

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	Mr P Kelby Mr M Fargher Mr R Barron Mr S Ward
Trustees	Mr P Kelby, Chair until 27/09/16 ¹ Mr M Fargher, Vice Chair, appointed as Chair 27/9/16 ¹ Mr R Barron ¹ Mr S Ward ¹ Mrs S Cawley ¹ Mrs C Campbell, Staff Trustee (appointed 23 September 2015) Mr A Dickerson Mr S Gordon, Headteacher & Accounting Officer ¹ Mr M Hodgson Mr M Jones, Staff Trustee (resigned 11 November 2015) Mr L McBeth (resigned 10 October 2016) Mr D McVean, appointed as Vice Chair 27/09/16 Miss R Moss, Staff Trustee Mr R Nightingale (resigned 7 March 2016) ¹ Mr S Pentlow Mr R Sewell Mr L Venn, Staff Trustee Mr C Wright (resigned 27 September 2016) Mrs E Wright

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
Senior management team	Mr S Gordon, Headteacher Mrs K Isaksen, Deputy Head Miss C Wood, Deputy Head Miss S Beresford, Strategic Finance 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 2016**

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 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. 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 810 in the school census on 1 October 2016.

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 year 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

The Academy has purchased insurance to cover Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Details of the costs can be found in note 11 to the accounts.

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 2016

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 & Premises, Curriculum, Welfare and Health & Safety 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 Academy. The Governors also make any major decisions for the Academy especially in relation to capital expenditure and senior staff appointments.

The senior leadership team comprises the Headteacher, 2 Deputy Headteachers and the Strategic Finance Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the senior leadership team are responsible for the authorisation of spending within agreed budgets and the appointment of staff in accordance with the agreed structure. Appointments for the senior leadership team 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 senior leadership team with limits above which a senior leadership team 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 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 Academy's Trustees act in a voluntary capacity and do not receive any remuneration.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Sixth form operates as part of a three school consortium to deliver 16-19 education (TENC). We are also a member of the East Northants Partnership which delivers vocational education locally and comprises 5 schools and 2 Further Education colleges (TENP).

The Academy is a member of a soft federation with the other two schools in Irthlingborough and with the two schools in Finedon. 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 College is 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.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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 and its catchment area and 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 use the Good Judgement by Ofsted, June 2016 as a springboard to providing the children of Finedon and Irthlingborough 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.
- Implementing a 3 year Key Stage 4, so that students can learn the new GCSE's in an 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 and surrounding villages and offers recreational facilities to local community groups outside of school hours for the benefit of the general public.

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Achievements and performance

2015/16 was a particularly challenging year in terms of staffing issues. This was as a result of maternity covers and long term absences due to significant ill health. In spite of this Ofsted stated that Teaching at the Academy is now Good. In particular;

- 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 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. Our most recent monitoring shows that in 95% of lessons students made at least good progress over time.

Results for 2016 show that 45% of students achieved 5 – A*-C English and Maths from a year group whose KS2 results were significantly below national average. Progress in English improved significantly with in excess of 70% of the Year Group making at least expected progress. This is a return to the high levels of progress of previous years.

Results in language are excellent as are those in speciality Science – Biology – 88% A*-C; Chemistry 89% A*-C; Physics 93% A*-C

In the Sixth Form 99% of A2 examinations were passed and 97% of students who applied for University were offered a place at their first choice.

Disadvantaged students benefit from a substantial package of additional support. In particular from our Learning Mentors and Family Support Worker who work tirelessly to break down any barriers to learning. In addition, Literacy and Numeracy support is provided by our specialist team of Higher Level Teaching Assistants. As a result the gap between the performance of our disadvantaged students and those who are not, continues to close rapidly and are below the national average for all key measures. The percentage of disadvantaged students making expected progress in English rose from 49% in 2015 to 63% in 2016, well above the national average.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

KEY FINANCIAL 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 under Achievements and Performance.

Staffing costs are monitored as a percentage of total funding. For the year ended 31 August 2016 staffing costs amounted to 78.7% of total funding which was slightly higher than the previous year (77.6%).

Expenditure on Special Educational Needs was at 5.4% of total income for the year, remaining higher than the recommended 5%.

The Academy has a target liquidity of greater than 1 under the "quick ratio" and stood at 2.7 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 2016 the operating surplus equated to 1.5% of non capital income (2015 - surplus 0.25%).

During 2015/16 the academy focused on environmental indicators to reduce costs and energy consumption. In particular energy savings were achieved in the year representing a reduction in usage of 6.1% for electricity and 22.5% 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 Funding Agency (EFA), the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2016, total revenue expenditure of £4,667,937 (2015 - £4,619,043) (excluding depreciation) is more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and actuarial gains and losses) was £72,989 (2015 - £11,814).

During the year ending 31 August 2015 the Academy was successful in securing a grant of £42,396 from the Academies Condition Improvement Fund for replacement boilers. This project is due to be completed by December 2016.

At 31 August 2016 the net book value of fixed assets was £8,176,133 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 for the Academy has a deficit which is detailed in Note 19 to the financial statements.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

RESERVES POLICY

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 £67,237 (2015: £57,767). The Academy intends to continue building up free reserves as required.

Included within restricted funds at 31 August 2016 is the Local Government Pension Scheme deficit of £1,502,000 (2015 - £1,004,000). 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 2016 the total funds comprised:

Unrestricted		67,237
Restricted	Fixed asset funds	8,198,679
	Pension reserve	(1,502,000)
	Other	<u>501,396</u>
		<u><u>7,265,312</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 major risk to the Academy is the uncertainty surrounding future funding. Continual cost pressures such as increased national insurance and pension contributions have to be absorbed together with reductions in funding levels. 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.

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 Local Authority.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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 will further develop its links with other Academy groups and local schools 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

Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that trustee has 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.

This report was approved by order of the board of trustees as the company directors, on 8 December 2016 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 board of trustees 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 board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
Mr P Kelby, Chair until 27/09/16	6	6
Mr M Fargher, Vice Chair, appointed as Chair 27/9/16	5	6
Mr R Barron	5	6
Mr S Ward	5	6
Mrs S Cawley	4	6
Mrs C Campbell, Staff Trustee	4	5
Mr A Dickerson	3	6
Mr S Gordon, Headteacher & Accounting Officer	6	6
Mr M Hodgson	4	6
Mr M Jones, Staff Trustee	1	1
Mr L McBeth	3	6
Mr D McVean, appointed as Vice Chair 27/09/16	5	6
Miss R Moss, Staff Trustee	4	6
Mr R Nightingale	2	3
Mr S Pentlow	4	6
Mr R Sewell	4	6
Mr L Venn, Staff Trustee	4	6
Mr C Wright	1	6
Mrs E Wright	2	6

The Finance, Personnel and 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 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)	4	6
Mr R Barron	5	6
Mr P Kelby	6	6
Mr R Nightingale	0	4
Mr S Ward	2	6
Mr S Gordon, Headteacher and Accounting Officer	6	6
Miss S Beresford, Strategic Finance Manager	6	6

Governance Reviews

Huxlow has a very strong Governing Board with a broad range of skilled and very 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 Board 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 been embedded.

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

The Governing Board has been actively involved in 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 focussed on short/medium term financial constraints to ensure that the school is prepared for the financial challenges ahead.

The Governing Board has also 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.

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 board of trustees 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 of which two were completed in the year. Procurement savings have been achieved through a review of major premises contracts due for renewal. 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. A key focus area for 2016/17 is the review of energy usage and supply agency costs.
- **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 two sources of external funding:-
 - o Capital grant of £42,396 from the Academies Condition Improvement Fund for replacement boilers. The project is due to be completed in early 2016.
 - o A successful bid to receive £8,820 for laptops for our Design Technology Department to support the curriculum. This project was funded via a local community charity; the Finedon Educational Charity.

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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

GOVERNANCE STATEMENT (continued)

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 board of trustees;
- regular reviews by the Finance, Premises & Personnel 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 board of trustees has considered the need for a specific internal audit function and has decided to appoint Mazzars LLP as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On an annual basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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

- testing of controls for internal IT systems and associated systems including testing of;-
- policies and procedures, and
- planning, and
- business continuity, and
- asset management, and
- security

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 the audit 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 responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Premises & Personnel Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 8 December 2016 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 board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

Mr S Gordon
Headteacher and Accounting Officer

Date: 8 December 2016

HUXLOW SCIENCE COLLEGE
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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 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 2015 to 2016;
- 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 8 December 2016 and signed on its behalf by:

Mr M Fargher
Chair of Trustees

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

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

We have audited the financial statements of Huxlow Science College for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, 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" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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: 16 December 2016

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 07 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Huxlow Science College during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Huxlow Science College and the EFA 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 EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Huxlow Science College and the EFA, 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HUXLOW SCIENCE COLLEGE AND THE EDUCATION 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 2015 to 31 August 2016 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
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

16 December 2016

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	7,585	9,337	60,470	77,392	69,089
Charitable activities:						
Funding for the academy trust's educational operations	3	-	4,614,673	-	4,614,673	4,511,487
Other trading activities	4	7,895	98,007	-	105,902	110,859
Investments	5	3,430	-	-	3,430	2,216
TOTAL INCOME		18,910	4,722,017	60,470	4,801,397	4,693,651
EXPENDITURE ON:						
Raising funds		9,440	113,780	-	123,220	109,426
Charitable activities:						
Academy trust educational operations		-	4,544,718	320,648	4,865,366	4,871,264
TOTAL EXPENDITURE	6	9,440	4,658,498	320,648	4,988,586	4,980,690
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	9,470	63,519	(260,178)	(187,189)	(287,039)
		-	(108,624)	108,624	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		9,470	(45,105)	(151,554)	(187,189)	(287,039)
Actuarial losses on defined benefit pension schemes	19	-	(437,000)	-	(437,000)	(12,000)
NET MOVEMENT IN FUNDS		9,470	(482,105)	(151,554)	(624,189)	(299,039)
RECONCILIATION OF FUNDS:						
Total funds brought forward		57,767	(518,499)	8,350,233	7,889,501	8,188,540
TOTAL FUNDS CARRIED FORWARD		67,237	(1,000,604)	8,198,679	7,265,312	7,889,501

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

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		8,176,133		8,287,440
CURRENT ASSETS					
Stocks		7,090		7,090	
Debtors	13	121,874		101,233	
Cash at bank and in hand		861,924		866,388	
			<u>990,888</u>		<u>974,711</u>
CREDITORS: amounts falling due within one year	14		<u>(362,515)</u>		<u>(338,851)</u>
NET CURRENT ASSETS			<u>628,373</u>		<u>635,860</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,804,506</u>		<u>8,923,300</u>
CREDITORS: amounts falling due after more than one year	15		<u>(37,194)</u>		<u>(29,799)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>8,767,312</u>		<u>8,893,501</u>
Defined benefit pension scheme liability	19		<u>(1,502,000)</u>		<u>(1,004,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>7,265,312</u></u>		<u><u>7,889,501</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	501,396		485,501	
Restricted fixed asset funds	16	8,198,679		8,350,233	
			<u>8,700,075</u>		<u>8,835,734</u>
Restricted income funds excluding pension liability			<u>8,700,075</u>		<u>8,835,734</u>
Pension reserve		(1,502,000)		(1,004,000)	
			<u>7,198,075</u>		<u>7,831,734</u>
Total restricted income funds			<u>7,198,075</u>		<u>7,831,734</u>
Unrestricted income funds	16		<u>67,237</u>		<u>57,767</u>
TOTAL FUNDS			<u><u>7,265,312</u></u>		<u><u>7,889,501</u></u>

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The financial statements were approved by the trustees, and authorised for issue, on 8 December 2016 and are signed on their behalf, by:

Mr M Fargher
Chair of Trustees

The notes on pages 25 to 45 form part of these financial statements.

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>193,114</u>	<u>152,100</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		3,430	2,216
Purchase of tangible fixed assets		<u>(209,399)</u>	<u>(115,282)</u>
Net cash used in investing activities		<u>(205,969)</u>	<u>(113,066)</u>
Cash flows from financing activities:			
Repayments of borrowings		-	(7,534)
Cash inflows from new borrowing		<u>8,391</u>	<u>-</u>
Net cash provided by/(used in) financing activities		<u>8,391</u>	<u>(7,534)</u>
Change in cash and cash equivalents in the year		<u>(4,464)</u>	<u>31,500</u>
Cash and cash equivalents brought forward		<u>866,388</u>	<u>834,888</u>
Cash and cash equivalents carried forward	22	<u><u>861,924</u></u>	<u><u>866,388</u></u>

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS']

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

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 2016

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.

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 there is certainty of receipt and it is measurable.

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.

Donations

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

Other Income

Other income, including the hire of facilities, is recognised in the period 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 2016

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

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

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities 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.

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.

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

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Leasehold Property/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

1.6 Leased assets

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

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the Bank.

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.

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

1. ACCOUNTING POLICIES (continued)

1.12 Liabilities and provisions

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. 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.

1.13 Pension benefits

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

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

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

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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

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.

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	7,585	9,337	-	16,922	6,295
Capital Grants	-	-	60,470	60,470	62,794
	<u>7,585</u>	<u>9,337</u>	<u>60,470</u>	<u>77,392</u>	<u>69,089</u>
Total donations and capital grants	<u>7,585</u>	<u>9,337</u>	<u>60,470</u>	<u>77,392</u>	<u>69,089</u>

In 2015, of the total income from donations and capital grants, £6,167 was to unrestricted funds, £ 128 was to restricted funds and £62,794 was to restricted fixed asset funds.

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General annual grant (GAG)	-	4,264,328	4,264,328	4,180,208
Other DfE/EFA grants	-	251,198	251,198	238,286
	<u>-</u>	<u>4,515,526</u>	<u>4,515,526</u>	<u>4,418,494</u>
Other government grants				
Local authority grants	-	99,147	99,147	92,993
	<u>-</u>	<u>99,147</u>	<u>99,147</u>	<u>92,993</u>
	<u>-</u>	<u>4,614,673</u>	<u>4,614,673</u>	<u>4,511,487</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £4,511,487 was to restricted funds.

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Rental income / hire of facilities	7,895	-	7,895	11,258
Trip income	-	31,244	31,244	39,097
Catering	-	60,114	60,114	51,956
Other income	-	6,649	6,649	8,548
	<u>7,895</u>	<u>98,007</u>	<u>105,902</u>	<u>110,859</u>

In 2015, of the total income from other trading activities, £11,658 was to unrestricted funds and £99,201 was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest receivable	3,430	-	3,430	2,216
	<u>3,430</u>	<u>-</u>	<u>3,430</u>	<u>2,216</u>

In 2015, of the total investment income, £2,216 was to unrestricted funds and £ NIL was to restricted funds.

HUXLOW SCIENCE COLLEGE
(A company limited by guarantee)

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

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	28,425	-	6,359	34,784	4,765
Expenditure on fundraising trading	4,055	-	84,381	88,436	104,661
Academy's educational operations:					
Direct costs	3,161,665	-	357,449	3,519,114	3,504,347
Allocated support costs	546,927	515,586	283,739	1,346,252	1,366,917
	<u>3,741,072</u>	<u>515,586</u>	<u>731,928</u>	<u>4,988,586</u>	<u>4,980,690</u>

In 2016, of the total expenditure, £9,440 (2015 - £9,070) was to unrestricted funds and £4,918,146 (2015 - £4,956,620) was to restricted funds.

7. CHARITABLE ACTIVITIES

	Direct costs 2016 £	Support costs 2016 £	Total 2016 £	Total 2015 £
Educational operations	<u>3,519,114</u>	<u>1,346,252</u>	<u>4,865,366</u>	<u>4,871,264</u>

Analysis of support costs

	2016 £	2015 £
Support staff costs	546,927	495,600
Depreciation	320,648	346,094
Premises costs	194,938	204,674
Other support costs	262,714	285,639
Governance costs	21,025	34,910
Total support costs	<u>1,346,252</u>	<u>1,366,917</u>

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FOR THE YEAR ENDED 31 AUGUST 2016

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	320,649	346,094
Auditor's remuneration - audit	8,250	17,750
Auditor's remuneration - other services	12,760	10,013
Operating lease rentals	4,283	6,053
	=====	=====

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9. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	2,913,995	2,906,549
Social security costs	232,795	209,925
Operating costs of defined benefit pension schemes	477,457	447,960
	<u>3,624,247</u>	<u>3,564,434</u>
Supply staff costs	116,825	38,655
Staff restructuring costs	36,825	-
	<u>3,777,897</u>	<u>3,603,089</u>

Staff restructuring costs comprise:

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

Included in staff restructuring costs are non-statutory/non contractual settlement payments totalling £13,500 (£2015 - £nil). 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:

	2016	2015
	No.	No.
Teachers	51	51
Administration and support	62	70
Management	3	4
	<u>116</u>	<u>125</u>

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

	2016	2015
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	2

The above three employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £34,099 (2015 - £29,799).

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

9. STAFF COSTS (continued)

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 £483,678 (2015 - £393,955).

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 was as follows:

		2016	2015
		£	£
Mr S Gordon, Headteacher and Accounting Officer	Remuneration	75,000-80,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mr M Jones, Staff Governor (resigned 11 November 2015)	Remuneration	10,000-15,000	50,000-55,000
	Pension contributions paid	0-5,000	5,000-10,000
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	10,000-15,000
	Pension contributions paid	0-5,000	0-5,000
Miss C Campbell	Remuneration	35,000-40,000	
	Pension contributions paid	5,000-10,000	

During the year, no trustees received any reimbursement of expenses (2015 - £NIL).

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 2016 was £211 (2015 - £216).

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

12. TANGIBLE FIXED ASSETS

	Leasehold property £	Leasehold improvements £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost						
At 1 September 2015	8,516,594	292,032	14,590	168,838	417,140	9,409,194
Additions	2,851	99,898	-	12,144	94,506	209,399
Disposals	-	-	-	(340)	-	(340)
At 31 August 2016	<u>8,519,445</u>	<u>391,930</u>	<u>14,590</u>	<u>180,642</u>	<u>511,646</u>	<u>9,618,253</u>
Depreciation						
At 1 September 2015	634,767	54,074	14,357	89,758	328,798	1,121,754
Charge for the year	185,971	34,557	233	35,792	64,096	320,649
On disposals	-	-	-	(283)	-	(283)
At 31 August 2016	<u>820,738</u>	<u>88,631</u>	<u>14,590</u>	<u>125,267</u>	<u>392,894</u>	<u>1,442,120</u>
Net book value						
At 31 August 2016	<u>7,698,707</u>	<u>303,299</u>	<u>-</u>	<u>55,375</u>	<u>118,752</u>	<u>8,176,133</u>
At 31 August 2015	<u>7,881,827</u>	<u>237,958</u>	<u>233</u>	<u>79,080</u>	<u>88,342</u>	<u>8,287,440</u>

13. DEBTORS

	2016 £	2015 £
Trade debtors	7,214	1,735
VAT repayable	14,859	16,067
Prepayments and accrued income	99,801	83,431
	<u>121,874</u>	<u>101,233</u>

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NOTES TO THE FINANCIAL STATEMENTS
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14. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Salix loans	8,533	7,537
Trade creditors	98,283	77,715
Other taxation and social security	67,346	63,640
EFA creditor	-	13,918
Other creditors	55,058	57,440
Accruals and deferred income	133,295	118,601
	<u>362,515</u>	<u>338,851</u>
	<u>362,515</u>	<u>338,851</u>
	2016	2015
	£	£
Deferred income		
Deferred income at 1 September 2015	78,937	42,116
Resources deferred during the year	56,021	78,937
Amounts released from previous years	(78,937)	(42,116)
	<u>56,021</u>	<u>78,937</u>
	<u>56,021</u>	<u>78,937</u>

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

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

	2016	2015
	£	£
Salix loans	37,194	29,799
	<u>37,194</u>	<u>29,799</u>

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

16. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General unrestricted funds	57,767	18,910	(9,440)	-	-	67,237
Restricted funds						
General annual grant (GAG)	53,391	4,264,328	(4,168,460)	467	-	149,726
Other DfE/EFA 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
GUTP/teacher recharges	-	33,938	(33,938)	-	-	-
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>4,722,017</u>	<u>(4,658,498)</u>	<u>(108,624)</u>	<u>(437,000)</u>	<u>(1,000,604)</u>
Restricted fixed asset funds						
DfE/EFA 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>4,782,487</u>	<u>(4,979,146)</u>	<u>-</u>	<u>(437,000)</u>	<u>7,198,075</u>
Total of funds	<u><u>7,889,501</u></u>	<u><u>4,801,397</u></u>	<u><u>(4,988,586)</u></u>	<u><u>-</u></u>	<u><u>(437,000)</u></u>	<u><u>7,265,312</u></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 EFA.

Restricted fixed asset funds amounting to £8,176,133 will be reserved against future depreciation charges

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

16. STATEMENT OF FUNDS (continued)

and the remainder of £22,546 relates to unspent capital grants which will be used to enhance the academy's facilities.

Included in miscellaneous restricted funds is £13,144 relating to Year 7 Catch Up.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	8,176,133	8,176,133	8,287,440
Current assets	67,237	901,105	22,546	990,888	974,711
Creditors due within one year	-	(362,515)	-	(362,515)	(338,851)
Creditors due in more than one year	-	(37,194)	-	(37,194)	(29,799)
Pension scheme liability	-	(1,502,000)	-	(1,502,000)	(1,004,000)
	<u>67,237</u>	<u>(1,000,604)</u>	<u>8,198,679</u>	<u>7,265,312</u>	<u>7,889,501</u>

18. CAPITAL COMMITMENTS

At 31 August 2016 the academy trust had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	<u>22,546</u>	<u>57,150</u>

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 2013.

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

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19. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £299,771 (2015 - £258,809).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

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

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19. PENSION COMMITMENTS (continued)

The total contribution made for the year ended 31 August 2016 was £195,000 (2015 - £198,000), of which employer's contributions totalled £157,000 (2015 - £158,000) and employees' contributions totalled £38,000 (2015 - £40,000). 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 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:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.70 %
Expected return on scheme assets at 31 August	2.00 %	3.70 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %

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

	2016	2015
Retiring today		
Males	22.3	22.3
Females	24.3	24.3
Retiring in 20 years		
Males	24.0	24.0
Females	26.6	26.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	927,000	654,000
Debt instruments	248,000	178,000
Property	104,000	84,000
Cash	26,000	19,000
	-----	-----
Total market value of assets	1,305,000	935,000
	=====	=====

The actual return on scheme assets was £205,000 (2015 - £28,000).

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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:

	2016	2015
	£	£
Net interest cost	(37,000)	(35,000)
Current service cost	(181,000)	(188,000)
Total	(218,000)	(223,000)

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

	2016	2015
	£	£
Opening defined benefit obligation	1,939,000	1,708,000
Interest cost	75,000	66,000
Contributions by employees	38,000	40,000
Actuarial losses	604,000	9,000
Current service cost	181,000	188,000
Benefits paid	(30,000)	(72,000)
Closing defined benefit obligation	2,807,000	1,939,000

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

	2016	2015
	£	£
Opening fair value of scheme assets	935,000	781,000
Return on plan assets	38,000	31,000
Actuarial gains and (losses)	167,000	(3,000)
Contributions by employer	157,000	158,000
Contributions by employees	38,000	40,000
Benefits paid	(30,000)	(72,000)
Closing fair value of scheme assets	1,305,000	935,000

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NOTES TO THE FINANCIAL STATEMENTS
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20. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	-	4,283

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

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(187,189)	(287,039)
Adjustment for:		
Depreciation charges	320,649	346,094
Dividends, interest and rents from investments	(3,430)	(2,216)
Loss on the sale of fixed assets	57	481
Increase in debtors	(20,641)	(15,692)
Increase in creditors	22,668	45,472
Defined benefit pension scheme cost less contributions payable	24,000	30,000
Defined benefit pension scheme finance cost	37,000	35,000
Net cash provided by operating activities	193,114	152,100

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	861,924	866,388
Total	861,924	866,388

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.

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NOTES TO THE FINANCIAL STATEMENTS
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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.

26. FIRST TIME ADOPTION OF FRS 102

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		8,188,540	7,889,501
Total funds reported under FRS 102		<u>8,188,540</u>	<u>7,889,501</u>

Reconciliation of net (expenditure)	Notes	31 August 2015 £
Net (expenditure) previously reported under UK GAAP		(272,039)
Change in recognition of LGPS interest cost	A	(15,000)
Net movement in funds reported under FRS 102		<u>(287,039)</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expense. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £15,000 and reduce the credit in other recognised gains and losses in the SoFA by an equivalent amount.