

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 2016
FOR
SANDBACH SCHOOL**

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

THURSDAY



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SANDBACH SCHOOL
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FOR THE YEAR ENDED 31 AUGUST 2016

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SANDBACH SCHOOL
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

MEMBERS

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

TRUSTEES

Mr J Cargill
Mr P Sherratt
Mr M Roberts
Cllr Mrs G Merry
Mr C J Tyler (resigned 4/3/16)
Mrs S I Burns
Mr S J Robertson
Mrs S Kennerley (Chair of Governors)
Mr S Smith
Mr S C Dodds
Mr P J Michell (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
Mr C N Sheardown (resigned 23/4/16)
Mr R D England (appointed 4/11/15)
Mrs C L Reel (appointed 4/11/15)

COMPANY SECRETARY

Mr D Osborne (Business Manager)

SENIOR MANAGEMENT TEAM

Mrs S I Burns - Principal
Mr D Osborne – Director of Business & Finance
Mr S Dodds – Deputy Head
Mr J Cosgrove – Deputy Head
Ms S Bielby - Assistant Head
Mr N Darling – Assistant Head
Mr A Barker – Assistant Head
Mr K Sykes – Assistant Head
Mr M Lowe – Assistant Head

REGISTERED OFFICE

Crewe Road
Sandbach
Cheshire
CW11 3NS

REGISTERED COMPANY NUMBER

06486255 (England and Wales)

SANDBACH SCHOOL
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

SENIOR STATUTORY AUDITOR Mr Stephen Grayson FCCA

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 2016

The trustees present their strategic report for the year ended 31 August 2016.

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 2015 there were 1,258 students on roll (1,007 Main School, 251 Sixth Form).

Sandbach School specialises in Sport and the Arts and is committed to using the positive dynamics of both to maximise the personal and academic potential of the pupils. The School is determined to recognise the entitlement of all pupils 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.

ACHIEVEMENT AND PERFORMANCE

Academic Performance for 2015/16

In the Summer of 2016, 72% of students achieved 5A*-C including English and Mathematics. This was a record breaking result for the school.

84% of students gained a C or above in Maths and 78% of students gained a C or above in English.

In addition to Maths and English many other departments have secured outstanding results.

These include Art graphics 88%, Biology 98%, Computing 90%, French 81%, Chemistry 98%, ICT 91%, Music 80%, PE 80%, Product Design 85% and Physics 100%.

At a time when nationally there is much concern about the performance of boys nationally these results most certainly buck the trend.

The sixth form also had many strong individual A level performances, with an overall 99% pass rate and 50% of results graded A*-B. 38% of students are going on to a Russell group University, a tremendous achievement by all concerned.

Financial Performance for 2015/16

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 capital items, depreciation and pension scheme adjustments for the year ended 31 August 2016 was £292,171.

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 31 August 2016 non capital income received from the EFA totalled £6,294,111 and capital funding received was £307,888. The school also received £132,734 funding from the Local Authority.

The school generated £170,088 of income from the provision of services for sport and room hire to the local and surrounding communities. A further £69,929 income was generated from adult education.

SANDBACH SCHOOL
STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The work on the Life Safety project funded by a CIF grant commenced during the year. The income and expenditure recognised during the year amounted to £130,769. Funding of £838,000 remains to be utilised in 2016/17. The school also completed the installation of new perimeter fences and gates which was funded by a capital grant from the EFA.

During the year ended 31 August 2016, total revenue expenditure of £6,709,077 was incurred.

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 was 4%. During the year there has been an increase in the market value of the investment of £3,794.

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 31 August 2016, Sandbach School did not make any longer term investments.

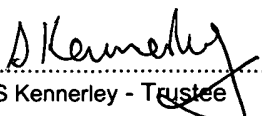
Principal Risks and Uncertainties

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 will continue to ensure during the next academic year that the necessary improvement is made in advance of the next Ofsted inspection.

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 5 December 2016 and signed on its behalf by:


.....
Mrs S Kennerley - Trustee

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

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 2015. 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.

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 2015 there were 1,258 students on roll (1,007 Main School, 251 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.

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 2015/16 have been summarised within the four priorities listed below.

1. Securing outstanding levels of engagement, achievement and progress for all groups of students across the school.
 2. Consistent focus on the improvement of Learning and Teaching to ensure the highest quality experience in the classroom for all students.
 3. All members of the school community model positive behaviours which enables students to develop as outstanding learners and people.
 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.
 5. To embed a positive, responsive, and dynamic culture within the Sixth Form that raises achievement and aspirations.
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SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

OBJECTIVES AND ACTIVITIES

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 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.

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.

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 (formally YPLA) to convert the Free School into an Academy.

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.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

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.

Principal activities

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 students at the Academy. A Parent Governor must be a parent/guardian of a student 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 student at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot.

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 student 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.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

-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.

Recruitment and appointment of new trustees

(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.

Organisational structure

The school has a senior leadership team which comprises the Head Teacher, the school's Director of Finance and Resources, 2 Deputy Headteachers, and 5 Assistant Head Teachers. Lead by the Head Teacher, this group is responsible for the strategic and operational day to day running of the school and delivery of education to the students. The Headteacher attends 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 student 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.

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 4 subcommittees which are Business & Resources, Teaching & Learning, Personnel and Pay. 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 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Arrangements for setting pay and remuneration of key management personnel

The Governing Body annually agree the pay policy. This policy states that teachers pay will be set with reference to the recommendations of School Teachers Review Body. The Headteacher's, Deputies and Assistant heads' pay and remuneration are thus set in accordance with reference to the recommendations of School Teachers Review Body and are also benchmarked against other schools in the local area. The Director of Finance and Resources and other senior support staff pay is set in accordance with the Academy Trust's pay policy and is also benchmarked against other schools in the local area.

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 subsidiary 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)

Sandbach School is the lead partner and fund holder of the Love Music Trust. The Love Music Trust is the lead partner of the Cheshire East Music Hub funded by the Arts Council and by parental fees and subscriptions. The Love Music Trust is committed to providing access to high quality music education and exposure to outstanding musical experiences to all students in Cheshire East. In September 2012, The Love Music Trust took over Cheshire East Councils existing music provision, staff and resources and with partners works collaboratively to provide music tuition across the county. The infrastructure and management of The Love Music Trust is located within Sandbach School with a Service Level Agreement in place for any work undertaken by the School on behalf of The Love Music Trust.

In connection with the above organisations - in so far 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.

PRINCIPAL RISKS AND UNCERTAINTIES

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.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

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 5 December 2016 and signed on its behalf by:


.....
Mrs S Kennerley - Trustee

SANDBACH SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

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 4 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 (where less than four – due to a member leaving or joining during the year
Mr M Roberts	4	4
Mr P Sherratt	4	4
Mr D Surry	3	4
Mr S C Davies	3	4
Mrs C L Reel	3	4
Mr R D England	3	4
Cllr Mr G Merry	4	4
Mrs S Kennerley	4	4
Mr S Smith	3	4
Mrs P G Kelly	4	4
Mr A P Mitchell	2	4
Mr S C Dodds	4	4
Mr S J Robertson	3	4
Mrs S I Burns	4	4
Mr J Cargill	3	4
Miss E M Hankey	3	4
Mrs C E Longden	4	4
Mr C J Tyler	1	2
Mr C N Sheardown	2	4

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

The Business & Resources 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 M Roberts	3	4
Mr S C Davies	4	4
Mr R D England	3	4
Cllr Mr G Merry	4	4
Mr S Smith	3	4
Mrs P G Kelly	3	4
Mr A P Mitchell	1	1
Mrs S I Burns	3	4
Mr J Cargill	3	4
Mr C J Tyler	2	3

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 on-going process designed to identify and prioritise the risks to the achievement of charitable company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sandbach School for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

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.

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Capacity to Handle Risk

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

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:

- 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.
-

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

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 SI 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.

Approved by order of the members of the board of trustees on 5 December 2016 and signed on its behalf by:


.....
Mrs S Kennerley - Trustee


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

SANDBACH SCHOOL

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016**

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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



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

Date: 5 December 2016

SANDBACH SCHOOL

STATEMENT OF TRUSTEES RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016

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 Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- 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.

Approved by order of the board of trustees on 5 December 2016 and signed on its behalf by:


.....
Mrs S Kennerley – 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 2016 on pages twenty one to fifty. 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 2015 to 2016 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 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: 5 December 2016

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 2015 to 2016, 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 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Howard Worth
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Date: 5 December 2016

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 2016

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	31.08.16 Total funds £	31.08.15 Total funds £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	3	-	-	-	-	2,701
Other trading activities	5	198,527	-	-	198,527	163,696
Investment income	6	6,704	-	-	6,704	6,252
Incoming resources from charitable activities						
Academy's educational operations	7	-	6,488,128	307,888	6,796,016	6,554,439
Total incoming resources		<u>205,231</u>	<u>6,488,128</u>	<u>307,888</u>	<u>7,001,247</u>	<u>6,727,088</u>
RESOURCES EXPENDED						
Charitable activities						
Academy's educational operations	9	205,744	6,572,333	209,247	6,987,324	6,844,351
Net (gains)/losses on investments		-	-	-	-	(10,080)
Total resources expended		<u>205,744</u>	<u>6,572,333</u>	<u>209,247</u>	<u>6,987,324</u>	<u>6,834,271</u>
Net incoming / (outgoing) resources before transfers		(513)	(84,205)	98,641	13,923	(107,183)
Gross transfers between funds		-	116,191	(116,191)	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		(513)	31,986	(17,550)	13,923	(107,183)
Other recognised gains / losses						
Actuarial losses on defined benefit schemes		-	(991,000)	-	(991,000)	(84,000)
Net movement in funds		(513)	(959,014)	(17,550)	(977,077)	(191,183)
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>1,745</u>	<u>(996,863)</u>	<u>6,734,977</u>	<u>5,739,859</u>	<u>5,931,042</u>
TOTAL FUNDS CARRIED FORWARD		<u>1,232</u>	<u>(1,955,877)</u>	<u>6,717,427</u>	<u>4,762,782</u>	<u>5,739,859</u>

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 2016


					31/8/16	31/8/15
	Notes	Unrestricted funds £	Restricted funds £	Restricted Fixed Assets Fund £	Total funds £	Total funds £
FIXED ASSETS						
Tangible assets	12	-	-	7,140,966	7,140,966	7,062,568
Investments	13	-	-	161,996	161,996	161,996
		-	-	7,302,962	7,302,962	7,224,564
CURRENT ASSETS						
Stocks	14	-	8,352	-	8,352	15,812
Debtors	15	24,776	167,344	-	192,120	133,369
Cash at bank and in hand		111,710	236,047	396,895	744,652	412,310
		136,486	411,743	396,895	945,124	561,491
CREDITORS						
Amounts falling due within one year	16	(135,254)	(392,620)	(495,134)	(1,023,008)	(642,373)
NET CURRENT ASSETS/(LIABILITIES)		<u>1,232</u>	<u>19,123</u>	<u>(98,239)</u>	<u>(77,884)</u>	<u>(80,882)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,232	19,123	7,204,723	7,225,078	7,143,682
CREDITORS						
Amounts falling due after more than one year	17	-	-	(487,296)	(487,296)	(488,823)
PENSION LIABILITY	21	-	(1,975,000)	-	(1,975,000)	(915,000)
NET ASSETS		<u>1,232</u>	<u>(1,955,877)</u>	<u>6,717,427</u>	<u>4,762,782</u>	<u>5,739,859</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 2016

		31/8/16 Total funds	31/8/15 Total funds
	Note	£	£
FUNDS	21		
Unrestricted funds:			
Headteachers Account		<u>1,232</u>	<u>1,745</u>
		1,232	1,745
Restricted funds:			
Other DfE/EFA Grants		23,500	-
General Annual Grant (GAG)		(7,029)	(87,048)
Pension Reserve		(1,975,000)	(915,000)
DfE/EFA Capital Grants		551,154	441,084
Capital Expenditure from GAG		85,875	85,875
Other Restricted Funds		<u>2,652</u>	<u>5,185</u>
		(1,318,848)	(469,904)
Restricted endowment funds:			
School Funds		<u>6,080,398</u>	<u>6,208,018</u>
TOTAL FUNDS		<u><u>4,762,782</u></u>	<u><u>5,739,859</u></u>

The financial statements were approved by the Board of Trustees on 5 December 2016 and were signed on its behalf by:



 Mrs S Kennerley – Chair of the Trustees

The notes form part of these financial statements

SANDBACH SCHOOL
Registered Company No. 06486255 (England & Wales)
COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2016

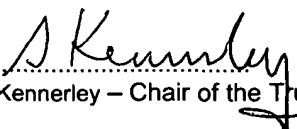
				31/8/16	31/8/15	
	Notes	Unrestricted funds £	Restricted funds £	Restricted Fixed Assets Fund £	Total funds £	Total funds £
FIXED ASSETS						
Tangible assets	12	-	-	7,140,966	7,140,966	7,062,568
Investments	13	-	-	161,997	161,997	161,997
		-	-	7,302,963	7,302,963	7,224,565
CURRENT ASSETS						
Stocks	14	-	8,352	-	8,352	15,812
Debtors	15	123,406	167,344	-	290,750	210,973
Cash at bank and in hand		1,232	236,047	396,895	634,174	333,404
		124,638	411,743	396,895	933,276	560,189
CREDITORS						
Amounts falling due within one year	16	(123,406)	(392,620)	(495,135)	(1,011,161)	(641,072)
NET CURRENT ASSETS/(LIABILITIES)						
		1,232	19,123	(98,240)	(77,885)	(80,883)
TOTAL ASSETS LESS CURRENT LIABILITIES						
		1,232	19,123	7,204,723	7,225,078	7,143,682
CREDITORS						
Amounts falling due after more than one year	17	-	-	(487,296)	(487,296)	(488,823)
PENSION LIABILITY	21	-	(1,975,000)	-	(1,975,000)	(915,000)
NET ASSETS						
		1,232	(1,955,877)	6,717,427	4,762,782	5,739,859

The notes form part of these financial statements

SANDBACH SCHOOL
Registered Company No. 06486255 (England & Wales)
COMPANY BALANCE SHEET - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

		31/8/16 Total funds	31/8/15 Total funds
	Note	£	£
FUNDS	21		
Unrestricted funds:			
Headteachers Account		<u>1,232</u>	<u>1,745</u>
		1,232	1,745
Restricted funds:			
Other DfE/EFA Grants		23,500	-
General Annual Grant (GAG)		(7,029)	(87,048)
Pension Reserve		(1,975,000)	(915,000)
DfE/EFA Capital Grants		551,154	441,084
Capital Expenditure from GAG		85,875	85,875
Other Restricted Funds		<u>2,652</u>	<u>5,185</u>
		(1,318,848)	(469,904)
Restricted endowment funds:			
School Funds		<u>6,080,398</u>	<u>6,208,018</u>
TOTAL FUNDS		<u><u>4,762,782</u></u>	<u><u>5,739,859</u></u>

The financial statements were approved by the Board of Trustees on 5 December 2016 and were signed on its behalf by:



 Mrs S Kennerley – Chair of the Trustees

The notes form part of these financial statements

SANDBACH SCHOOL
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	31/8/16 £	31/8/15 £
Cash flows from operating activities:			
Cash generated from operations	1	313,514	(377,091)
Interest paid		<u>(7,354)</u>	<u>(40,224)</u>
Net cash provided by (used in) operating activities		<u>306,160</u>	<u>(417,315)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(287,646)	(111,235)
Capital grants from DfE/EFA		307,888	134,676
Interest received		666	193
Dividends received		<u>6,038</u>	<u>6,059</u>
Net cash provided by (used in) investing activities		<u>26,946</u>	<u>29,693</u>
Cash flows from financing activities:			
New loans in year		-	489,587
Loan repayments in year		<u>(764)</u>	<u>(445,822)</u>
Net cash provided by (used in) financing activities		<u>(764)</u>	<u>43,765</u>
Change in cash and cash equivalents in the reporting period		<u>332,342</u>	<u>(343,857)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>412,310</u>	<u>756,167</u>
Cash and cash equivalents at the end of the reporting period		<u>744,652</u>	<u>412,310</u>

The notes form part of these financial statements

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31/8/16 £	31/8/15 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	13,923	(107,183)
Adjustments for:		
Depreciation	209,248	218,340
Capital grants from DfE/EFA	(307,888)	(134,676)
Gain on investments	-	(10,080)
Interest received	(666)	(193)
Interest paid	7,354	40,224
Dividends received	(6,038)	(6,059)
Decrease/(increase) in stocks	7,460	(3,125)
(Increase)/decrease in debtors	(58,751)	76,102
Increase/(decrease) in creditors	379,872	(416,441)
Difference between pension charge and cash contributions	<u>69,000</u>	<u>(34,000)</u>
Net cash provided by (used in) operating activities	<u><u>313,514</u></u>	<u><u>(377,091)</u></u>

SANDBACH SCHOOL

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

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

Sandbach School meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

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

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 2015 to 2016 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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES - continued

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the charity which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

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

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 are allocated on the basis of time spent and depreciation charges are allocated on the proportion of asset use.

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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

Included within the value of freehold property is a land value of £1,370,000 which is not depreciated.

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].

Endowment funds comprise the freehold property of the Academy and a COIF investment. These assets were held on endowment pre-conversion when the Academy was a free school.

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

Hire purchase and leasing commitments

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

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 29, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

SANDBACH SCHOOL

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

2. GENERAL ANNUAL GRANT

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2016 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 2016.

3. VOLUNTARY INCOME

	31/8/16	31/8/15
	£	£
Donations	<u>-</u>	<u>2,701</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:

	31.08.16	31.08.15
	£	£
Gross incoming resources	6,944,570	6,679,614
Total expenditure on charitable activities	(6,930,647)	(6,796,877)
Investment gain	-	10,080
Actuarial loss	<u>(991,000)</u>	<u>(84,000)</u>
Net outgoing resources	(977,077)	(191,183)
Total funds brought forward	<u>5,739,859</u>	<u>5,931,042</u>
Total funds carried forward	<u>4,762,782</u>	<u>5,739,859</u>

5. OTHER TRADING ACTIVITIES

	31.08.16	31.08.15
	£	£
Hire of School facilities	173,822	139,125
Rental & hire of premises	6,402	8,748
Sundry income	5,715	9,823
Service charges receivable	12,588	6,000
	<u>198,527</u>	<u>163,696</u>

SANDBACH SCHOOL**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016****5. OTHER TRADING ACTIVITIES - 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:

	31.08.16	31.08.15
	£	£
Turnover	173,822	139,125
Cost of sales	(53,476)	(43,545)
Administrative expenses	(3,201)	(3,928)
Interest receivable and similar income	66	41
	<u>117,211</u>	<u>91,693</u>
Net profit	117,211	91,693
Amount gift aided to the charity	<u>(117,211)</u>	<u>(91,693)</u>
Retained in subsidiary	<u>-</u>	<u>-</u>
The assets and liabilities of the subsidiary were:		
	31.08.16	31.08.15
	£	£
Current assets	135,254	97,976
Total liabilities	<u>(135,253)</u>	<u>(97,975)</u>
Net assets	<u>1</u>	<u>1</u>
Capital and reserves	<u>1</u>	<u>1</u>

6. INVESTMENT INCOME

	31.08.16	31.08.15
	£	£
Dividends received	6,038	6,059
Deposit account interest	<u>666</u>	<u>193</u>
	<u>6,704</u>	<u>6,252</u>

SANDBACH SCHOOL

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

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

	Unrestricted funds £	Restricted funds £	Endowment funds £	31/8/16 Total funds £	31/8/15 Total funds £
Adult education course fees	-	49,222	-	49,222	61,187
Grants	-	6,438,906	307,888	6,746,794	6,493,252
	-	6,488,128	307,888	6,796,016	6,554,439

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	Endowment funds £	31/8/16 Total funds £	31/8/15 Total funds £
DfE/EFA revenue grant					
General Annual Grant(GAG)	-	6,035,822	-	6,035,822	6,030,566
Other DfE/EFA grants	-	258,289	-	258,289	188,307
	-	6,294,111	-	6,294,111	6,218,873
DfE/EFA capital grant					
Capital Grant	-	-	307,888	307,888	134,676
Other government grant					
Adult Education Grant	-	10,571	-	10,571	15,544
Cheshire East Council Grant	-	132,724	-	132,724	124,159
Other grants	-	1,500	-	1,500	-
	-	144,795	-	144,795	139,703
	-	6,438,906	307,888	6,746,794	6,493,252

SANDBACH SCHOOL

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

8. RESOURCES EXPENDED

				31/8/16	31/8/15
	Staff costs £	Non-pay expenditure Premises £	Other costs £	Total £	Total £
Charitable activities					
Academy's educational operations					
Direct costs	4,817,935	348,099	690,740	5,856,774	5,639,224
Allocated support costs	<u>614,246</u>	<u>355,741</u>	<u>160,563</u>	<u>1,130,550</u>	<u>1,198,974</u>
	<u>5,432,181</u>	<u>703,840</u>	<u>851,303</u>	<u>6,987,324</u>	<u>6,838,198</u>

Net resources are stated after charging

	31/8/16 £	31/8/15 £
Auditors' remuneration	9,630	11,299
Auditors' remuneration for non-audit work	2,678	4,681
Depreciation - owned assets	209,248	218,340
Other operating leases	<u>6,158</u>	<u>12,854</u>

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

	Unrestricted funds £	Restricted funds £	Endowment funds £	31/8/16 Total funds £	31/8/15 Total funds £
Direct costs	205,744	5,445,895	205,135	5,856,774	48,536
Support costs	-	1,126,438	4,112	1,130,550	93,003
	<u>205,744</u>	<u>6,572,333</u>	<u>209,247</u>	<u>6,987,324</u>	<u>6,838,198</u>

	31/8/16 Total £	31/8/15 Total £
Analysis of support costs		
Support staff costs	614,246	607,155
Depreciation	4,112	6,351
Technology costs	20,676	18,268
Premises costs	355,741	417,570
Other support costs	123,467	139,803
Governance costs	<u>12,308</u>	<u>15,980</u>
Total support costs	<u>1,130,550</u>	<u>1,205,127</u>

SANDBACH SCHOOL

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

10. TRUSTEES' REMUNERATION AND BENEFITS

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

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

Mrs S I Burns (headteacher and trustee):

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

Employer's pension contributions paid £15,000 - £20,000 (2015: £10,000 - £15,000)

Mr S Dodds (deputy head and trustee):

Remuneration £60,000 - £65,000 (2015: £60,000 - £65,000)

Employer's pension contributions paid £10,000 - £15,000 (2015: £5,000 - £10,000)

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2016 nor for the year ended 31 August 2015.

SANDBACH SCHOOL**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016****11. STAFF COSTS**

	31/8/16 £	31/8/15 £
Wages and salaries	4,335,787	4,344,220
Social security costs	352,711	317,437
Other pension costs	<u>732,104</u>	<u>658,538</u>
	5,420,602	5,320,195
Supply teacher costs	<u>11,579</u>	<u>36,253</u>
	<u>5,432,181</u>	<u>5,356,448</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:

	31/8/16	31/8/15
Teaching & peripatetic	93	87
Administration	10	10
Support	<u>35</u>	<u>38</u>
	<u>138</u>	<u>135</u>

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

	31/8/16	31/8/15
£60,001 - £70,000	3	2
£90,001 - £100,000	<u>1</u>	<u>1</u>
	<u>4</u>	<u>3</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £339,000 (2015: £323,000).

12. TRUSTEES' AND OFFICERS' INSURANCE

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

SANDBACH SCHOOL

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

13. TANGIBLE FIXED ASSETS

GROUP & CHARITABLE COMPANY	Freehold property £	Assets under construction £	Plant and machinery £
COST			
At 1 September 2015	7,750,474	53,641	123,150
Additions	-	189,942	32,304
Reclassification	-	(243,583)	243,583
At 31 August 2016	<u>7,750,474</u>	<u>-</u>	<u>399,037</u>
DEPRECIATION			
At 1 September 2015	982,665	-	111,685
Charge for year	<u>127,620</u>	<u>-</u>	<u>44,824</u>
At 31 August 2016	<u>1,110,285</u>	<u>-</u>	<u>156,509</u>
NET BOOK VALUE			
At 31 August 2016	<u>6,640,189</u>	<u>-</u>	<u>242,528</u>
At 31 August 2015	<u>6,767,809</u>	<u>53,641</u>	<u>11,465</u>
	Fixtures and fittings £	Motor vehicles £	Computer equipment £
COST			Totals £
At 1 September 2015	345,563	6,768	457,312
Additions	60,715	-	4,685
Reclassification	-	-	-
At 31 August 2016	<u>406,278</u>	<u>6,768</u>	<u>461,997</u>
DEPRECIATION			
At 1 September 2015	156,809	6,768	416,413
Charge for year	<u>8,578</u>	<u>-</u>	<u>28,226</u>
At 31 August 2016	<u>165,387</u>	<u>6,768</u>	<u>444,639</u>
NET BOOK VALUE			
At 31 August 2016	<u>240,891</u>	<u>-</u>	<u>17,358</u>
At 31 August 2015	<u>188,754</u>	<u>-</u>	<u>40,899</u>

Included in cost or valuation of land and buildings is freehold land of £1,370,000.

SANDBACH SCHOOL

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

14. FIXED ASSET INVESTMENTS

	GROUP	CHARITY	CHARITY	CHARITY
	Listed	Shares in	Listed	Total
	Investments	group	Investments	
	£	undertakings	£	£
MARKET VALUE				
At 1 September 2014	161,996	1	161,996	161,997
Revaluations	-	-	-	-
At 31 August 2016	<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 2016**

15. STOCKS

	GROUP	GROUP	CHARITY	CHARITY
	31.08.16	31.08.15	31.08.16	31.08.15
	£	£	£	£
Stocks	<u>8,352</u>	<u>15,812</u>	<u>8,352</u>	<u>15,812</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP	GROUP	CHARITY	CHARITY
	31.08.16	31.08.15	31.08.16	31.08.15
	£	£	£	£
Trade debtors	24,776	19,071	-	-
Amounts owed by group undertakings	-	-	123,406	96,674
Other debtors	19,887	12,871	19,887	12,872
VAT	31,063	24,207	31,063	24,207
Prepayments & accrued income	<u>116,394</u>	<u>77,220</u>	<u>116,394</u>	<u>77,220</u>
	<u>192,120</u>	<u>133,369</u>	<u>290,750</u>	<u>210,973</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP	GROUP	CHARITY	CHARITY
	31.08.16	31.08.15	31.08.16	31.08.15
	£	£	£	£
Other loans (see note 19)	1,527	764	1,527	764
Trade creditors	204,681	97,026	204,681	97,026
Social security and other taxes	107,424	93,192	107,424	93,192
Accruals and deferred income	561,948	333,467	550,101	332,167
Advances	<u>147,428</u>	<u>117,924</u>	<u>147,428</u>	<u>117,924</u>
	<u>1,023,008</u>	<u>642,373</u>	<u>1,011,161</u>	<u>641,073</u>

SANDBACH SCHOOL

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

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

Deferred income

	2016
	£
Deferred income at 1 September 2015	244,497
Resources deferred in the year	523,922
Amounts released from previous years	<u>(244,497)</u>
Deferred income at 31 August 2016	<u><u>523,922</u></u>

The principal elements of deferred income brought forward were £110,734 in respect of capital funding and £71,875 in respect of EFA GAG reclaim. At 31 August 2016 the principal element was £467,024 in respect of unspent funds from an EFA CIF grant for the Life Safety project and £26,000 in respect of EFA GAG reclaim.

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

GROUP & CHARITABLE COMPANY

	31/8/16	31/8/15
	£	£
Other loans (see note 19)	<u>487,296</u>	<u>488,823</u>
	<u><u>487,296</u></u>	<u><u>488,823</u></u>

SANDBACH SCHOOL

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

19. LOANS

GROUP & CHARITABLE COMPANY

An analysis of the maturity of loans is given below:

	31/8/16 £	31/8/15 £
Amounts falling due within one year on demand:		
Other loans	<u>1,527</u>	<u>764</u>
	<u>1,527</u>	<u>764</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>1,528</u>	<u>41,095</u>
	<u>1,528</u>	<u>58,873</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>210,900</u>	<u>39,365</u>
	<u>210,900</u>	<u>39,365</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Other loans more 5yrs instalments	<u>274,868</u>	<u>447,931</u>
	<u>274,868</u>	<u>447,931</u>

During 2015 the academy 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 £1,528 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 2016**

20. OBLIGATIONS UNDER LEASING AGREEMENTS

GROUP & CHARITABLE COMPANY

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

	Other operating leases	
	31/8/16	31/8/15
	£	£
Expiring:		
Within one year	-	51,000
Between one and five years	<u>98,952</u>	<u>47,952</u>
	<u>98,952</u>	<u>98,952</u>

21. MOVEMENT IN FUNDS

GROUP & CHARITABLE COMPANY

	At 1/9/15	Net movement in funds	Transfers between funds	At 31/8/16
	£	£	£	£
Unrestricted funds				
General fund	-	-	-	-
Headteachers Account	<u>1,745</u>	<u>(513)</u>	<u>-</u>	<u>1,232</u>
	1,745	(513)	-	1,232
Restricted funds				
Other DfE/EFA Grants	-	23,500	-	23,500
General Annual Grant (GAG)	(87,048)	(36,172)	116,191	(7,029)
Pension Reserve	(915,000)	(1,060,000)	-	(1,975,000)
DfE/EFA Capital Grants	441,084	226,261	(116,191)	551,154
Capital Expenditure from GAG	85,875	-	-	85,875
Other Restricted Fund	<u>5,185</u>	<u>(2,533)</u>	<u>-</u>	<u>2,652</u>
	(469,904)	(848,944)	-	(1,318,848)
Endowment funds				
School Funds	<u>6,208,018</u>	<u>(127,620)</u>	<u>-</u>	<u>6,080,398</u>
TOTAL FUNDS	<u>5,739,859</u>	<u>(977,077)</u>	<u>-</u>	<u>4,762,782</u>

SANDBACH SCHOOL

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

21. 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	205,231	(205,231)	-	-
Headteachers Account	-	(513)	-	(513)
	205,231	(205,744)	-	(513)
Restricted funds				
Other DfE/EFA Grants	258,289	(234,789)	-	23,500
General Annual Grant (GAG)	6,035,822	(6,071,994)	-	(36,172)
DfE/EFA Capital Grants	307,888	(81,627)	-	226,261
Other Restricted Fund	194,017	(196,550)	-	(2,533)
Pension Reserve	-	(69,000)	(991,000)	(1,060,000)
	6,796,016	(6,653,960)	(991,000)	(848,944)
Endowment funds				
School Funds	-	(127,620)	-	(127,620)
TOTAL FUNDS	<u>7,001,247</u>	<u>(6,987,324)</u>	<u>(991,000)</u>	<u>(977,077)</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 the eliminated the deficit on conversion. The revenue funds show a surplus of £20,355 at 31 August 2016.

Transfers between funds

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

£116,191 has been transferred from the DfE/EFA capital fund to revenue funds, being the maintenance expenditure from the Capital Improvements Fund grant received during the year.

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

21. 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 2016.

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.

Other restricted funds

Included within other restricted funds is a sinking fund to cover the cost of replacing the school football pitch. At the year end the sinking fund balance was £140,000 (2015: £130,000).

22. 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.

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

22. 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.

The employer's pension costs paid to TPS in the period amounted to £489,000 (2015: £427,000).

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 2016**

22. 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 2016 was £269,000 (2015: £232,000), of which employer's contributions totalled £149,000 (2015: £170,000) and employees' contributions totalled £62,000 (2015: £62,000). The agreed contribution rates for future years are 21.8% for employers and 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.

Principal actuarial assumptions

Principal actuarial assumptions at the balance sheet date:

	31/8/16 % p.a	31/8/15 % p.a
Inflation/pension increase rate	2.1%	2.6%
Salary increase rate	3.1%	3.5%
Discount rate	3.1%	3.7%

Mortality

As discussed in the accompanying report, life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2010 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Retiring today	22.3 years	24.4 years
Retiring in 20 years	24.1 years	26.7 years

Fair value of employer assets

	31/8/16 £'000	31/3/15 £'000
Equities	3,186	2,267
Bonds	613	583
Property	286	291
Cash	-	97
Total	<u>4,085</u>	<u>3,238</u>

SANDBACH SCHOOL

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

22. PENSION AND SIMILAR OBLIGATIONS - continued

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

	31/8/16 £'000	31/8/15 £'000
Current service cost	250	238
Interest cost	158	143
Expected return on employer assets	(124)	(110)
Gains on curtailments and settlements	<u>-</u>	<u>1</u>
Total operating charge	<u>284</u>	<u>272</u>

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

	31/8/16 £'000	31/8/15 £'000
Opening defined benefit obligation	4,153	3,759
Current service cost	250	238
Interest cost	158	143
Contributions by members	62	55
Actuarial (gains)/ losses	1,499	21
Past service gains	-	-
Losses/gains on curtailments	-	1
Estimated benefits paid	<u>(62)</u>	<u>(64)</u>
Closing defined benefit obligation	<u>6,060</u>	<u>4,153</u>

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

	31/8/16 £'000	31/8/15 £'000
Opening fair value of employer assets	3,238	2,895
Expected return on assets	124	110
Contributions by members	62	55
Contributions by the employer	215	193
Actuarial losses	508	49
Benefits paid	<u>(62)</u>	<u>(64)</u>
Closing fair value of employer assets	<u>4,085</u>	<u>3,238</u>
Losses/gains on curtailments	<u>100%</u>	<u>100%</u>

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

23. 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 £12,588 (2015: £6,000) was made to Love Music Trust.

Mr D Surry is a governor of the academy and a director of Skills Supply Limited. During the year Skills Supply Limited provided training to the academy at a cost of £1,620.

The academy made the above transactions at arms length and in entering into the transactions the academy has complied with the requirements of the Academies Financial Handbook 2015.

24. FIRST YEAR ADOPTION

Explanation of transition to FRS 102

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

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

Reconciliation of total funds

The total funds at 1 September 2014 and 31 August 2015 remain unchanged no transitional adjustment were necessary. The change in the recognition of LGPS interest costs was equal to the change in the actuarial loss resulting in no net change to the fund balances.

Reconciliation of Income/expenditure

	31/08/15 £
Net income/(expenditure) previously reported under UK GAAP	(173,262)
Change in recognition of LGPS interest cost	56,000
Unrealised gains on fixed assets investments now included	<u>10,080</u>
Net income/(expenditure) reported under FRS102	<u>(107,182)</u>

SANDBACH SCHOOL

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

24. FIRST YEAR ADOPTION - continued

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the debit to income/expense by £56,000 and increase the debit in other recognised gains and losses in the SOFA by an equivalent amount.

Change in recognition of unrealised gains/(losses) on fixed asset investments

Under previous UK GAAP unrealised gains/(losses) on fixed asset investments were recognised below the line in the accounts showing Net Income & Expenditure. Under FRS102 they are included in arriving at the Net Income & Expenditure figure.