u>210,973</u>	<u>287,150</u>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP	GROUP	CHARITY	CHARITY
	31.08.15	31.08.14	31.08.15	31.08.14
	£	£	£	£
Bank loans and overdrafts (see note 21)	-	17,124	-	17,124
Other loans (see note 21)	764	39,272	764	39,272
Trade creditors	97,026	291,846	97,026	291,846
Social security and other taxes	93,192	92,918	93,192	92,918
Accruals and deferred income	333,467	581,304	332,167	581,302
Advances	<u>117,924</u>	<u>92,983</u>	<u>117,924</u>	<u>92,983</u>
	<u>642,373</u>	<u>1,115,447</u>	<u>641,073</u>	<u>1,115,447</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Deferred income

	2015 £
Deferred income at 1 September 2014	494,043
Resources deferred in the year	133,763
Amounts released from previous years	<u>(464,043)</u>
Deferred income at 31 August 2015	<u><u>133,763</u></u>

At the balance sheet date the deferred Income included £26,714 of 2015/16 devolved formula capital funding (2014: £24,503), £35,174 relating to 2015/16 pupil premium (2014: £29,369), and £71,875 relating to GAG overfunding (2014: £Nil).

£427,910 which was deferred in 2014 relating to EFA loan finance has been reclassified as loans following confirmation from the EFA that the finance would remain with the school.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

GROUP & CHARITABLE COMPANY

	31/8/15 £	31/8/14 £
Bank loans (see note 21)		305,328
Other loans (see note 21)	<u>488,823</u>	<u>84,098</u>
	<u><u>488,823</u></u>	<u><u>389,426</u></u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

21. LOANS

GROUP & CHARITABLE COMPANY

An analysis of the maturity of loans is given below:

	31/8/15 £	31/8/14 £
Amounts falling due within one year on demand:		
Bank overdraft	-	-
Bank loans	-	17,124
Other loans	<u>764</u>	<u>39,272</u>
	<u>764</u>	<u>56,396</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	-	17,778
Other loans - 1-2 years	<u>1,527</u>	<u>41,095</u>
	<u>1,527</u>	<u>58,873</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	-	184,064
Other loans - 2-5 years	<u>39,365</u>	<u>43,003</u>
	<u>39,365</u>	<u>227,067</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5yrs by instalments	-	103,486
Other loans more 5yrs instalments	<u>447,931</u>	<u>-</u>
	<u>447,931</u>	<u>103,486</u>

During the year the school received loans from the EFA amounting to £489,587. A loan of £477,371 was received for the purpose of refinancing. This loan has a 3 year repayment holiday and will be repaid at £81,000 p.a commencing in the academic year beginning September 2016. The rate of interest is 2.66% over the 10 year term. A loan of £12,216 was received to part finance the purchase of a new boiler. This loan is interest free and is repayable at the rate of £1,527 p.a for a period of 8 years beginning March 2016.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

22. OBLIGATIONS UNDER LEASING AGREEMENTS

GROUP & CHARITABLE COMPANY

The following operating lease payments are committed to be paid within one year:

	Other operating leases	
	31/8/145	31/8/14
	£	£
Expiring:		
Within one year	51,000	-
Between one and five years	<u>47,952</u>	<u>83,616</u>
	<u>98,952</u>	<u>83,616</u>

23. MOVEMENT IN FUNDS

GROUP & CHARITABLE COMPANY

	At 1/9/14	Net movement in funds	Transfers between funds	At 31/8/15
	£	£	£	£
Unrestricted funds				
General fund	-	150,850	(150,850)	-
Headteachers Account	<u>1,040</u>	<u>705</u>	<u>-</u>	<u>1,745</u>
	1,040	151,555	(150,850)	1,745
Restricted funds				
Other DfE/EFA Grants	-	-	-	-
General Annual Grant (GAG)	(93,441)	(218,306)	224,699	(87,048)
Pension Reserve	(864,000)	(51,000)	-	(915,000)
DfE/EFA Capital Grants	943,752	43,954	(546,622)	441,084
Capital Expenditure from GAG	68,738	-	17,137	85,875
Other Restricted Fund	<u>5,033</u>	<u>10,232</u>	<u>(10,080)</u>	<u>5,185</u>
	60,082	(215,120)	(314,866)	(469,904)
Endowment funds				
School Funds	<u>5,869,920</u>	<u>(127,618)</u>	<u>465,716</u>	<u>6,208,018</u>
TOTAL FUNDS	<u>5,931,042</u>	<u>(191,183)</u>	<u>-</u>	<u>5,739,859</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

23. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	232,836	(81,986)	-	150,850
Headteachers Account	1,000	(295)	-	705
	233,836	(82,281)	-	151,555
Restricted funds				
Other DfE/EFA Grants	188,307	(188,307)	-	-
General Annual Grant (GAG)	6,030,566	(6,248,872)	-	(218,306)
DfE/EFA Capital Grants	134,676	(90,722)	-	43,954
Other Restricted Fund	139,703	(139,551)	10,080	10,232
Pension Reserve	-	(23,000)	(28,000)	(51,000)
	6,493,252	(6,690,452)	(17,920)	(215,120)
Endowment funds				
School Funds	-	(127,618)	-	(127,618)
TOTAL FUNDS	<u>6,727,088</u>	<u>(6,852,877)</u>	<u>(17,920)</u>	<u>(191,183)</u>

General Annual Grant funding deficit

Before conversion to an academy, the school operated as a free school. In 2009 the school undertook major capital projects for the construction of the performing arts block, refurbishment of 2 science labs and the construction of maths classrooms. The total capital spend on these project in 2009 was £1,067,000. The capital projects were funded by commercial bank loans of £725,000, specialism funding of £150,000 and £192,000 from reserves. In the period from 2009 to the date of conversion the school financed the loans from school revenue funds to the sum of £167,000. The total pre-conversion capital spending from revenue funding was therefore (£192,000 + £167,000) £359,000.

At the date of conversion the school had a deficit on revenue funds of £354,000 which is wholly explained by the capital funding detailed above.

Since the conversion date the school has achieved surpluses on revenue funds each year which have reduced the deficit on conversion from £354,000 at 1 September 2011 to £87,048 at 31 August 2015, (£93,441 at 31 August 2014).

Transfers between funds

During the year the following transfers between funds have taken place.

£150,850 has been transferred from the General fund to the GAG and other DfE/EFA funds on the basis that all general funds would have been utilised before these funds in order to reduce the GAG fund deficit.

A further £80,906 was transferred from EFA capital funding to the GAG fund to cover the non capital element of refurbishment and maintenance costs funded from capital grants.

£465,716 has been transferred from the School Fund to the DfE/EFA capital fund to reflect the restructuring of the loans following the EFA agreement to refinance the Academy's pre conversion bank loans.

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2015

23. MOVEMENT IN FUNDS - continued

Nature of material funds

General fund

Represents amounts derived from the trading activity of the school, from fees receivable from adult education, investment income and donations.

General Annual Grant

This represents the balance remaining from core funding provided by the EFA for the schools core educational activities.

Pension Reserve

This is the Local Government Pension Scheme deficit attributable to the school and is derived from the report of the actuary produced as at 31st August 2015.

DfE/EFA Capital Grant

This represents the value of fixed assets purchased from specific capital grants. The assets underlying the fund are the school's furniture, fixtures & fittings and computer equipment.

Capital Expenditure from GAG

This fund represents those fixed assets purchased from the general annual educational grant (GAG) as opposed to specific capital grant funding.

Endowment funds

The endowment fund represents the pre-conversion value of the freehold property of the school and an investment in the Charities Investment Fund.

The property has historically been held on endowment in a separate registered charity as detailed below:-

Sandbach School Property Trust (Registered Charity No. 1124293-1)

This subsidiary charity holds, on permanent endowment, the land and buildings known as Sandbach School, Cheshire and certain investments. The property and investments are held for the sole use of the Charitable Company, Sandbach School in furtherance of its objects as set out in the report of the trustees.

24. PENSION AND SIMILAR OBLIGATIONS

GROUP & CHARITABLE COMPANY

Local government pension scheme

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 [name]. Both are multi-employer 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 2015.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION AND SIMILAR OBLIGATIONS - continued

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the 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.

Academy trusts should disclose the total pension contributions payable to the Teachers' Pension Scheme during the period.

The pension costs paid to TPS in the period amounted to £427,415 (2014: £410,754).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION 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 2015 was £232,333, of which employer's contributions totalled £169,913 and employees' contributions totalled £62,420. The agreed contribution rates for future years are 21.8% for employers and from 5.5% to 12.5% for employees.

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

Financial assumptions

Principal actuarial assumptions at the balance sheet date:

	31/8/15 % p.a	31/8/14 % p.a
Inflation/pension increase rate	2.6%	2.6%
Salary increase rate	3.5%	3.4%
Expected return on assets	3.7%	5.6%
Discount rate	3.7%	3.7%

Breakdown of expected return by category of assets

	31/8/15 % p.a	31/8/14 % p.a
Equities	3.7%	6.3%
Bonds	3.7%	2.9%
Property	3.7%	4.5%
Cash	3.7%	3.3%

Mortality

Life expectancy is based on the SAPS year of birth tables, with improvements in line with the Medium Cohort and a 1% p.a underpin from 2007. Mortality loadings were applied to the SAPS tables based on membership class. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.3 years	24.4 years
Future pensioners	24.1 years	26.7 years

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION AND SIMILAR OBLIGATIONS - continued

Historic mortality

Life expectancies for the prior period end are based on the SAPS tables. The allowance for future life expectancies are shown below.

Period ended	Prospective Pensioners	Pensioners
	year of birth, medium cohort and 1% p.a minimum improvements from 2007	year of birth, medium cohort and 1% p.a minimum improvements from 2007
31st August 2014		

Mortality loadings are applied to the SAPS tables based on membership class.

Please note that the mortality assumptions are identical to those used in the previous accounting period.

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Analysis of projected amount to be charged to the SOFA for the year to 31st August 2016

	31/8/16 £'000	31/8/16 % of pay
Projected current service cost	245	26.8%
Interest obligation	158	17.3%
Expected return on plan assets	<u>(124)</u>	<u>(13.6)</u>
Total	<u>279</u>	<u>30.5%</u>

The employers contribution for the year to 31st August 2016 is expected to be approximately £207,000.

Fair value of employer assets

	31/8/15 £'000	31/3/14 £'000
Equities	2,267	2,113
Bonds	583	405
Property	291	203
Cash	<u>97</u>	<u>174</u>
Total	<u>3,283</u>	<u>2,895</u>

The above asset values at 31st August 2015 are at a bid value as required under FRS 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015

The amounts recognised in the balance sheet are as follows:

The amounts recognised in the statement of financial activities are as follows:

Actual return on plan assets	159	287
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The service cost figures include an allowance for administration expenses of 0.4%.

	31/8/15 £'000	31/8/14 £'000
Opening defined benefit obligation	3,759	2,871
Current service cost	238	195
Interest cost	143	136
Contributions by members	55	48
Actuarial (gains)/ losses	21	564
Past service gains	-	-
Losses/gains on curtailments	1	-
Estimated benefits paid	(64)	(55)
Closing defined benefit obligation	4,153	3,759

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION AND SIMILAR OBLIGATIONS - continued

Reconciliation of fair value of employer assets:

	31/8/15 £'000	31/8/14 £'000
Opening fair value of employer assets	2,895	2,150
Expected return on assets	166	131
Contributions by members	55	48
Contributions by the employer	193	157
Actuarial (losses)/gains	(7)	464
Benefits paid	(64)	(55)
	<u>3,238</u>	<u>2,895</u>
Closing fair value of employer assets	<u>100%</u>	<u>100%</u>

Amounts for the current and previous accounting periods

		31/8/15 £'000	31/8/14 £'000
Fair Value of Employer Assets		3,238	2,895
Present Value of Defined Benefit Obligation		(4,153)	(3,759)
Deficit		(915)	(864)
Experience Gains/(Losses) on Assets		(7)	464
Experience Gains/(Losses) on Liabilities		17	(536)
	31/3/13 £'000	31/3/12 £'000	31/3/11 £'000
Fair Value of Employer Assets	2,150	1,736	1,490
Present Value of Defined Benefit Obligation	(2,871)	(2,520)	(1,870)
Deficit	(721)	(784)	(380)
Experience Gains/(Losses) on Assets	170	(90)	(87)
Experience Gains/(Losses) on Liabilities	-	(22)	275

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION AND SIMILAR OBLIGATIONS - continued

Amounts recognised in Statement of Total Recognised Gains & Losses

	31/8/15 £'000	31/8/14 £'000
Actuarial Gains/(Losses)	(28)	100
Increase in Irrecoverable Surplus from Membership fall & other factors	-	-
Actuarial Gains/(Losses) recognised in STRGL	<u>(28)</u>	<u>100</u>
Cumulative Actuarial Gains and Losses	<u>(933)</u>	<u>(905)</u>

Increase in Irrecoverable Surplus from Membership fall & other factors

	31/3/13 £'000	31/3/12 £'000	31/3/11 £'000
Actuarial Gains/(Losses)	106	(431)	431
Increase in Irrecoverable Surplus from Membership fall & other factors	-	-	-
Actuarial Gains/(Losses) recognised in STRGL	<u>106</u>	<u>(431)</u>	<u>431</u>
	<u>(805)</u>	<u>(911)</u>	<u>(480)</u>

Unfunded benefits

There were no unfunded benefits at 31 August 2015.

Bulk transfers

No allowance has been made for any bulk transfer in the accounting period.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31/8/15 £'000	31/8/14 £'000
Current service cost	238	195
Interest cost	<u>143</u>	<u>136</u>
	<u>381</u>	<u>331</u>
Actual return on plan assets	<u>-</u>	<u>-</u>

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which 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.

Love Music Trust is a related party of the school as the head teacher is a director.

During the year a management charge of £6,000 (2014: £12,000) was made to Love Music Trust.