

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	Mr P Kelby Mr M Fargher Mr R Barron Mr S Ward
Trustees	Mr P Kelby ¹ Mr M Fargher, (appointed as Chair 27 September 2016) ¹ Mr R Barron ¹ Mr S Ward ¹ Mrs S Cawley (resigned 17 October 2017) ¹ Mrs C Campbell (resigned 23 May 2017) Mr A Dickerson Mr S Gordon, Headteacher & Accounting Officer ¹ Mr M Hodgson (resigned 26 September 2017) Mr L McBeth (resigned 10 October 2016) Mr D McVean, (appointed as Vice Chair 27/09/16) Miss R Moss, Staff Trustee Mr S Pentlow Mr R Sewell (resigned 12 July 2017) Mr L Venn, Staff Trustee Mr C Wright (resigned 27 September 2016) Mrs E Wright (resigned 8 December 2016) Mrs J Bonas (appointed 11 July 2017) Mr G Perkins (appointed 26 September 2017) Mr T Walton (appointed 26 September 2017)

¹ Members of the Finance, Personnel and Premises Committee

Company registered number	07982740
Company name	Huxlow Science College
Principal and registered office	Huxlow Science College Finedon Road Irthlingborough Northamptonshire NN9 5TY
Company secretary	Mrs H Avey
Senior management team	Mr S Gordon, Headteacher Mrs K Isaksen, Deputy Head Miss C Wood, Deputy Head Miss S Beresford, Strategic Business Manager
Independent auditor	MHA MacIntyre Hudson Chartered Accountants Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Bankers Lloyds TSB
Market Street
Wellingborough
NN8 1AG

Solicitors Veale Wasbrough Vizards
Barnards Inn
86 Fetter Lane
London
EC4A 1AD

HUXLOW SCIENCE COLLEGE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 19 serving a catchment area in East Northamptonshire. It has a full pupil capacity and had a roll of 844 in the school census on 5 October 2017.

Structure, governance and management

CONSTITUTION

The academy trust is a charitable 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 trustees of Huxlow Science College are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Huxlow Science College.

Details of the trustees who served during the are included in the Reference and Administrative details on page 1.

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The details of insurance are given in Note 11.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Governing Body is responsible for appointing governors except for Parent Governors and Staff Governors who are elected by a secret ballot. Due regard is given to skillsets on the recruitment of new trustees. Governors are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. The Governors to retire are those who have served a four year term. The Headteacher shall be treated for all purposes as being an ex officio Governor.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new Governors will depend on their experience. All new Governors receive a minimum induction programme and where necessary this includes information on charity and educational legal and financial matters. All new Governors are given a tour of the Academy and an opportunity to meet with staff and students. All new Governors are provided with induction packs which include policies, minutes, accounts, budgets and other plans that they will need to undertake their role as Governors.

ORGANISATIONAL STRUCTURE

The Governing Body delegates certain responsibilities to key committees, i.e. Finance, Personnel and Premises (which encompasses Health & Safety) and, Curriculum and Welfare, and delegates responsibility for operational matters to the Headteacher (Accounting Officer).

The Governors are responsible for setting the strategy and general policy, adopting an annual plan and budget, and monitoring the performance of the College. The Governors also make any major decisions for the College especially in relation to capital expenditure and senior staff appointments.

The Senior Leadership Team (SLT) comprises the Headteacher, 2 Deputy Headteachers and the Strategic Business Manager. These managers control the College at an executive level implementing the policies laid down by the Governing Body and reporting back to them. As a group the SLT are responsible for the authorisation of spending within agreed budgets and the appointment of staff in accordance with the agreed structure. Appointments for the SLT always include a Governor and the appointment of a Headteacher is managed by the Governing Body. Normal spending control is devolved to members of the SLT, with limits above which, a SLT member must sign.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

Remuneration of all staff (including key management personnel) is in line with the Academy's agreed Whole School Pay Policy. The Policy is aligned with the School Teachers Pay and Conditions Document (STPC) and the NJC Agreement for support staff and is reviewed annually. Pay progression is performance related through an annual appraisal process for all staff. The Headteacher's appraisal is conducted by a panel of 3 Governors and an external school improvement advisor.

The Academy's Trustees act in a voluntary capacity and do not receive any remuneration.

The Academy actively consults with employees on matters affecting them which include but is not limited to Personnel policies, Health and Safety policies and Staff Welfare. Staff Unions are included in consultations.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Sixth form operates as part of a three school consortium, The East Northamptonshire College (TENC) to deliver 16-19 education. During the summer of 2017 the management of TENC finances has been transferred to Huxlow Science College from Rushden Academy. The funds are held and reported separately to the main school. As at 31 August 2017 the consortium held reserves of £58k (a third of which belongs to each of the three schools).

The Academy is a member of a soft federation with two other primary schools in Irthlingborough and with the two primary schools in Finedon (The Irthlingborough and Finedon Learning Partnership). Through this group we share educational practice across the entire age range of children in education. These four primary schools are now part of a Multi Academy Trust, The Irthlingborough and Finedon Learning Trust.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

During 2016/17 the College was a member of the Pilgrim Learning Trust (PLT) where member schools challenge and support each other to improve teaching and learning. The PLT also strengthens governance within its member schools and seeks out group procurement in order to make savings for member schools.

Objectives and Activities

OBJECTS AND AIMS

The principal object and activity of the charitable company is the operation of Huxlow Science College to provide education for pupils of different abilities between the ages of 11 and 19.

The Academy provides 11 19 education for Irthlingborough, Finedon and surrounding villages. Our vision "safe, happy and successful students who go on to become safe, happy and successful adults" underpins our work. At Huxlow every individual is empowered to fulfil their potential through the following values:

- Students and staff feel safe and happy at school;
- Everyone is ambitious and welcomes the challenge of being the best they can;
- High quality teaching challenges every student and develops their creativity, skills and knowledge;
- We grow to meet the needs of our wider community who trust and value the school;
- Students and staff are resilient, reflective, independent and take responsibility for their own performance;
- We foster a love of learning across our entire community;
- We are active and positive members of all our partnerships;
- We celebrate everyone's successes.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the Academy during the period are summarised below:-

- To continue to use the Good Judgement by Ofsted (June 2016) as a springboard to providing our students an outstanding education;
- To develop our students so they are emotionally prepared for the ever-changing demands of adult life. In particular we aim to develop their leadership, organisation, resilience, independence and communication skills;
- Continue to raise achievement across the board so that all students make progress that is above their peers nationally;
- Improve attendance so that it is sustainably good;
- Embed the 3 year Key Stage 4, so that students can continue to study the new GCSE's in a creative and engaging manner ensuring that assessment robustly meets the needs of the new GCSE's and A Levels;
- Ensuring the college remains financially robust by good budgetary control, successfully obtaining external funding for projects and forging partnerships with other local schools.

The strategy for achieving these objectives was that named members of staff were responsible for writing, implementing, monitoring and evaluating a whole college action plan for each objective. These plans include activities with timescales, impact criteria, resource implications and monitoring and evaluating procedures.

PUBLIC BENEFIT

The Academy Trust promotes education for the benefit of the local community of Irthlingborough, Finedon and surrounding villages and offers recreational facilities to local community groups outside of school hours for the benefit of the general public.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Community based projects are also undertaken throughout the year by staff and students which further enhances the public benefit.

The Academy Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties. In particular, Governors consider how planned activities will contribute to the aims and objectives they have set. The Academy has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

Strategic report

Achievements and performance

Key achievements and performance in the year are;

In 2016 Ofsted reported the following;

- "Leaders and teachers are determined that only the best is good enough for pupils at the school. They have introduced an aspirational culture which pupils have embraced. Staff say, "Barriers for pupils have been broken. The glass ceiling has been removed". Pupils now believe that they can achieve well.
- Leadership of special educational needs is a strength of the school. Leader's support and nurture pupils who have special educational needs or disability, so that they can access learning and make good progress."
- Leaders and teachers have successfully helped disadvantaged pupils to make faster progress, particularly in English.

The College has built on this by recording record results which include:

- 64% of students attained the equivalent of 5 A*-C including English and Maths (equivalent to achieving the new grade 4 and above);
- 74% of students achieved a Grade 4 or above in Maths, with 47% achieving a Grade 5 or above;
- 73% of students achieved a Grade 4 or above in English, with 55% achieving a Grade 5 or above;
- Other subjects had noticeable successes at A*-C including;-
 - Biology 84%
 - Chemistry 82%
 - Physics 74%
 - French 87%
 - Graphics 100%
 - Resistant Materials 77%
 - Sport 93%
- 54% of our disadvantaged students gained the equivalent of 5 A*-C in English and Maths which is well above the national average;
- Our average A level grade was close to a B which is a significant improvement compared to the previous year.

The quality of Teaching and Learning is monitored through an extensive programme of lesson observations, learning walks and book scrutinies. Continuous staff development has enabled us to secure quality teaching in key subject areas and the majority of teaching is good with outstanding teaching in English, Maths, Modern Languages, PE, Technology and Science.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

KEY PERFORMANCE INDICATORS

The Academy Trust uses a number of financial key performance indicators to monitor the financial success of the Academy Trust and progress against the targets set. The academic indicators are highlighted separately under Achievements and Performance.

Staffing costs are monitored as a percentage of total funding. For the year ended 31 August 2017 staffing costs amounted to 75.2% of total funding compared to a target of 77.3%. This was more favourable than the previous year (78.7%).

Full Time Equivalent (FTE) staffing numbers were favourable and stood at 82.5 FTE compared to the target of 83.2 FTE. The Pupil / Teacher ratio (at 16.6) was lower than the target of 17.2 due to a lower intake year of students.

Expenditure on Special Educational Needs was at 4.9% of total income for the year, in line with our internal target of 5%.

The Academy has a target liquidity of greater than 1 under the "quick ratio" and stood at 4.6 at the year end.

The Academy Trust also monitors its operating surplus or deficit (excluding restricted fixed assets and actuarial gains and losses) as a percentage of non-capital income. For the year ended 31 August 2017 the operating surplus equated to 3.6% of non-capital income (2016 surplus 1.5%).

During 2016/17 the academy focused on environmental indicators to reduce costs and energy consumption. New energy efficient boilers were installed in two buildings and further energy saving initiatives resulted in an annual reduction in usage 4.9% for electricity and 8.1% for gas compared to prior year.

GOING CONCERN

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

Financial review

Most of the Academy's income is obtained from the DfE in the form of recurrent grants disbursed via the Education Skills Funding Agency (ESFA), the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2017, total revenue expenditure of £4,525,078 (2016 - £4,667,937) (excluding depreciation) is more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and actuarial gains and losses) was £169,416 (2016 - £72,989).

During the year ending 31 August 2017 the Academy was successful in securing a grant of £28,497 from the Finedon Educational Charity for educational equipment for various curriculum areas.

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At 31 August 2016 the net book value of fixed assets was £7,981,932 and movements in tangible fixed assets are shown in Note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Local Government Pension Scheme has a deficit and the Academy's share is detailed in Note 19 to the financial statements.

RESERVES POLICY

The Trust's policy on reserves is to hold a suitable level of reserves to ensure the stability of the College's organisational operations in what is becoming a less certain economic funding environment. The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £75,092 (2016 - £67,237). The Academy intends to continue building up free reserves as required.

Included within restricted funds at 31 August 2017 is the Local Government Pension Scheme deficit of £1,207,000 (2016 - £1,502,000). The pension deficit is viewed as long term debt and annual contributions are adjusted as necessary to mitigate the risk and reduce the deficit.

At 31 August 2017 the total funds comprised:

	£
Unrestricted	75,092
Restricted	
Fixed asset funds	7,988,126
Pension reserve	(1,207,000)
Other	721,658
Total funds	<u><u>7,577,876</u></u>

INVESTMENTS POLICY

The Trust's investment policy is to invest surplus cash reserves with high street banks with a high credit rating where the capital invested is guaranteed. Investment returns are market tested periodically to ensure that returns are maximised whilst safeguarding the funds invested. Investments can only be made with the approval of Governors.

PRINCIPAL RISKS AND UNCERTAINTIES

The Governors have assessed the major risks to which the Academy is exposed, in particular, those related to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances and are contained in the Risk Register, compiled and reviewed regularly by the Senior Leadership team and Governors.

A continuing major risk to the Academy is the uncertainty surrounding future funding and reductions in funding. A number of funding scenarios have been considered and recurrent expenditure has been planned on the minimum likely funding. Any funding above this level is only assigned to non recurrent expenditure. A 3 year business plan has been drawn up to test the robustness of future finances.

Responding to changes in the national GCSE grading system and achieving the national benchmarks in subject areas remains a key focus.

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Recruitment and retention of teaching staff remains a key risk due to the national shortage of teachers and lack of teachers in key subject areas. This results in additional costs in terms of recruiting, securing and retaining staff.

The capacity of the Academy buildings and its small site area continue to be a real challenge in an ever growing community. This represents a key risk for the Academy in the long term. A long term development plan is being established together with dialogue with the other local partners.

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

There are long established procedures in place for monitoring and reviewing the effectiveness of safeguarding procedures. Governors are fully included in this and are aware of their responsibilities.

Plans for future periods

The Academy will continue to target improvements in sixth form performance and levels of progress in specific subjects to enable a longer term goal to move from a good to an outstanding Ofsted rating. Developing the whole child remains a key focus to enable pupils to have the best possible outcomes in life.

Other key areas for development relate to attendance management, pupil achievement for all students including different groups, improving teaching and learning and the quality of leadership and management.

The Academy is looking to extend and develop current and new partnerships with Academy groups and other educational establishments to improve teaching and learning, support education locally and to achieve joint procurement savings. Income generation is also a key priority for future years and is documented within our 3 year development plan.

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

AUDITOR

The auditor, MHA MacIntyre Hudson, has indicated its willingness to continue in office. The Designated trustees will propose a motion re-appointing the auditor at a meeting of the trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the Governing Body, as the company directors, on 12 December 2017 and signed on its behalf by:

Mr M Fargher
Chair of Trustees

HUXLOW SCIENCE COLLEGE
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, 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 Huxlow Science College and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Kelby	5	6
Mr M Fargher, (appointed as Chair 27 September 2016)	4	6
Mr R Barron	4	6
Mr S Ward	5	6
Mrs S Cawley	3	6
Mrs C Campbell	3	5
Mr A Dickerson	4	6
Mr S Gordon, Headteacher & Accounting Officer	6	6
Mr M Hodgson	5	6
Mr L McBeth	0	1
Mr D McVean, (appointed as Vice Chair 27/09/16)	3	6
Miss R Moss, Staff Trustee	6	6
Mr S Pentlow	3	6
Mr R Sewell	4	6
Mr L Venn, Staff Trustee	3	6
Mr C Wright	0	1
Mrs E Wright	0	2
Mrs J Bonas	1	1

The Finance, Personnel & Premises Committee is a sub-committee of the main board of trustees. Its purpose is threefold to:

Finance – to act as Audit Committee for the Academy and to consider aspects of financial planning and performance to be fully informed about all finance matters and monitor budgets throughout the academic year.

Personnel – to develop, review and oversee all staff related tasks associated with the College.

Premises – to plan, support and guide all premises, and, Health and Safety related tasks for the College.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Cawley (Chair)	5	6
Mr M Fargher (Vice Chair)	6	6
Mr R Barron	5	6
Mr P Kelby	4	6
Mr S Ward	2	6
Mr S Gordon, Headteacher and Accounting Officer	5	6
Miss S Beresford, Strategic Finance Manager	6	6

Governance Reviews

Huxlow has a strong Governing Body with a broad range of skilled and experienced Governors who support and challenge the Senior Leadership Team. This has enabled improvements to be implemented in year and the school to be well placed to meet the short and medium term challenges ahead.

The Governing Body has been reasonably stable in its composition in year. Newly appointed Governors have undergone training and are now actively involved in supporting the school in the areas of their expertise. Succession management is in place to ensure continuity of strategic leadership.

The Governing Body has carried out a skills and training audit and this will be used to identify areas of expertise and experience when future positions arise.

An internal review of Governance is underway to make the Governing Body even more effective in delivering strategic leadership to the school. The high level of experience and accreditation on the Board has enabled this to be carried out without external review this year. An external review of Governance is planned once these changes have embedded.

The Board has also instigated a process of additional checks into key areas of the school's business to drive further improvement and efficiencies.

The Governing Body has been actively involved in the year with the improvements required to enable the school to be rated as Good by Ofsted. The depth of engagement and challenge has been acknowledged to have directly supported the Senior Leadership Team to reach a successful outcome. The Board are continuing to drive further improvements to sustain the changes made and make the provision even stronger. In year the Governing Board has also focused on short/medium term financial constraints to ensure that the school is prepared for the financial challenges ahead.

The Governing Body has been actively involved in consideration of the requirements to collaborate and potentially join up with other local settings. This has led to engagement with local MATs to investigate opportunities to improve the provision locally.

The Governing Body has also been using its strong skills to support other Governing Bodies of local schools.

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- **Educational Outcomes**
The College supports the social, emotional and academic growth of students through the delivery of an appropriate curriculum by experienced and skilled staff. The College recognises the benefit of students acquiring independence skills, and as a result pupils are encouraged to develop abilities which will stand them in good stead throughout their lives within their chosen communities. This development of the "whole child" will continue to be a key strategic focus for the future.
- **Better Purchasing**
Trustees have a strong oversight of financial governance and challenge decisions made on their effectiveness to ensure value for money is achieved. Larger value purchases are subject to tendering and approval by the governing body. Procurement savings have been achieved through a review of major premises contracts due for renewal which has resulted savings of in excess of £22k. This process of continual review of major contracts is carried on an ongoing basis in conjunction with another local secondary academy in order to achieve greater savings. During the year a joint print review was carried out across both schools resulting in savings of £8k over the contract.
- **Income Generation**
The Academy explores every opportunity to generate income through the use of facilities and assets. During the year the Academy was successful in securing external funding of £28,497 from the Finedon Educational Charity for curriculum equipment.

During the year the Academy has focused on reducing its supply agency costs. Improved procedural controls on staff off site and a new method of recruiting casual cover staff has seen an £80k reduction in agency costs. For 2017/18 the Academy is sharing this best practice with other local schools and will be a source of income generation.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Huxlow Science College for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 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, Personnel & Premises 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, the trustees have appointed MHA MacIntyre Hudson, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems;
- testing of purchase and expenses systems;
- testing of income;
- testing of control account/ bank reconciliations.

On an annual basis, the auditor reports to the Governing Body through the Finance, Personnel & Premises Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The schedule of audit work was delivered as planned. No issues were found requiring immediate attention however an action plan is being developed to address minor recommendations.

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher 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 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, Personnel & Premises 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 Governing Body on 12 December 2017 and signed on their behalf, by:

Mr M Fargher
Chair of Trustees

Mr S Gordon
Headteacher and Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Huxlow Science College I have considered my responsibility to notify the academy trust governing body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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 governing body and ESFA.

Mr S Gordon
Headteacher and Accounting Officer

Date: 12 December 2017

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Governing Body and signed on its behalf by:

Mr M Fargher
Chair of Trustees

Date: 12 December 2017

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HUXLOW SCIENCE COLLEGE**

OPINION

We have audited the financial statements of Huxlow Science College for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating the income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy trust'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 academy trust's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HUXLOW SCIENCE COLLEGE

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which 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' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, set out on page 16, the trustees (who are also the directors of the academy trust 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 and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HUXLOW SCIENCE COLLEGE**

concern basis of accounting unless the trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.

Elaine Olson-Williams FCCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB
Date:

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HUXLOW SCIENCE COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 01 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Huxlow Science College during the year 1 September 2016 to 31 August 2017 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 Huxlow Science College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Huxlow Science College and the ESFA 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 Huxlow Science College and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF HUXLOW SCIENCE COLLEGE'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Huxlow Science College's funding agreement with the Secretary of State for Education dated 1 April 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. 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.

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HUXLOW SCIENCE COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

The work undertaken to draw to our conclusion includes:

- Reviewing the minutes of meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity.
- A review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy.
- Testing a sample of payroll payments to staff. Testing of a sample of payments to suppliers and other third parties.
- Testing a sample of grants received and other income streams.
- Evaluating the internal control procedures and reporting lines, and testing as appropriate.
- Making appropriate enquiries of the Accounting Officer.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

Chartered Accountants

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date:

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	3,979	2,158	44,537	50,674	77,392
Charitable activities:						
Funding for the academy trust's educational operations	3	-	4,506,573	-	4,506,573	4,614,673
Other trading activities	4	7,099	171,334	-	178,433	105,902
Investments	5	3,353	-	-	3,353	3,430
TOTAL INCOME		14,431	4,680,065	44,537	4,739,033	4,801,397
EXPENDITURE ON:						
Raising funds		6,576	181,656	-	188,232	123,220
Charitable activities:						
Academy trust educational operations		-	4,336,848	309,389	4,646,237	4,865,366
TOTAL EXPENDITURE	6	6,576	4,518,504	309,389	4,834,469	4,988,586
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		7,855	161,561	(264,852)	(95,436)	(187,189)
Transfers between Funds	16	-	(54,299)	54,299	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		7,855	107,262	(210,553)	(95,436)	(187,189)
Actuarial gains/(losses) on defined benefit pension schemes	19	-	408,000	-	408,000	(437,000)
NET MOVEMENT IN FUNDS		7,855	515,262	(210,553)	312,564	(624,189)
RECONCILIATION OF FUNDS:						
Total funds brought forward		67,237	(1,000,604)	8,198,679	7,265,312	7,889,501
TOTAL FUNDS CARRIED FORWARD		75,092	(485,342)	7,988,126	7,577,876	7,265,312

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)
REGISTERED NUMBER: 07982740

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		7,981,932		8,176,133
CURRENT ASSETS					
Stocks		7,090		7,090	
Debtors	13	114,493		121,874	
Cash at bank and in hand		1,003,931		861,924	
			<u>1,125,514</u>	<u>990,888</u>	
CREDITORS: amounts falling due within one year	14	(302,440)		(362,515)	
NET CURRENT ASSETS			<u>823,074</u>		<u>628,373</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,805,006</u>		<u>8,804,506</u>
CREDITORS: amounts falling due after more than one year	15		<u>(20,130)</u>		<u>(37,194)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>8,784,876</u>		<u>8,767,312</u>
Defined benefit pension scheme liability	19		<u>(1,207,000)</u>		<u>(1,502,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>7,577,876</u></u>		<u><u>7,265,312</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	721,658		501,396	
Restricted fixed asset funds	16	7,988,126		8,198,679	
			<u>8,709,784</u>	<u>8,700,075</u>	
Restricted income funds excluding pension liability			<u>8,709,784</u>	<u>8,700,075</u>	
Pension reserve		(1,207,000)		(1,502,000)	
			<u><u>7,502,784</u></u>	<u><u>7,198,075</u></u>	
Total restricted income funds			<u><u>7,502,784</u></u>	<u><u>7,198,075</u></u>	
Unrestricted income funds	16		<u>75,092</u>	<u>67,237</u>	
TOTAL FUNDS			<u><u>7,577,876</u></u>	<u><u>7,265,312</u></u>	

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

The financial statements on pages 22 to 48 were approved by the trustees, and authorised for issue, on 12 December 2017 and are signed on their behalf, by:

Mr M Fargher
Chair of Trustees

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>224,381</u>	<u>132,644</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		3,353	3,430
Purchase of tangible fixed assets		(115,190)	(209,399)
Capital grants from DfE/ESFA		44,537	60,470
Net cash used in investing activities		<u>(67,300)</u>	<u>(145,499)</u>
Cash flows from financing activities:			
Repayments of borrowings		(15,074)	-
Cash inflows from new borrowing		-	8,391
Net cash (used in)/provided by financing activities		<u>(15,074)</u>	<u>8,391</u>
Change in cash and cash equivalents in the year		142,007	(4,464)
Cash and cash equivalents brought forward		<u>861,924</u>	<u>866,388</u>
Cash and cash equivalents carried forward	22	<u><u>1,003,931</u></u>	<u><u>861,924</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Huxlow Science College constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donated goods, facilities and services

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Donations

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

Other income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

Expenditure on Raising Funds

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

Charitable Activities

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 (£100 for computer equipment) are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

Leasehold Property / Leasehold Land	-	2.5% / 0.8% straight line
Leasehold Property Improvements	-	10% straight line
Motor vehicles	-	20% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

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

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

1.6 Leased assets

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.7 Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

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

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

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities

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

1.13 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.14 Pension benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

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

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

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

1.15 Fund accounting

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

Estimates and judgments 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 19, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	3,979	2,158	-	6,137	16,922
Capital Grants	-	-	44,537	44,537	60,470
	<u>3,979</u>	<u>2,158</u>	<u>44,537</u>	<u>50,674</u>	<u>77,392</u>
<i>Total 2016</i>	<u>7,585</u>	<u>9,337</u>	<u>60,470</u>	<u>77,392</u>	

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FOR THE YEAR ENDED 31 AUGUST 2017

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General annual grant (GAG)	-	4,205,785	4,205,785	4,264,328
Other DfE/ESFA grants	-	224,188	224,188	251,198
	-	4,429,973	4,429,973	4,515,526
Other government grants				
Local authority grants	-	66,232	66,232	99,147
	-	66,232	66,232	99,147
Other funding				
Other grants	-	10,368	10,368	-
	-	10,368	10,368	-
	-	4,506,573	4,506,573	4,614,673
<i>Total 2016</i>	-	4,614,673	4,614,673	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Rental income / hire of facilities	7,099	-	7,099	7,895
Trip income	-	99,428	99,428	31,244
Catering	-	63,197	63,197	60,114
Other income	-	8,709	8,709	6,649
	7,099	171,334	178,433	105,902
<i>Total 2016</i>	7,895	98,007	105,902	

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5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	3,353	-	3,353	3,430
<i>Total 2016</i>	3,430	-	3,430	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	-	-	3,317	3,317	34,784
Expenditure on fundraising trading	13,459	-	171,456	184,915	88,436
Academy's educational operations:					
Direct costs	2,976,866	-	379,018	3,355,884	3,519,114
Allocated support costs	573,060	509,506	207,787	1,290,353	1,346,252
	<u>3,563,385</u>	<u>509,506</u>	<u>761,578</u>	<u>4,834,469</u>	<u>4,988,586</u>
<i>Total 2016</i>	<u>3,741,072</u>	<u>515,586</u>	<u>731,928</u>	<u>4,988,586</u>	

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FOR THE YEAR ENDED 31 AUGUST 2017

7. CHARITABLE ACTIVITIES

	Direct costs 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational operations	<u>3,355,884</u>	<u>1,290,353</u>	<u>4,646,237</u>	<u>4,865,366</u>
<i>Total 2016</i>	<u>3,519,114</u>	<u>1,346,252</u>	<u>4,865,366</u>	

Analysis of support costs

	2017 £	2016 £
Support staff costs	573,060	546,927
Depreciation	309,389	320,648
Premises costs	200,117	194,938
Other support costs	222,583	262,714
Governance costs	16,204	21,025
Total support costs	<u>1,321,353</u>	<u>1,346,252</u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	309,391	320,649
Auditor's remuneration - audit	8,600	8,250
Auditor's remuneration - other services	7,525	12,760
Operating lease rentals	<u>4,282</u>	<u>4,283</u>

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9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	2,749,025	2,877,170
Social security costs	257,111	232,795
Operating costs of defined benefit pension schemes	530,167	477,457
	<u>3,536,303</u>	<u>3,587,422</u>
Supply teacher costs	27,082	116,825
Staff restructuring costs	-	36,825
	<u>3,563,385</u>	<u>3,741,072</u>

Staff restructuring costs comprise:

Redundancy payments	-	23,325
Severance payments	-	13,500
	<u>-</u>	<u>36,825</u>

Included in staff restructuring costs are non-statutory/non contractual settlement payments totalling £Nil (£2016 - £13,500; individually, the payments were £8,000 and £5,500).

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

	2017 No.	2016 No.
Teachers	47	51
Administration	14	14
Support	56	47
Management	4	4
	<u>121</u>	<u>116</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	45	49
Administration	9	8
Support	26	28
Management	4	4
	<u>84</u>	<u>89</u>

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9. STAFF COSTS (continued)

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1

The above three employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted at £35,182 (2016 - £34,099).

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 £390,693 (2016 - £394,094).

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017	2016
		£	£
Mr S Gordon, Headteacher and Trustee	Remuneration	75,000-80,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mr M Jones, Staff Trustee (resigned 11 November 2015)	Remuneration	N/A	10,000-15,000
	Pension contributions paid	N/A	0-5,000
Miss R Moss, Staff Trustee	Remuneration	15,000-20,000	15,000-20,000
	Pension contributions paid	0-5,000	0-5,000
Mr L Venn, Staff Trustee	Remuneration	15,000-20,000	15,000-20,000
	Pension contributions paid	0-5,000	0-5,000
Miss C Campbell, Staff Trustee	Remuneration	35,000-40,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mrs J Bonas, Staff Trustee	Remuneration	0-5,000	N/A
	Pension contributions paid	0-5,000	N/A

During the year, no trustees received any reimbursement of expenses (2016 - £NIL).

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11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £159 (2016 - £211).

12. TANGIBLE FIXED ASSETS

	Leasehold property £	Leasehold improvements £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost						
At 1 September 2016	8,519,445	391,930	14,590	180,641	511,645	9,618,251
Additions	-	40,210	-	13,430	61,550	115,190
Disposals	-	-	-	(6,365)	(33,125)	(39,490)
At 31 August 2017	<u>8,519,445</u>	<u>432,140</u>	<u>14,590</u>	<u>187,706</u>	<u>540,070</u>	<u>9,693,951</u>
Depreciation						
At 1 September 2016	820,739	88,631	14,590	125,267	392,891	1,442,118
Charge for the year	186,018	41,211	-	28,881	53,281	309,391
On disposals	-	-	-	(6,365)	(33,125)	(39,490)
At 31 August 2017	<u>1,006,757</u>	<u>129,842</u>	<u>14,590</u>	<u>147,783</u>	<u>413,047</u>	<u>1,712,019</u>
Net book value						
At 31 August 2017	<u><u>7,512,688</u></u>	<u><u>302,298</u></u>	<u><u>-</u></u>	<u><u>39,923</u></u>	<u><u>127,023</u></u>	<u><u>7,981,932</u></u>
At 31 August 2016	<u>7,698,706</u>	<u>303,299</u>	<u>-</u>	<u>55,374</u>	<u>118,754</u>	<u>8,176,133</u>

13. DEBTORS

	2017 £	2016 £
Trade debtors	2,312	7,214
VAT repayable	6,257	14,859
Prepayments and accrued income	105,924	99,801
	<u>114,493</u>	<u>121,874</u>

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14. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Other loans	10,523	8,533
Trade creditors	85,276	98,283
Other taxation and social security	66,775	67,346
Other creditors	56,118	55,058
Accruals and deferred income	83,748	133,295
	<u>302,440</u>	<u>362,515</u>

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	56,021	78,937
Resources deferred during the year	38,594	56,021
Amounts released from previous years	(56,021)	(78,937)
Deferred income at 31 August 2017	<u>38,594</u>	<u>56,021</u>

Deferred income relates to funding received in advance, trip contributions from parents, catering income and fundraising income.

Other loans are Salix loans transferred on conversion.

15. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	<u>20,130</u>	<u>37,194</u>

Other loans are Salix loans transferred on conversion.

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NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General unrestricted funds	67,237	14,431	(6,576)	-	-	75,092
Restricted funds						
General annual grant (GAG)	149,726	4,205,785	(3,900,140)	-	-	455,371
Other DfE/ESFA grants	20,938	33,747	(35,404)	-	-	19,281
Local authority grants	21,175	57,466	(65,000)	-	-	13,641
Pupil premium	93,314	190,441	(204,171)	-	-	79,584
Miscellaneous restricted	31,330	192,626	(200,789)	-	-	23,167
Salix loans	(45,727)	-	-	15,075	-	(30,652)
Transfer from LA	230,640	-	-	(69,374)	-	161,266
Pension reserve	(1,502,000)	-	(113,000)	-	408,000	(1,207,000)
	<u>(1,000,604)</u>	<u>4,680,065</u>	<u>(4,518,504)</u>	<u>(54,299)</u>	<u>408,000</u>	<u>(485,342)</u>
Restricted fixed asset funds						
DfE/ESFA Capital grants - spent	141,252	18,316	(45,902)	22,546	-	136,212
Capital expenditure from GAG	250,099	-	(50,020)	-	-	200,079
Other capital grants - spent	-	-	(487)	20,027	-	19,540
Transfer from LA	7,784,782	-	(212,980)	54,299	-	7,626,101
DfE/ESFA Capital grants - unspent	22,546	-	-	(22,546)	-	-
Other capital grants - unspent	-	26,221	-	(20,027)	-	6,194
	<u>8,198,679</u>	<u>44,537</u>	<u>(309,389)</u>	<u>54,299</u>	<u>-</u>	<u>7,988,126</u>
Total restricted funds	<u>7,198,075</u>	<u>4,724,602</u>	<u>(4,827,893)</u>	<u>-</u>	<u>408,000</u>	<u>7,502,784</u>
Total of funds	<u><u>7,265,312</u></u>	<u><u>4,739,033</u></u>	<u><u>(4,834,469)</u></u>	<u><u>-</u></u>	<u><u>408,000</u></u>	<u><u>7,577,876</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General unrestricted funds	57,767	18,910	(9,440)	-	-	67,237
	<u>57,767</u>	<u>18,910</u>	<u>(9,440)</u>	<u>-</u>	<u>-</u>	<u>67,237</u>
Restricted funds						
General annual grant (GAG)	53,391	4,264,328	(4,168,460)	467	-	149,726
Other DfE/ESFA grants	9,579	27,104	(15,745)	-	-	20,938
Local authority grants	-	77,778	(56,603)	-	-	21,175
Pupil premium	85,228	190,156	(182,070)	-	-	93,314
Miscellaneous restricted	14,713	128,713	(112,096)	-	-	31,330
Salix loans	-	-	-	(45,727)	-	(45,727)
Transfer from LA	322,590	-	(28,586)	(63,364)	-	230,640
Pension reserve	(1,004,000)	-	(61,000)	-	(437,000)	(1,502,000)
	<u>(518,499)</u>	<u>4,688,079</u>	<u>(4,624,560)</u>	<u>(108,624)</u>	<u>(437,000)</u>	<u>(1,000,604)</u>
Restricted fixed asset funds						
DfE/ESFA Capital grants	87,400	18,074	-	-	-	105,474
Capital expenditure from GAG	536,135	-	(315,368)	29,332	-	250,099
Other capital grants	-	42,396	-	15,928	-	58,324
Transfer from LA	7,726,698	-	(5,280)	63,364	-	7,784,782
	<u>8,350,233</u>	<u>60,470</u>	<u>(320,648)</u>	<u>108,624</u>	<u>-</u>	<u>8,198,679</u>
Total restricted funds	<u>7,831,734</u>	<u>4,748,549</u>	<u>(4,945,208)</u>	<u>-</u>	<u>(437,000)</u>	<u>7,198,075</u>
Total of funds	<u>7,889,501</u>	<u>4,767,459</u>	<u>(4,954,648)</u>	<u>-</u>	<u>(437,000)</u>	<u>7,265,312</u>

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

Restricted general funds will be used for educational purposes in line with the Academy's objectives and its funding agreement with the ESFA.

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16. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds amounting to £7,981,932 will be reserved against future depreciation charges and the remainder of £6,194 relates to unspent capital grants which will be used to enhance the academy's facilities.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	7,981,932	7,981,932
Current assets	75,092	1,044,228	6,194	1,125,514
Creditors due within one year	-	(302,440)	-	(302,440)
Creditors due in more than one year	-	(20,130)	-	(20,130)
Pension scheme liability	-	(1,207,000)	-	(1,207,000)
	<u>75,092</u>	<u>(485,342)</u>	<u>7,988,126</u>	<u>7,577,876</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	8,176,133	8,176,133
Current assets	67,237	901,105	22,546	990,888
Creditors due within one year	-	(362,515)	-	(362,515)
Creditors due in more than one year	-	(37,194)	-	(37,194)
Provisions for liabilities and charges	-	(1,502,000)	-	(1,502,000)
	<u>67,237</u>	<u>(1,000,604)</u>	<u>8,198,679</u>	<u>7,265,312</u>

18. CAPITAL COMMITMENTS

At 31 August 2017 the academy trust had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	-	22,546

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

19. PENSION COMMITMENTS

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Northamptonshire County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £56,118 were payable to the schemes at 31 August 2017 (2016 - 55,058) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;

NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS (continued)

- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

The employer's pension costs paid to TPS in the period amounted to £292,408 (2016 - £299,771).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £193,000 (2016 - £195,000), of which employer's contributions totalled £155,000 (2016 - £157,000) and employees' contributions totalled £38,000 (2016 - £38,000). The agreed contribution rates for future years are between 23.6% and 24.6% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. PENSION COMMITMENTS (continued)

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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Expected return on scheme assets at 31 August	2.50 %	2.00 %
Rate of increase in salaries	2.70 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.1	22.3
Females	24.2	24.3
Retiring in 20 years		
Males	23.9	24.0
Females	26.1	26.6

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
0.5% decrease in Real Discount Rate	323,000	296,000
0.5% increase in the Salary Increase Rate	45,000	85,000
0.5% increase in the Pension Increase Rate	273,000	203,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,157,000	927,000
Corporate bonds	250,000	248,000
Property	109,000	104,000
Cash and other liquid assets	47,000	26,000
Total market value of assets	<u>1,563,000</u>	<u>1,305,000</u>

The actual return on scheme assets was £98,000 (2016 - £205,000).

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NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS (continued)

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

	2017	2016
	£	£
Interest income	28,000	38,000
Interest cost	(59,000)	(75,000)
Current service cost	(237,000)	(181,000)
Total	(268,000)	(218,000)

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

	2017	2016
	£	£
Opening defined benefit obligation	2,807,000	1,939,000
Interest cost	59,000	75,000
Employee contributions	38,000	38,000
Actuarial (gains)/losses	(338,000)	604,000
Benefits paid	(33,000)	(30,000)
Current service cost	237,000	181,000
Closing defined benefit obligation	2,770,000	2,807,000

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

	2017	2016
	£	£
Opening fair value of scheme assets	1,305,000	935,000
Interest income	28,000	38,000
Actuarial losses	70,000	167,000
Employer contributions	155,000	157,000
Employee contributions	38,000	38,000
Benefits paid	(33,000)	(30,000)
Closing fair value of scheme assets	1,563,000	1,305,000

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20. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	8,628	2,125
Between 1 and 5 years	15,098	-
Total	<u>23,726</u>	<u>2,125</u>

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(95,436)	(187,189)
Adjustment for:		
Depreciation charges	309,391	320,649
Dividends, interest and rents from investments	(3,353)	(3,430)
Loss on the sale of fixed assets	-	57
Decrease/(increase) in debtors	7,381	(20,641)
(Decrease)/increase in creditors	(62,065)	22,668
Capital grants from EFSA/DfE and other capital income	(44,537)	(60,470)
Defined benefit pension scheme cost less contributions payable	82,000	24,000
Defined benefit pension scheme finance cost	31,000	37,000
Net cash provided by operating activities	<u>224,381</u>	<u>132,644</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	1,003,931	861,924
Total	<u>1,003,931</u>	<u>861,924</u>

NOTES TO THE FINANCIAL STATEMENTS
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23. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

24. CONTROLLING PARTY

There is no ultimate controlling party.

25. MEMBERS' LIABILITY

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