

THE MILL ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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

Members

D Jones
J Wymer (appointed 6 October 2016)
W Stephenson
The Oxford Diocesan Board of Education

Directors

J Wymer, Chair
W Hemmingsley, Chief Executive
G Joyner (appointed 9 June 2017)
G Armstrong (removed by Members on 6 June 2017)
H Bartlett (removed by Members on 6 June 2017)
R Ireland (removed by Members and Diocese on 6 June 2017)
L Miles (removed by Members on 6 June 2017)
P Budhan (resigned 10 January 2017)
C Chadwick (resigned 25 May 2017)
M Swann (resigned 10 May 2017)
D Gribble (appointed 6 June 2017)

Senior Management Team

W Hemmingsley, Chief Executive, Accounting Officer and Headteacher of The Henry Box School
S Pritchard, Acting Headteacher of The Henry Box School
H Bartlett, Headteacher of Queen Emma's Primary School
S Dawe, Headteacher of Finstock CofE Primary School
V Musson, Director of Education
N Stretton, Chief Finance Officer

Company Name

The Mill Academy

Principal and Registered Office

The Henry Box School, Church Green, Witney, Oxfordshire, OX28 4AX

Company Registration Number

08060721

Independent Auditor

James Cowper Kreston, 2 Chawley Park, Cumnor Hill, Oxford, Oxfordshire, OX2 9GG

Bankers

Lloyds Bank Plc, P O Box 1000, Andover, BX1 1LT

Solicitors

Browne Jacobson LLP, Mowbray House, Castle Meadow Road, Nottingham, NG2 1BJ

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DIRECTORS' 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 Mill Academy Trust ('the Trust' or 'the charitable company') for the period ended 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates two primary schools and one secondary school in West Oxfordshire. Its academies have a combined pupil capacity of 1,889 and had a roll of 1,458 in the school census in October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust, which was incorporated on 8 May 2012 and opened as an Academy on 1 June 2012, is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Directors act as the Trustees for the charitable activities of the Trust and are the Trustees of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the period, except as noted, 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 Trustees benefit from indemnity insurance purchased by the Trust to cover the liability of the Trustees arising from negligent acts, errors or commissions occurring whilst on Trust business. The limit of this indemnity is £5,000,000.

Principal Activities

The principal activity of the Trust is to advance for the public benefit, ensuring each of its academies are at the heart of its community, promoting community cohesion and sharing facilities with other schools and/or other educational institutions and the wider community.

Method of Recruitment and Appointment or Election of Trustees

On the formation of The Mill Academy, from the former single academy trust known as The Henry Box School, new Trustees were appointed. The Trust shall have the following Trustees as set out in its Articles of Association and Funding Agreement:

- up to 9 Trustees who are appointed by the Members;
- up to 3 Trustees who are appointed by the Diocesan Board of Education; and
- the Chief Executive who is treated for all purposes as being an ex-officio Trustee.

Trustees are appointed for a four year period, except that this time limit does not apply to the Chief Executive as an ex-officio Trustee. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Members, Trustees and the Diocesan Board of Education will give consideration to the skills and experience mix of existing Trustees in order to ensure the Board has the necessary skills to contribute fully to the Trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience and tends to be done informally and tailored specifically to the individual based on an audit of their skills. All Trustees are provided with copies of policies, procedures, plans and other documents they will need to undertake their role as Trustees.

There are Trustee training days organised each year which includes training sessions to keep the Trustees updated on

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

relevant developments impacting on their roles and responsibilities. The Trust subscribes to the National Governor Association and The Key giving Trustees access to a range of resources, articles and training.

Organisational Structure

The Board of Trustees normally meets between four and six times a year. The Trustees establish an overall framework for the governance of the Trust and determine membership, terms of reference and procedures of its Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There are five Committees of the Board of Trustees as follows:

- Finance and Resources Committee
- Audit Committee
- The Henry Box Local Governing Board
- Queen Emma's Primary Local Governing Board
- Finstock Church of England Primary Local Governing Board

Each Committee has its own terms of reference detailing the responsibilities discharged to it.

The following decisions are reserved to the full Board:

- to consider any proposals for changes to the name, status, educational character, mission, ethos or constitution of the Trust and its committee structure;
- to approve the annual estimates of income and expenditure (budgets) and major projects and to sign off the annual statement of accounts;
- to appoint and consider the performance management of the Chief Executive;
- to appoint the Chief Finance Officer;
- to appoint the Clerk to the Trustees and Company Secretary.

The Trustees are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Trust by the use of budgets and other data, and making the major decisions about the direction of the Trust, capital expenditure and staff appointments.

The Trustees have devolved the day-to-day management of the Trust to the Chief Executive and the Executive Team. The Executive Team comprises the Chief Executive, Chief Finance Officer and Director of Education; and is supported by an Executive Assistant and the Headteachers of the Schools in the Trust. The Executive Team implements the policies laid down by the Trustees and reports back to them on performance.

Arrangements for setting pay and remuneration of key management personnel

The Trust has laid out in its annual Pay Policy for Teachers, the system for setting pay and remuneration for all teaching staff, including the Chief Executive, the Headteachers of the Academy's schools, and all senior leaders who are teachers. The Pay Policy is consistent with the School Teacher's Pay and Conditions Document (STPCD) and is based on the model agreed between Oxfordshire County Council and the teaching Unions.

Pay and remuneration for all Trust support staff is in accordance with the terms and conditions set out in the National Joint Council (NJC) "Green Book". The Chief Finance Officer is remunerated in accordance with the "Green Book".

Related Parties and other Connected Charities and Organisations

There are no related parties which either control or significantly influence the decisions and operations of the Trust. There are no sponsors associated with the Trust.

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objects of the Trust, as set out in its Articles of Association, are to:

- a. to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools which shall offer a broad and balanced curriculum; and which shall include:
 - i. Schools other than those designated Church of England, whether with or without a designated religious character; and
 - ii. Church of England schoolsbut in relation to each of the schools to recognise and support their individual ethos, whether or not designated Church of England.
- b. In relation to the non-Church of England schools to promote for the benefit of the inhabitants of Witney and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity, disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The broad aims of the Trust during the period ended 31 August 2017 are summarised below:

- To improve outcomes for young people by enabling the sharing of effective practice and increasing school improvement activities.
- To ensure that every student realises their potential in terms of high quality qualifications.
- To reveal and build character in our students to leave every one of them proud of their schooling and rich in memories.
- To ensure that every student leaving school is strong in literacy and numeracy, and has valuable life skills, as well as high personal standards and self-esteem.
- To ignite in our students a love of learning which will serve them well throughout their lives.

Objectives, Strategies and Activities

The key priorities for the period are contained in the Trust's Development Plan which is available from the Chief Executive.

The main activities of the Trust for the period ended 31 August 2017 were as follows:

Priority 1: Improve the quality of leadership and management:

Embed the roles of all leaders, including Trustees, to sustain improvement and evaluate the Trust's progress. Ensure that all strategic leaders take effective action to continue to improve the quality of teaching and close the gap.

Objectives

- 1.1 Tracking of underperforming groups is robust and leads to specific actions.
- 1.2 Progress made by key groups (disadvantaged, SEND) exceeds their non PPG peers.

Strategies

- SEND reviews across the Trust to identify strengths and development areas
- School Improvement Lead (SIL) support and challenge
- CEO, SIL & HT support and challenge meetings
- Professional development to ensure teachers consistently concentrate on the progress made by disadvantaged students
- Differentiation becomes Trust wide priority

Priority 2: Outcomes for pupils:

Throughout each year group and across the curriculum, including in English and mathematics, pupils make substantial and sustained progress, developing excellent knowledge, understanding and skills, considering their different starting points.

Objectives

- 2.1 The attainment of almost all groups of pupils is broadly in line with national averages or, if below these, it is improving rapidly.
- 2.2 Teachers check students' understanding systematically and effectively in lessons, offering clearly directed and timely support.

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DIRECTORS' REPORT (continued)
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2.3 Teachers provide students with incisive feedback about what they can do to improve their knowledge, understanding and skills.

Strategies

- Ensure differentiation is clearly identifiable in planning
- Ensure assessment for learning is used to ensure children are given appropriate work at the right time
- Ensure books demonstrate closing the gap and accelerated progress from students' starting points
- Develop consistent marking and feedback policy within each school
- Ensure students are responding to feedback

Priority 3: Learning, teaching and assessment: English

Teachers embed reading, writing and communication exceptionally well across the curriculum, equipping all pupils with the necessary skills to make progress. For younger children, in particular, phonics teaching is highly effective in enabling them to tackle unfamiliar words.

Objectives

3.1 Reading provision ensures that all students make accelerated progress in the primary schools and close the gap.

3.2 Opportunities for writing ensure that all students are able to write at length accurately.

Strategies

- Embed clear guided reading structure
- Reading champion identified in each school to support Trust wide collaboration
- Trust wide moderation of reading
- Independent reading provision and progress is clearly identifiable for pupils, parents and staff through the use of reading records
- Planning clearly identifies extended writing activities and strategies are effective
- Feedback supports children with their improvements
- Big Write used to support extended writing activities
- Use of effective starters to engage students in their imaginative ideas
- Trust wide moderation with emphasis on transition year groups
- Parent launch – 'how to support your child at home'

Public Benefit

The Trustees confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Trust's aims and objectives and in planning its future activities.

STRATEGIC REPORT

The Trust has continued to work on the priorities set out by the Board of Trustees and contained in the Objectives section above. Notable achievements this year were Progress 8 score of 0.05 and the improvement in Key Stage 4 results in English GCSE at The Henry Box School and 98% phonics screening results at Queen Emma's Primary School.

Environmental factors to consider are the current political and financial instability caused by the EU Referendum vote and the impact of the impending EU exit negotiations on public spending and economic forecasts for the UK.

The Trust faces a number of principal risks as set out in the 'Principal Risks and Uncertainties' section.

The Trust uses various financial instruments including cash and items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the Trust to a number of financial risks which are described in more detail below.

The main risks arising from the financial statements are cash flow, interest rate risk and credit risk. The Trust seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Trust seeks to manage its cash reserves to ensure liabilities are settled as they fall due.

Achievements and Performance

The Trust is in its fifth period of operation since conversion on 1 June 2012 and the second period as a multi-academy trust.

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The total number of pupils in the period ended 31 August 2017 was 1,554, but this has decreased to 1,458 at the October 2017 census date. The number of pupils in primary schools is increasing but for a period the numbers transitioning to secondary school are smaller than the year groups leaving, however a rise in secondary pupil numbers is expected in the year 2019/20.

The Trust is committed to continual improvement which is achieved in a number of ways, including improvement planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning.

The particular achievements and performance of the Trust during the period ended 31 August 2017 were as follows:

GCSE Results

	The Henry Box School	National
Number of Candidates	223	
English & Maths 4+	71%	62%
EBacc 5/C+	20%	21%
Progress FFT Rank	12	
Average Attainment 8 Score	4.6	4.5
Progress 8 Measure	0.05	0

GCE Results

	*A-B Grades	*A-C Grades	*A-E Grades
2017	54%	78%	98%
2016	56%	83%	99%
2015	47%	68%	97%
2014	53%	78%	99%
2013	52%	79%	99%
2012	52%	78%	99%

Key Stage 1

	National	Queen Emma's Primary	Finstock CofE Primary
Reading	76%	70%	67%
Writing	68%	62%	67%
Maths	75%	65%	73%

Key Stage 2

	National	Queen Emma's Primary	Finstock CofE Primary
Reading	71%	56%	62%
Writing	76%	63%	69%
Maths	75%	19%	39%
EGPS	77%	38%	77%

The Henry Box School was subject to an Ofsted Inspection in June 2013, where it received an overall rating of Good, as well as individual judgement of Good in the categories of:

- Achievement of students;
- Quality of Teaching;
- Behaviour and Safety of Students; and
- Leadership and Management.

Ofsted inspected The Henry Box School in November 2017, the result of the inspection and the final report is currently being prepared by the Inspectors.

Further details can be found on the School's website at www.henrybox.oxon.sch.uk.

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Finstock Church of England Primary School was subject to an Ofsted Inspection in September 2013 and received an overall rating of Good, as well as individual judgement of Good in the categories of:

- Achievement of students;
- Quality of Teaching;
- Behaviour and Safety of Students; and
- Leadership and Management.

Further details can be found on the School's website at www.finstockschool.wordpress.com.

Queen Emma's Primary School was subject to an Ofsted Inspection in January 2015 and received an overall rating of Requires Improvement, as well as individual judgement of Good in the categories of:

- Leadership and Management;
- Behaviour and Safety of Students; and
- Early Years Provision.

Individual judgements of Requires Improvement were received in the categories of:

- Achievement of students;
- Quality of Teaching.

Further details can be found on the School's website at www.queen-emmas.oxon.sch.uk.

Key Performance Indicators

Although the Trust's Funding Agreement is not subject to a specific carry forward limit on the amount of GAG funding, the main financial performance indicator is the level of reserves held at the balance sheet date and, in particular, the amount of GAG funding carried forward at the balance sheet date. At 31 August 2017, the balance of the GAG Restricted Fund was £0, but the balance of unrestricted general funds is £719,322.

As the majority of the Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. As noted above, pupil numbers at the most recent census was 1,458 which is a decrease of 6% from the previous census.

As a result, the ratio of GAG funding per pupil was £4,826 for the period.

Staffing costs are another key performance indicator for the Trust and the percentage of total staff costs to GAG funding for the period was 90.6%, while the percentage of staff costs to total costs was 74.6%.

Attendance Data

Secondary – National	The Henry Box School	Primary - National	Queen Emma's Primary	Finstock CofE Primary
95%	94.9%	96.1%	95.11%	96.04%

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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 Accounting Policies note of the financial statements.

FINANCIAL REVIEW

The majority of the Trust's income is received from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2017 and the associated expenditure of these grants are shown as Restricted Funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE and other organisations and funders and these are shown as Restricted Fixed Asset Funds in the Statement of Financial Activities. The balance of the Restricted Fixed Asset fund is reduced by the depreciation charges on the assets acquired using these funds.

During the period ended 31 August 2017, the total expenditure of £9,107,021 was covered by the recurrent grant funding from the DfE, together with other incoming resources (excluding the net assets transferred on conversion from the Local Authority). Excluding depreciation charges of £630,341, total expenditure for the period exceeded total income by £157,379.

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Land, buildings, other assets and the Local Government Pension Scheme deficit from the predecessor schools were transferred to the Trust from the Local Authority and the Oxford Diocese on conversion. The total value of these net assets transferred on conversion, as included in the Statement of Financial Activities, are £22,846,168. The details of the net assets transferred and the basis of their valuations are set out in Note 14 to the financial statements.

The fixed assets held by the Trust are used exclusively for providing education and associated support services to the pupils of the Academy schools.

The balance of total funds held at 31 August 2017 was £19,975,942 which comprised of the following:

Restricted Funds (excluding Pension Liability)	£1,232
Restricted Pension Liability Fund	(£3,552,000)
Restricted Fixed Asset Fund	£22,807,388
Unrestricted Funds	£719,322

The key financial policies reviewed during the period included the Financial Procedures Manual, which lays out the framework for the Trust's financial management, including financial responsibilities of the Board of Trustees, the Chief Executive, Chief Finance Officer, Headteachers of individual schools, senior leaders/managers, budget holders and other staff, as well as the delegated authorities for spending. The other policies reviewed and adopted during the period included Risk Management, Teachers Pay Policy, Trustees Expenses, Data Protection, and Safeguarding Children Policy.

Financial and Risk Management Objectives and Policies

The Trust has agreed a Risk Management Policy and a Risk Management Plan. In addition each school in the Trust is asked to keep a risk register. The Trust's risks and risk management plan are constantly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls. Where significant financial risk still remains, the Trustees have ensured the Trust has adequate insurance cover.

The risks to the Trust's revenue funding from falling rolls are small. However, the current freeze on the Government's overall education budget and the increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health of the Trust formally in its committees, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees and Finance and Resources Committee meetings.

At the balance sheet date, the Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Trust's liquidity.

The Trustees recognised that the Local Government Pension Scheme deficit represents a significant potential liability to the Trust. However, as the Trustees consider the Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Principal Risks and Uncertainties

The Trustees have set out a Risk Management Policy and implemented a system to assess risks that the Trust faces. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trust has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

The principal risks and uncertainties facing the Trust are as follows:

Financial

The Trust has considerable reliance on continued Government funding through the ESFA. In the period, approximately 98.7% of the Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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DIRECTORS' REPORT (continued)
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Failures in governance and / or management

The risk in this area arises from the potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees continue to review and ensure appropriate measures are in place to mitigate these risks.

Reputational

The continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, the Trustees ensure that pupil success and achievement are closely monitored and reviewed.

Safeguarding and child protection

The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing

The success of the Trust is reliant on the quality of its staff so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds

The Trust has engaged its external auditors to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

Reserves Policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees also take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves should provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The individual schools are asked to keep reserve levels at least above the figure needed to meet its monthly payroll liability and as a Trust as a whole should not be below 5% of total incoming resources. The Trust believes its current insurance arrangements provide sufficient cover to provide immediate responses to emergency situations such as fire, explosion, flood and storm damage; but the Trust will need to review its reserves levels when or if its insurance arrangements are changed in the future.

The Trust's current level of reserves (defined as restricted general funds, excluding pension reserve, plus the balance on unrestricted funds) is £19,975,942, of which £719,322 is free reserves (that is, total funds less the amount held in fixed assets and restricted funds).

The current level of reserves is above our target level of free cash reserves.

Investment Policy

All funds are held on deposit with Lloyds Bank. All funds surplus to immediate requirements are invested to optimal effect by the Trust with the objective of ensuring maximum return on assets invested but with minimal risk.

PLANS FOR FUTURE PERIODS

The Trust strives to continually improve levels of attainment for all pupils, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment, as well as promoting the continued professional development of its staff.

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The Trust's plans for future periods are:

- Ensure that all teaching across the Trust is outstanding;
- Ensure that the progress of disadvantaged students and those with SEN is at least in line with that of the non-disadvantaged nationally;
- Ensure that the curriculum is designed and developed to meet the needs of all students;
- Developing a learning culture;
- Increase levels of literacy to increase rates of progress;
- Increasing parental engagement to increase rates of progress and attendance;
- To harness the benefits of collaborative working and to share good teaching practice and financial economies of scale.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust and its Trustees do not act as Custodian Trustees of any other charity.

AUDITOR

In so far as the Trustees are aware:

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

The Trustees report, incorporating a strategic report has been approved by order of the Board of Trustees on 15/12/17 and signed on its behalf by:


Director

G JOYNER

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that The Mill Academy 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 Chief Executive, 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 The Mill Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees, including all Committees, any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that information that is described in the Trustees' Report and in the Trustees' Responsibilities Statement. The Board of Trustees have formally met 10 times during the period ended 31 August 2017. Attendance during the period at meetings of the Board of Trustees was as follows:

	Meetings attended	Out of a possible
J Wymer	9	10
W Hemmingsley	10	10
D Gribble	3	4
G Joyner	3	3
G Armstrong	5	7
H Bartlett	2	2
P Budhan	0	4
C Chadwick	7	7
R Ireland	7	7
L Miles	7	7
M Swann	5	6

The Finance and Resources Committee is a sub-Committee of the Board of Trustees. Its purpose is to provide guidance and assistance to the Board on all matters related to finance, resources, premises and Health & Safety of the Trust. This includes preparing and approving annual budgets, monitoring financial performance against that budget, reviewing delegated authorities, ensuring all transactions are conducted in accordance with good practice as directed by the ESFA, to ensure best value is achieved in all financial transactions and to receive and (where relevant) respond to period audit reports on the Trust and of public funds.

Attendance at meetings of the Finance and Resources Committee during the period was as follows:

	Meetings attended	Out of a possible
J Wymer	6	6
W Hemmingsley	5	6
P Budhan	0	2
S Dawe	3	6
P Dempsey	2	2
M Swann	4	4

The Audit Committee is a sub-Committee of the Board of Trustees. The purpose of the Committee is to advise the Board on the adequacy and effectiveness of the systems of internal control, arrangements for risk management, control, audit and governance processes and securing value for money.

	Meetings attended	Out of a possible
C Ponsonby	1	1
H Marshall	0	1
L Nadin	1	1

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GOVERNANCE STATEMENT (continued)

Governance reviews

The governance arrangements for The Henry Box School were replaced by the new governance for The Mill Academy on 1 October 2015. The new governance arrangements include maintaining a local governing board for each of the schools in the Trust. The Board agreed a Scheme of Governance, Management and Delegation for the Trust as a whole, along with individual Schemes of Delegation for each local governing board and its committees.

The Trust identifies areas of weakness or gaps on the Board, and has used the Academy Ambassadors programme to recruit to Trustee vacancies. During June 2017, the Members reviewed the effectiveness of the Board of Trustees and made significant changes to ensure the objectives of the Trust were being prioritised. A full Governance Review was carried out in July 2017 and an action plan has been put into place to implement the recommendations of that review during 2017/18.

REVIEW OF VALUE FOR MONEY

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

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

- The avoidance of waste and extravagance;
- The prudent and economical administration of the organisation;
- The establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting; and
- Ensuring all financial transactions represent value for money.

Our guiding principles for ensuring best value for money can be summarised as:

- Rigorous procedures for establishing, reviewing and evaluating Trust and school budgets, including comparisons against national good practice and benchmarking;
- A rigorous purchasing policy, ensuring value for money comparisons for purchased items;
- Rigorous evaluations of impact on student outcomes including examination results, value added progress, student attendance, transition and parental engagement;
- Sharing of good practice amongst collaborative schools.

The Trust's use of its resources has provided good value for money during the academic year because the Trustees, local governors and school leadership teams apply the principles of best value when making decisions about:

- The allocation of resources to best promote the aims and values of the school;
- The targeting of resources to best improve standards and the quality of provision;
- The use of resources to best support the various educational needs of all students.

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time and/or costs. Time wasted on minor improvements or savings can also distract leaders from more important or valuable areas; therefore Trustees, local governors and leaders **do not** waste time and resources:

- On investigating minor areas where few improvements can be achieved;
- To make minor savings in costs;
- Seeking tenders for minor supplies and services.

Trustees, local governors and leaders **do**:

- Make comparisons with other/similar schools using data provided by central government and other appropriate bodies, e.g. quality of teaching and learning, levels of expenditure;
- Challenge proposals. Examining them for effectiveness, efficiency, and cost, e.g. setting of annual student achievement targets;
- Require suppliers to compete on grounds of cost, and quality/suitability of services/products/backup;
- Consult individuals and organisations of quality/suitability of service we provide to parents and students, and services we receive from providers, e.g. the online payment system, website.

THE MILL ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

This will apply in particular to:

Staffing

Trustees, local governors and leaders deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-student ratio and curriculum management.

Teaching

Trustees, local governors and leaders review the quality of curriculum provision and quality of teaching, to provide students with a curriculum which meets their needs in order to best prepare them for the next stage of their learning journey.

Learning

Trustees, local governors and leaders review the quality of student learning in order to provide teaching which enables students to achieve above nationally expected progress e.g. setting of annual student achievement targets; investment in professional development and systems which allow teachers to focus on learning.

Use of Premises

Trustees, local governors and leaders consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, for support services, and for communal access to central resources.

Use of Resources

Trustees, local governors and leaders deploy equipment, materials and services to provide students and staff with resources which support quality of teaching and quality of learning. The Trust benefits from employing a Finance Trustee and centralised finance team, which supports staff in its schools to deploy resources in the most efficient manner.

Purchasing

Trustees, local governors and leaders have procedures in place for assessing need and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time and cost. These include:

- A competitive tendering procedure for goods and services above £25,000,
- Three written quotes for goods and services between £6,000 and £25,000,
- Tender exercises are undertaken to ensure that high value contracts are assessed against the marketplace to ensure that long term contracts (3 to 5 years) remain competitive,
- Procedures for accepting "best value" quotes which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship),
- Procedures to minimise office time by the purchase of goods or services under £1,000 direct from reliable suppliers (e.g. stationery, small equipment),
- An annual budget prepared in line with the needs identified within School Improvement Plans,
- Regular monitoring and review of all aspects of finance through the Finance and Resources Committees at both Board and local governing board levels.

Income Generation and Surplus Balances

Trustees, local governors and leaders explore every opportunity to generate income through various means such as the hiring of Trust facilities and the selling of training and consultation time.

Student Welfare

Trustees, local governors and leaders review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and achievement. Safeguarding procedures are in place and tested to ensure they are robust and preventative measures and training provision built into budgetary estimates.

Health and Safety

Trustees, local governors and leaders review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for students, staff and visitors.

Monitoring of Best Value

Monitoring of these areas for best value took place:

- In-house through local governance and by leaders and leadership teams in schools e.g. through quality assurance procedures;
- In the Annual Budget Planning process and the preparation of the Annual Accounts;
- In Academy and School Improvement Plans;
- Through the analysis of in-house student performance data including exam results and Key Stage results;
- Through the analysis of RAISEonline student performance data;
- Through the analysis of financial data;
- In stakeholder surveys;
- By providing information to parents via school websites and newsletters.

THE MILL ACADEMY
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GOVERNANCE STATEMENT (continued)

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 Trust's 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 The Mill Academy for the period ended 31 August 2017 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 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 on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period from incorporation 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 Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The 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 and Resources 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 not to appoint an internal auditor. However, the Trustees have appointed James Cowper Kreston, the external auditor, to perform additional checks. The Trust has established an Audit Committee and set out specific terms of reference to monitor compliance with internal assurance work and monitor the risk management policy.

James Cowper Kreston's role includes giving advice on financial matters, where requested, and performing a range of checks on the Trust's financial systems.

On an annual basis, James Cowper Kreston reports to the Board of Trustees on the results of its work.

James Cowper Kreston has delivered their schedule of work and only minor issues have been raised. These have been addressed by the Trustees and Leadership in a timely manner. No significant weaknesses or discrepancies have been highlighted.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the period ended 31 August 2017 the review has been informed by:

- the work of the external auditor;
- the financial management self-assessment process;
- the work of the Chief Finance Officer and the Finance Manager within the 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 and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

THE MILL ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Approved by order of the Board of Trustees on 15/12/17 and signed on their behalf by:



Director

G JOYNER



W Hemmingsley
Accounting Officer

THE MILL ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Mill Academy I have considered my responsibility to notify the Trust's Board of Trustees, including all Committees, 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 Trust and the Secretary of State. 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 Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the 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 Board of Trustees and ESFA.



W Hemmingsley
Accounting Officer

15/12/17

THE MILL ACADEMY
(A company limited by guarantee)

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Directors (who act as Trustees of The Mill Academy charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors 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 Directors 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 Directors 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 Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the Board of Directors on 15/12/17 and signed on its behalf by:



Director

G JOYNER

THE MILL ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
MILL ACADEMY**

OPINION

We have audited the financial statements of The Mill Academy for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating 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 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 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 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 charitable company'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 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy 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.

OTHER INFORMATION

The Directors 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.

THE MILL ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
MILL ACADEMY**

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 Directors' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Directors' 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

UNQUALIFIED OPINION ON FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' responsibilities, the Directors (who are also the directors of the charitable Academy 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 Directors 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 Directors are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Academy 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.

THE MILL ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
MILL ACADEMY**

MJ Farwell

Michael Farwell MA FCA DChA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

Date:

15/12/2017

THE MILL ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE MILL
ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 29 September 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 The Mill Academy 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 The Mill Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Mill Academy 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 The Mill Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE MILL ACADEMY'S AND THE REPORTING ACCOUNTANT

The is responsible, under the requirements of The Mill Academy's funding agreement with the Secretary of State for Education dated 1 June 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's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the directors to assess the internal controls throughout the year.

Specific work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Board of Directors 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 of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

THE MILL ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE MILL
ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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.

MNFarell

Michael Farwell MA FCA DChA (Senior Statutory Auditor)

James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

Date:

15/12/2011

THE MILL ACADEMY
(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	-	23,896	19,624	43,520	3,481,953
Charitable activities	5	250,690	7,652,275	284,191	8,187,156	8,031,036
Other trading activities	3	82,557	-	-	82,557	85,921
Investments	4	6,418	-	-	6,418	7,304
TOTAL INCOME		339,665	7,676,171	303,815	8,319,651	11,606,214
EXPENDITURE ON:						
Raising funds		350	-	-	350	350
Charitable activities		133,544	8,343,136	630,341	9,107,021	8,544,842
TOTAL EXPENDITURE	7	133,894	8,343,136	630,341	9,107,371	8,545,192
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	205,771 (364,923)	(666,965) 215,634	(326,526) 149,289	(787,720) -	3,061,022 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(159,152)	(451,331)	(177,237)	(787,720)	3,061,022
Actuarial gains/(losses) on defined benefit pension schemes	21	-	1,057,000	-	1,057,000	(1,722,000)
NET MOVEMENT IN FUNDS		(159,152)	605,669	(177,237)	269,280	1,339,022
RECONCILIATION OF FUNDS:						
Total funds brought forward		878,474	(4,156,437)	22,984,625	19,706,662	18,367,640
TOTAL FUNDS CARRIED FORWARD		719,322	(3,550,768)	22,807,388	19,975,942	19,706,662

The comparative figures presented above for income from donations and capital grants includes transfers in on conversion of primaries of £3,447,484.

THE MILL ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08060721

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	2016 £
FIXED ASSETS				
Tangible assets	14		22,846,168	22,940,045
CURRENT ASSETS				
Debtors	15	223,587		367,680
Cash at bank and in hand		1,216,261		1,179,775
		<u>1,439,848</u>		<u>1,547,455</u>
CREDITORS: amounts falling due within one year	16	<u>(758,074)</u>		<u>(526,838)</u>
NET CURRENT ASSETS			681,774	1,020,617
TOTAL ASSETS LESS CURRENT LIABILITIES			23,527,942	23,960,662
Defined benefit pension scheme liability	21	<u>(3,552,000)</u>		<u>(4,254,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>19,975,942</u>	<u>19,706,662</u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	17	1,232		97,563
Restricted fixed asset funds	17	<u>22,807,388</u>		<u>22,984,625</u>
Restricted income funds excluding pension liability		22,808,620		23,082,188
Pension reserve		<u>(3,552,000)</u>		<u>(4,254,000)</u>
Total restricted income funds			19,256,620	18,828,188
Unrestricted income funds	17		<u>719,322</u>	<u>878,474</u>
TOTAL FUNDS			<u>19,975,942</u>	<u>19,706,662</u>

The financial statements on pages 23 to 46 were approved by the Directors, and authorised for issue, on 15/12/17 and are signed on their behalf, by:


Director

G JOYNER

THE MILL ACADEMY
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	566,532	(23,493)
Cash flows from investing activities:			
Dividends, interest and rents from investments		6,418	7,304
Purchase of tangible fixed assets		(536,464)	(396,034)
Net cash used in investing activities		(530,046)	(388,730)
Change in cash and cash equivalents in the year		36,486	(412,223)
Cash and cash equivalents brought forward		1,179,775	1,591,998
Cash and cash equivalents carried forward	20	1,216,261	1,179,775

THE MILL ACADEMY
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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.

1.2 Company status

The Academy is a company limited by guarantee incorporated in the United Kingdom. The registered office address is shown on page 1.

The members of the company are as set out on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

1.3 Going concern

The Directors 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 to continue as a going concern. The Directors 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.

1.4 Income

All income is recognised once the Academy 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 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 an unconditional entitlement to the grant and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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.

THE MILL ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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 at rates calculated to write off the cost of these assets on a straight line basis over their expected useful lives on the following bases:

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold land	-	Over the term of the lease
Buildings	-	2.5% Straight line
Motor vehicles	-	12.5% Straight line
Fixtures & fittings	-	25% Straight line
Computer equipment	-	33% Straight line

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.

1.7 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.

1.8 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.

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

1. ACCOUNTING POLICIES (continued)

1.9 Liabilities and provisions

Liabilities and provisions 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 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.

1.10 Operating leases

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.

1.11 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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 15. 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 costs as detailed in note 16. 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.

1.12 Taxation

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

1.13 Pensions

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 21, 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.

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

1. ACCOUNTING POLICIES (continued)

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

1.14 Redundancy payments

Redundancy payments are made in line with statutory or contractual terms made on the termination of the employment contract.

1.15 Fund accounting

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

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 Department for Education.

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 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 21, 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.

Critical areas of judgment:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

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

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 and other voluntary income	-	23,896	19,624	43,520	34,469
Transfers in on conversion of primaries	-	-	-	-	3,447,484
	-	23,896	19,624	43,520	3,481,953
<i>Total 2016</i>	<i>179,281</i>	<i>(490,066)</i>	<i>3,792,738</i>	<i>3,481,953</i>	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings income	44,361	-	44,361	38,968
Other income	38,196	-	38,196	46,953
	82,557	-	82,557	85,921
<i>Total 2016</i>	<i>85,921</i>	<i>-</i>	<i>85,921</i>	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Interest income	6,418	-	6,418	7,304
<i>Total 2016</i>	<i>7,304</i>	<i>-</i>	<i>7,304</i>	

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

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Educational operations (see below)	-	7,819,213	7,819,213	7,628,124
Local Authority	-	117,253	117,253	122,206
Other income from educational activities	250,690	-	250,690	280,706
	<u>250,690</u>	<u>7,936,466</u>	<u>8,187,156</u>	<u>8,031,036</u>
<i>Total 2016</i>	<u>280,706</u>	<u>7,750,330</u>	<u>8,031,036</u>	

FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,500,098	7,500,098	7,543,507
Capital grants	-	284,191	284,191	50,828
Other DfE/ESFA grants	-	34,924	34,924	33,789
	<u>-</u>	<u>7,819,213</u>	<u>7,819,213</u>	<u>7,628,124</u>
<i>Total 2016</i>	<u>-</u>	<u>7,628,124</u>	<u>7,628,124</u>	

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

6. CHARITABLE ACTIVITIES

	Total funds 2017 £	Total funds 2016 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	4,320,397	4,211,220
National insurance	415,969	340,309
Pension cost	859,949	656,595
Net FRS 102 pension scheme finance cost	90,000	86,000
Technology	32,489	43,068
Educational supplies	124,256	123,033
Examination fees	110,859	112,327
Staff development	34,487	28,978
Educational consultancy	60,558	25,129
Other direct costs	254,408	277,432
	<u>6,303,372</u>	<u>5,904,091</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	746,009	730,078
National insurance	50,561	42,262
Pension cost	249,039	174,579
Depreciation	630,341	534,106
Technology costs	98,221	82,599
Recruitment and support	26,359	20,196
Maintenance of premises	121,303	135,065
Maintenance of equipment	27,011	32,324
Cleaning	61,118	58,891
Rent and rates	73,991	73,629
Energy	128,073	110,746
Insurance	56,424	82,804
Security	1,046	1,566
Transport	27,005	23,705
Catering	110,113	95,139
Bank interest and charges	514	64
Travel and subsistence	5,024	5,976
Agency costs	150,782	120,299
Legal and professional	81,809	148,480
Other support costs	158,906	168,243
	<u>2,803,649</u>	<u>2,640,751</u>
	<u><u>9,107,021</u></u>	<u><u>8,544,842</u></u>

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

7. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	350	350	350
Activities:					
Direct costs	5,696,565	-	606,807	6,303,372	5,904,091
Support costs	1,096,143	737,985	969,521	2,803,649	2,640,751
	<u>6,792,708</u>	<u>737,985</u>	<u>1,576,678</u>	<u>9,107,371</u>	<u>8,545,192</u>
Total 2016	<u>6,275,342</u>	<u>801,691</u>	<u>1,468,159</u>	<u>8,545,192</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Direct costs - educational operations	<u>6,303,372</u>	<u>2,803,649</u>	<u>9,107,021</u>	<u>8,544,842</u>
Total 2016	<u>5,904,091</u>	<u>2,640,751</u>	<u>8,544,842</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity and leasehold land	630,341	534,105
Fees payable to auditor for audit	9,550	9,365
Fees payable to auditor for other services	1,585	1,550
Operating lease rentals	<u>13,341</u>	<u>12,013</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	5,012,744	4,936,098
Social security costs	466,531	382,571
Operating costs of defined benefit pension schemes	1,108,988	831,174
	<u>6,588,263</u>	<u>6,149,843</u>
Apprenticeship levy	3,391	-
Supply teacher costs	150,783	120,299
Staff restructuring costs	50,271	5,200
	<u><u>6,792,708</u></u>	<u><u>6,275,342</u></u>

Staff restructuring costs comprise:

	2017 £	2016 £
Redundancy payments	35,271	5,200
Severance payments	15,000	-
	<u><u>50,271</u></u>	<u><u>5,200</u></u>

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

	2017 No.	2016 No.
Teachers	95	94
Administration and support	118	118
Management	11	11
	<u><u>224</u></u>	<u><u>223</u></u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teaching	79	73
Administration and support	70	67
Management	11	11
	<u><u>160</u></u>	<u><u>151</u></u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	0

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

10. STAFF COSTS (continued)

The above employees all participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff members amounted to £38,172 (2016: £34,538).

The key management personnel of the Academy comprise the Directors and Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services was £479,252 (2016: £256,925).

11. CENTRAL SERVICES

The Trust has provided the following central services to its academies during the year:

- Administrative support
- Services purchased centrally such as insurance

The Trust charged for these services on the basis of previous school budgets.

The actual amounts charged during the year were as follows:

	2017 £	2016 £
The Henry Box School	400,000	7,184
Finstock C.E. Primary School	20,000	5,027
Queen Emma's Primary School	108,544	17,809
	<u>528,544</u>	<u>30,020</u>
Total		

12. DIRECTORS' REMUNERATION AND EXPENSES

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Directors 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 Directors. The value of Directors' remuneration and other benefits was as follows:

		2017 £	2016 £
W Hemmingsley (Principal and Director)	Remuneration	85,000-90,000	85,000-90,000
	Pension contributions paid	10,000-15,000	10,000-15,000
H Bartlett (Principal and Director)	Remuneration	55,000-60,000	25,000-30,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the year ended 31 August 2017, no Directors received any reimbursement of expenses (2016 - £NIL to 0 Directors).

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

13. TRUSTEES' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £3,268 (2016 - £3,248).

14. TANGIBLE FIXED ASSETS

	Land and buildings £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	24,044,422	15,175	114,312	597,354	24,771,263
Additions	403,226	-	45,620	87,618	536,464
At 31 August 2017	24,447,648	15,175	159,932	684,972	25,307,727
Depreciation					
At 1 September 2016	1,438,981	5,832	39,048	347,357	1,831,218
Charge for the year	469,061	1,897	31,682	127,701	630,341
At 31 August 2017	1,908,042	7,729	70,730	475,058	2,461,559
Net book value					
At 31 August 2017	22,539,606	7,446	89,202	209,914	22,846,168
At 31 August 2016	22,605,441	9,343	75,264	249,997	22,940,045

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

14. TANGIBLE FIXED ASSETS (continued)

The Academy took out a 125 year lease over the land and buildings located at the Henry Box School and transferred from Oxfordshire County Council at the original date of conversion to a standalone academy in 2012. In addition, the 90 year lease that already existed between Oxfordshire County Council and the Witney Educational Foundation was assigned to the Trust on the date of conversion. The land and buildings transferred and assigned at conversion have been valued at an estimate of their fair value at conversion. In determining this value, the Directors have referred to the desktop valuation of the land and buildings commissioned by the ESFA as at 31 March 2013.

This desktop valuation was undertaken by Kier (previously Mouchel) and was carried out on a depreciated replacement cost basis. Included in the value of land and buildings is land at a value of £6,483,000.

During 2015, Finstock C.E. Primary School and Queen Emma's Primary School joined the multi-academy trust.

The Trust took out a 125 year lease over the land and buildings located at Queen Emma's Primary School transferred from Oxfordshire County Council.

Finstock C.E. Primary School occupies land and buildings which are owned by the Oxford Diocesan Board of Education. Supplemental Agreements are in place between the Oxford Diocesan Board of Education, the Oxford Diocesan Board of Finance and the Trust, which provide the Trust with the right to use the land and buildings for Finstock C.E. Primary School. In addition, Finstock School has a 20 year lease with the Finstock Parish Council for land encompassing the school field.

The land and buildings transferred and assigned have been valued at an estimate of their fair value. In determining this value, the Directors have referred to the desktop valuations of the land and buildings commissioned by the ESFA as at 31 March 2016.

These desktop valuations were undertaken by Kier (previously Mouchel) and were carried out on a depreciated replacement cost basis. The valuation for Finstock C.E. Primary School was £1,256,000 (including land at a value of £547,000). The valuation for Queen Emma's Primary School was £2,487,000 (including land at a value of £631,000).

15. DEBTORS

	2017 £	2016 £
Trade debtors	9,288	24,369
VAT recoverable	91,354	90,740
Other debtors	2,518	140,159
Prepayments and accrued income	120,427	112,412
	<u>223,587</u>	<u>367,680</u>

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

16. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	265,684	251,986
Other taxation and social security	117,915	109,526
Other creditors	112,765	101,046
Accruals and deferred income	261,710	64,280
	<u>758,074</u>	<u>526,838</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	517	36,535
Resources deferred during the year	4,522	517
Amounts released from previous years	(517)	(36,535)
	<u>4,522</u>	<u>517</u>
Deferred income at 31 August 2017		

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

17. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	878,474	339,665	(133,894)	(364,923)	-	719,322
Restricted funds						
General Annual Grant (GAG)	79,501	7,500,098	(7,795,233)	215,634	-	-
Local Authority	-	152,177	(152,177)	-	-	-
Donations	18,062	23,896	(40,726)	-	-	1,232
Pension reserve	(4,254,000)	-	(355,000)	-	1,057,000	(3,552,000)
	<u>(4,156,437)</u>	<u>7,676,171</u>	<u>(8,343,136)</u>	<u>215,634</u>	<u>1,057,000</u>	<u>(3,550,768)</u>
Restricted fixed asset funds						
Other capital grants fund	39,179	246,377	(4,008)	-	-	281,548
DfE/ESFA capital grants	1,264,823	57,438	(239,865)	110,526	-	1,192,922
Capital from GAG and other funds	141,148	-	(5,903)	38,763	-	174,008
Assets transferred on conversion	21,539,475	-	(380,565)	-	-	21,158,910
	<u>22,984,625</u>	<u>303,815</u>	<u>(630,341)</u>	<u>149,289</u>	<u>-</u>	<u>22,807,388</u>
Total restricted funds	<u>18,828,188</u>	<u>7,979,986</u>	<u>(8,973,477)</u>	<u>364,923</u>	<u>1,057,000</u>	<u>19,256,620</u>
Total of funds	<u>19,706,662</u>	<u>8,319,651</u>	<u>(9,107,371)</u>	<u>-</u>	<u>1,057,000</u>	<u>19,975,942</u>

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

Unrestricted funds

General funds represents income generated by the academy (such as lettings and hire of facilities) and any other donations or investment income, which is not restricted for any specific purpose and can be spent as determined by the Governing Body.

Restricted funds

The General Annual Grant (GAG) represents funding received from the Education and Skills Funding Agency during the period in order to fund the continuing activities of the school. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Local Authority grants represent money given to the Trust by the local authority, including the High Needs grant.

Donations represent money given to the Trust by donors for specific fundraising ventures. Restrictions are imposed by the donor and the money will be spent on the relevant project.

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

The pension reserve represents the Local Government Pension Scheme (LGPS) deficit which has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised. The pension liability has not crystallised and the directors do not need to designate any of their existing funds to meet future pension commitments. Parliament, at the request of the Secretary of State for Education, has guaranteed that in the event of academy closure, outstanding LGPS liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Fixed asset funds

Other capital grants represents funds given to the Trust through donations for specific capital purposes which were unspent at 31 August 2017.

DfE/ESFA capital grants included devolved capital funding and amounts received from the Condition Improvement Fund.

Fixed assets purchases from GAG represents amounts spent on fixed assets from the GAG funding received from the ESFA.

Fixed assets transferred on conversion represent the land and buildings and equipment donated to the school from Oxfordshire County Council on conversion to an academy.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	<i>Total 2016 £</i>
The Henry Box School	647,901	761,018
Finstock C.E Primary School	36,797	43,160
Queen Emma's Primary School	44,351	113,476
Central Costs	(8,495)	58,383
Total before fixed asset fund and pension reserve	720,554	976,037
Restricted fixed asset fund	22,807,388	22,984,625
Pension reserve	(3,552,000)	(4,254,000)
Total	19,975,942	19,706,662

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

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2017 £	Total 2016 £
The Henry Box School	4,286,759	589,535	507,595	616,760	6,000,649	6,364,983
Finstock C.E Primary School	298,750	38,690	24,066	71,372	432,878	390,344
Queen Emma's Primary School	746,807	85,167	50,133	209,872	1,091,979	970,727
Central Costs	109,500	282,500	35,605	168,919	596,524	97,033
LGPS pension finance cost	254,749	100,251	-	-	355,000	188,000
	<u>5,696,565</u>	<u>1,096,143</u>	<u>617,399</u>	<u>1,066,923</u>	<u>8,477,030</u>	<u>8,011,087</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	22,846,168	22,846,168
Current assets	1,400,802	1,232	37,814	1,439,848
Creditors due within one year	(681,480)	-	(76,594)	(758,074)
Pension scheme liability	-	(3,552,000)	-	(3,552,000)
	<u>719,322</u>	<u>(3,550,768)</u>	<u>22,807,388</u>	<u>19,975,942</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(787,720)	3,061,022
Adjustment for:		
Depreciation charges	630,341	534,105
Losses on investments	-	(7,304)
Dividends, interest and rents from investments	(6,418)	-
Decrease/(increase) in debtors	144,093	(157,075)
Increase/(decrease) in creditors	231,236	(194,757)
Defined benefit pension scheme obligation inherited	-	510,000
Defined benefit pension scheme cost less contributions payable	355,000	188,000
Net (loss) on assets and liabilities from local authority on conversion	-	(3,957,484)
Net cash provided by/(used in) operating activities	566,532	(23,493)

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	1,216,261	1,179,775
Total	1,216,261	1,179,775

21. PENSION COMMITMENTS

The 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 Oxfordshire 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 £105,658 were payable to the schemes at 31 August 2017 (2016 - £95,324) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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FOR THE YEAR ENDED 31 AUGUST 2017

21. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, 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 £565,492 (2016 - £552,060).

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. The total contribution made for the year ended 31 August 2017 was £311,621 (2016 - £241,737), of which employer's contributions totalled £275,630 (2016 - £201,563) and employees' contributions totalled £35,991 (2016 - £40,175). The agreed contribution rates for future years are 17.4% for employers and 5.5-12.5% 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:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	1.80 %
Inflation assumption (RPI)	3.60 %	2.30 %

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21. PENSION COMMITMENTS (continued)

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	23.4	23.3
Females	25.5	25.8
Retiring in 20 years		
Males	25.7	25.6
Females	27.9	28.1

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	6,538	6,648
Discount rate -0.1%	6,829	6,945
Mortality assumption - 1 year increase	6,901	6,973
Mortality assumption - 1 year decrease	6,470	6,622

The Trust's share of the assets in the scheme was:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,930,000	1,662,000
Gilts	466,000	321,000
Corporate bonds	151,000	91,000
Property	203,000	182,000
Cash and other liquid assets	121,000	89,000
Other	259,000	196,000
Total market value of assets	<u>3,130,000</u>	<u>2,541,000</u>

The actual return on scheme assets was £349,000 (2016 - £316,000).

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

	2017 £	2016 £
Current service cost	(536,000)	(348,000)
Interest income	(149,000)	83,000
Interest cost	59,000	(169,000)
Total	<u>(626,000)</u>	<u>(434,000)</u>
Actual return on scheme assets	<u>(349,000)</u>	<u>(316,000)</u>

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21. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	6,796,000	3,414,000
Current service cost	536,000	348,000
Interest cost	149,000	169,000
Actuarial (gains)/losses	(767,000)	1,955,000
Benefits paid	(97,000)	(45,000)
Liabilities assumed / (extinguished) on settlements	-	879,000
Contributions by Scheme participants and other employers	80,000	76,000
	<u>6,697,000</u>	<u>6,796,000</u>
Closing defined benefit obligation	<u>6,697,000</u>	<u>6,796,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	2,542,000	1,580,000
Interest income	59,000	83,000
Actuarial gains	290,000	233,000
Employer contributions	271,000	246,000
Benefits paid	(97,000)	(45,000)
Settlement prices received	-	369,000
Contributions by Scheme participants and other employers	80,000	76,000
	<u>3,145,000</u>	<u>2,542,000</u>
Closing fair value of scheme assets	<u>3,145,000</u>	<u>2,542,000</u>

22. 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	6,822	12,013
Between 1 and 5 years	9,384	4,615
	<u>16,206</u>	<u>16,628</u>
Total	<u>16,206</u>	<u>16,628</u>

23. RELATED PARTY TRANSACTIONS

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

A member of administration staff is married to one of the Directors. The staff member is remunerated according to the usual Local Authority pay scales.

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

24. CONTROLLING PARTY

The Trust is controlled by its Members as detailed on page 1 of the financial statements.

25. CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure in the financial statements.

26. 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.