

Registered number: 08395421 (England & Wales)

TALL OAKS ACADEMY TRUST LTD
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 AUGUST 2016

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TALL OAKS ACADEMY TRUST LTD
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TALL OAKS ACADEMY TRUST LTD
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS MEMBERS / DIRECTORS AND
ADVISERS
FOR THE YEAR ENDING 31 AUGUST 2015**

Members	V-L Clarke G Garfoot S Bond
Trustees	V-L Clarke, Chair C Jackson R Ashmore J Dunderdale B Roberts (appointed 18 October 2016) K Elvidge (appointed 18 October 2016) P Richmond (appointed 18 October 2016) C Kirk (appointed 18 October 2016) S Jennings (appointed 18 October 2016) R Kirman (resigned 30 August 2016) S Wilson, Executive Head Teacher and Accounting Officer S Close, Executive Principal and Accounting Officer (resigned 19 July 2016) B Darby (resigned 30 April 2016) G Garfoot S Bond E Brown (resigned 1 March 2016)
Company registered number	08395421
Company name	Tall Oaks Academy Trust Ltd
Principal and registered office	White's Wood Academy Whites Wood Lane Gainsborough Lincolnshire DN21 1TJ
Company Secretary	R Ward
Senior management team	S Wilson, Executive Headteacher and Accounting Officer H Wells, Interim Head of School (Mercer's Wood Academy) C Fitzpatrick, Interim Head of School (White's Wood Academy) A Willis, Inclusion Leader R Ward, Executive Business Manager

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDING 31 AUGUST 2015

Advisers (continued)

Independent auditor Streets Audit LLP
Chartered Accountants & Statutory Auditor
Tower House
Lucy Tower Street
Lincoln
Lincolnshire
LN1 1XW

Bankers Lloyds Bank plc
202 High Street
Lincoln
Lincolnshire
LN5 7AP

Solicitors Langleys Solicitors
Olympic House
995 Doddington Road
Lincoln
LN6 3SE

TALL OAKS ACADEMY TRUST LTD
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Tall Oaks Academy Trust operates 3 primary academies within Gainsborough, Lincolnshire. Its academies have a combined pupil capacity of 550 and a roll of 487 in the school census in October 2016.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of Tall Oaks Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Tall Oaks Academy Trust.

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

Members' Liability

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

Trustees' Indemnities

The Academy Trust has granted an indemnity to one or more of its Trustees against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision has a limit of £5,000,000.

Method of Recruitment and Appointment or Election of Trustees

Trustees are selected for specialist knowledge and proven capability to cover the full spectrum of needs of an educational establishment, which is a Charitable Company.

The recruitment and appointment or election of the Trust is the responsibility of Trustees through election by post.

Policies and Procedures Adopted for the Induction and Training of Trustees

Induction is carried out in the first instance by the Chair of Trustees through informal and formal interviews alongside the Accounting Officer, Chief Financial Officer and senior members of the Trust team to provide new Trustees with a clear and transparent understanding of the workings of the Trust and their responsibilities.

All Trustees undertake initial and continued training to develop skills and expertise in all areas of induction through a Governance Training and Development programme delivered by the Trust and outside agencies engaged by the Trust.

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

Organisational Structure

The Trustees normally meet up to five times per academic year to consider the Executive Headteacher's Report, Accounting Officer's Report, Attendance, Exclusions and Racial Incidents, Inclusion, review Trust Policies and to monitor Standards.

The Trustees have devolved certain of its activities to sub-committees for the day to day control of some of the Academy Trust's operations, details of which are listed below. In addition, Local Governing Bodies are in place at White's Wood Academy and Mercer's Wood Academy. A Local Governing Body was set up at Castle Wood Academy in October 2016.

- Finance Committee – Chair: Mr V-L Clarke. Normally meets at least 5 times per academic year. The Committee's purpose is "to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity".
- Performance Management Committee. The Committee's purpose is to meet with the Trust's External Adviser to review the Executive Headteacher's performance targets for the previous year and to agree and set new targets annually and to monitor such targets throughout the academic year.
- Pupil Discipline Committee. The Committee's purpose is to consider the exclusion of pupils across the Trust in the event of an appeal or permanent exclusion.

The role of the Executive Headteacher is to "shape and improve the educational provision" across the Trust through raising pupil attainment, leading and motivating others and to manage the organisational and educational change necessary to achieve and sustain success. To achieve this, the Executive Headteacher is supported by Heads of School at White's Wood Academy and Mercer's Wood Academy, the Inclusion Leader and Executive Business Manager.

Arrangements for setting pay and remuneration of key management personnel

Senior leaders' pay and remuneration is determined on the following:

- Pupil numbers on roll and individual school group
- Key responsibilities and accountability, monitored through key performance indicators and impact on pupil outcomes. Pay progression where appropriate is reliant on successful achievement of these KPIs.
- Individual schools' needs and challenges.
- Skills, experiences and expertise of individual leaders.

Related Parties and other Connected Charities and Organisations

The Trustees are not aware of any connected or related party that would require disclosure.

Objectives and Activities

Objects and Aims

The principal activity of the Academy Trust, as set out in its Articles of Association and Funding Agreement with the Secretary of State is the operation of Tall Oaks Academy Trust, which is a Trust comprising Castle Wood Academy, Mercer's Wood Academy and White's Wood Academy to provide education for pupils of different abilities between the ages of 4 years and 11 years.

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

Objectives, Strategies and Activities

The main objectives of the Trust during the year ended 31st August 2016 are summarised below:

1 TEACHING AND LEARNING

- To improve Grammar teaching across the schools
- To embed effective phonics teaching across the Key Stages
- To improve writing progress
- To embed the changes for Mathematics expectations across the schools
- To improve the impact of assessment for learning

2 LEADERSHIP

- To develop the impact of subject leadership across the Trust
- To develop the impact of Middle Leaders

3 THE SCHOOL IN THE COMMUNITY

- To develop community events across all schools
- To develop community learning
- To develop links – school to school (local), within UK (national), International (global)
- To develop a school 'passport'

The strategies for achieving these objectives will be to plan a series of key actions and then use a rigorous cycle of monitoring, evaluation and review to identify key area.

Public Benefit

The Trustees have reviewed the objectives and activities of the Charity as detailed above and are satisfied that they are for the public benefit as detailed in the Charity Commission guidance note on this subject.

Strategic Report

Achievements and Performance

Key Performance Indicators

Mercer's Wood Academy.

Foundation Stage performance:

- Increase of 7% on % of children reaching GLD (2015 – 50%, 2016 – 57% - National 69%)
- % GLD is still below national % but is rising at a quicker rate and therefore the gap is closing.
- Increase of 7% on % of children achieving a 2+ in prime learning goals
- PSE increase on 2015
- Writing and Maths are the weaker areas

Year 1 Phonics Screening Check Performance:

- 86.7% of children met the standard of the phonics screening check. This is an increase of 7.4% on 2015.
- The school is above the national figure of 80.8% and has been so for the last 3 years.

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

End of KS1 Performance (Year 2)

- Reading statutory tests working at expected is 67%. (National 74%) Working at greater depth is 30% (National 23.6)
- Writing teacher assessment which was externally moderated working at expected is 63%. (National 65.5) Working at greater depth is 7%. (National 13%)
- Mathematics statutory tests working at expected is 63%. (National 73%). Working at greater depth is 10% (National 18%)
- Combined reading, writing and maths working at the expected standard is 57%. (National 60%)
- Combined reading, writing and maths working at greater depth is 6.7%. (National 9%).

End of KS2 Performance (Year 6)

- Reading working at expected standard – 35% (National 66%)
- SPAG working at the expected standard – 54% (National 72%)
- Maths working at the expected standard – 38% (National 70%)
- Writing working at the expected standard – 73% (National 74%)
- Writing working at greater depth – 4%
- Combined RWM at expected standard – 19% (National 53%)
- Generally pupil premium children did as well if not better than non- pupil premium children.

Castle Wood Academy.

Foundation Stage Performance:

- 73% of children reaching GLD (National 69%)
- Reading and writing are the areas for development.

White's Wood Academy.

End of KS2 Performance (Year 6)

- Reading working at expected standard – 52% (National 66%)
- SPAG working at the expected standard – 69% (National 72%)
- Maths working at the expected standard – 57% (National 70%)
- Writing working at the expected standard – 76% (National 74%)
- Writing working at greater depth – 13%
- Combined RWM at expected standard – 41% (National 53%)
- Children in receipt of pupil premium did better in reading than non PP. However they did not do as well in writing, SPAG or combined.

Going Concern

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

Financial Review

The majority of the Academy's income is obtained from the EFA (Education Funding Agency) in the form of the General Annual Grant, the use of which is restricted to particular purposes. The grants received from the EFA during the period reported on and the associated expenditure are shown as restricted funds in the statement of financial activities.

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

This year the Trust has made significant investment in IT, upgrading laptops, boards and projectors across the Trust to ensure all staff and pupils have access to the most up to date IT and that staff have the resources to deliver the curriculum.

The Trust continues to invest in succession planning for the future by investing in high quality specialists and outstanding leadership to ensure high quality provision for all children. The Trust remains committed to working with and supporting other schools.

It should be noted that, whilst the pension funds according to the balance sheet are in deficit, the extent of the deficit is exceeded by other restricted funds and although the Trustees have agreed to make provision against the possible crystallisation of the liability, the Secretary of State in July 2013 guaranteed that in the event of an academy closure outstanding government pension scheme liabilities would be met by the DFE.

Reserves Policy

The Trustees have given careful consideration to the level of reserves held by the Academy Trust. The Academy Trust seeks to maintain its commitment to delivering high quality education at the best value for money within the funding available from the EFA and other sources.

The budget for 2016-17 was discussed and approved by a meeting of the Board of Trustees. The budget forecast predicated a small in-year surplus. The budgeted surplus is in line with the Trust Development Plan and is considered necessary in order to provide adequate funds for the future development of the Academy Trust. Free reserves at the year end totalled £230,000.

Investment Policy

Should the level of free cash reserves held by the Academy Trust exceed that which is necessary to service its ongoing working capital needs the Trustees, with reference to the short and longer-term forecasts will consider investment of any excess funds over an appropriate period to maximise the return of any such surplus funds whilst ensuring that risk is avoided insofar as is possible.

Principal Risks and Uncertainties

The Trustees continue to monitor the risk and uncertainties within the Academy Trust and have maintained the Risk Register which was presented to the full Board of Directors on 5th July 2016.

The most significant risks identified at the current time are:

- The continued pressure to maintain teaching standards and pupil achievement within the constraints of the current funding formula
- The need to recruit and retain staff with appropriate skills to deliver high quality education, management, development and growth of the Academy Trust in line with the Trust's Development Plans
- The financial risks associated with the reduction in Trust funding, particularly in relation to the reduction of Pupil Premium income.
- The development and growth of the Academy Trust in line with Central and Local Government policies.

Plans for Future Periods

From detailed data analysis of all 3 sites across the Trust the following key objectives have been set for the academic period 2016 – 2017.

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

Pupil Outcomes and Standards linked to quality of teaching and learning:

- To further improve standards of attainment in Mathematics with a particular focus on problem solving and mastery in Maths.
- To improve standards and pupil outcomes at KS2 in Reading with particular reference to comprehension skills.
- To further improve standards in grammar, spelling and punctuation across the primary phase.
- To impact on progress for children with SEND so that all children are making at least 'expected' progress each year.

To develop leadership at all levels across the Trust

- To develop the role of Maths and English Subject leaders to impact on the quality of teaching and learning.
- To develop the roles of Assistant Heads of School.
- To develop the expertise and experience of the Heads of School.
- To develop the Executive Head's expertise and experience at running and leading a Multi Academy Trust.

To reduce the number of fixed term and permanent exclusions across the Trust

- To review the behaviour policy across the 3 schools in the Trust.
- To work actively with the LA behaviour support services.
- To develop pastoral support plans for our most 'at risk' pupils.

To improve overall attendance across the Trust to ensure every school is at least at 96+%

- To develop the role of the AWO (Attendance and Welfare Officer to further impact on attendance at Mercer's Wood Academy more positively).
- To address persistent absenteeism rates across the Trust.

Funds Held as Custodian Trustee on Behalf of Others

There are no funds held as Custodian Trustee on behalf of others.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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.

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 6 December 2016 and signed on the board's behalf by:



V-L Clarke
Chair

TALL OAKS ACADEMY TRUST LTD
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees we acknowledge we have overall responsibility for ensuring that Tall Oaks Academy Trust 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 Executive Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Tall Oaks Academy Trust Ltd and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Reasonable steps have been taken for the prevention and detection of fraud, irregularities and to provide reasonable assurance that:

- The Academy Trust complies with relevant laws and regulations
- Proper records are maintained and financial information used within the Academy Trust or for publication is reliable and transparent
- The Academy Trust is operating efficiently and effectively.

GOVERNANCE

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Director	Meetings attended	Out of a possible
V-L Clarke, Chair	3	4
C Jackson	4	4
R Ashmore	3	4
J Dunderdale	2	4
R Kirman	4	4
S Wilson, Executive Head Teacher and Accounting Officer	3	4
S Close	3	3
B Darby	2	2
G Garfoot	1	4
S Bond	3	4
E Brown	0	1

The composition of the Board of Trustees has remained stable during the period 1 September 2015 to 31 August 2016. With the exception of one Trustee who was absent due to maternity leave, attendance at meetings by all Trustees has been at least 50%.

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GOVERNANCE STATEMENT (continued)

The annual review of governance evidenced that the Board of Trustees:

- was confident in its vision for the Academy Trust and how this vision could be achieved
- held Academy Trust leaders to account for improving outcomes for all pupils
- had a clear delineation of roles and responsibilities.

The Trust has gone through a period of significant Leadership change in the last 12 months which in itself has proved challenging for Trustees. It is the Trustees' intention to consolidate over the forthcoming academic year, to carry out a full self-evaluation and introduce additional governance training sessions through internal and external training. Trustees will become more skilled, focussed and effective through such training.

An external review of governance will be undertaken during the period 1 September 2016 to 31 August 2017.

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to:

- To assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.
- To carry out the role of the Academy Trust's Audit Committee and make appropriate comments and recommendations on such matters to the Board of Trustees on a regular basis.

Attendance at meetings in the year was as follows:

Member of Committee	Meetings attended	Out of a possible
V-L Clarke (Chair)	4	4
R Ashmore	3	4
G Garfoot	2	4
R Kirman	3	4
B Darby	1	2
S Wilson	4	4
S Close	2	2

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Head Teacher 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:

- **Improved procurement procedures**
The Academy Trust has developed its procurement procedures to ensure the best value is achieved at all times. This is done through economies of scale and use of Framework Orders wherever possible.
- **Review of Suppliers and Services**
The Academy Trust has carried out an audit of all suppliers and services to ensure value for money is achieved. This has included a review of services across the Trust, procuring Trust contracts as opposed to individual academy contracts.

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GOVERNANCE STATEMENT (continued)

- **Review of Staffing arrangements**

The Trust undertook a review of existing staffing structures and the impact of on standards. As a result of the review, a staffing restructure was undertaken ready for the new academic year.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Tall Oaks Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE 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 Accounting Officer of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Audit Lincolnshire as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of recruitment procedures
- testing of governance reporting processes

On a quarterly basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Executive Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the work of the executive managers 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 Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 6 December 2016 and signed on their behalf, by:



V-L Clarke
Chair of Trustees



S Wilson
Accounting Officer

TALL OAKS ACADEMY TRUST LTD
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Tall Oaks Academy Trust Ltd I have considered my responsibility to notify the academy trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



S Wilson
Accounting Officer

Date: 6 December 2016

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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as governors of Tall Oaks Academy Trust Ltd and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 6 December 2016 and signed on its behalf by:



V-L Clarke
Chair of Trustees

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TALL OAKS ACADEMY TRUST LTD

We have audited the financial statements of Tall Oaks Academy Trust Ltd for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' responsibilities, the Trustees (who are also the directors of the charitable Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TALL OAKS ACADEMY TRUST LTD

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants & Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
Lincolnshire
LN1 1XW
6 December 2016

TALL OAKS ACADEMY TRUST LTD
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO TALL OAKS
ACADEMY TRUST LTD AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 15 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tall Oaks Academy Trust Ltd during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Tall Oaks Academy Trust Ltd and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Tall Oaks Academy Trust Ltd and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tall Oaks Academy Trust Ltd and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TALL OAKS ACADEMY TRUST LTD'S ACCOUNTING OFFICER AND
THE REPORTING AUDITOR**

The Accounting Officer is responsible, under the requirements of Tall Oaks Academy Trust Ltd's funding agreement with the Secretary of State for Education dated 20 February 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

The work undertaken to draw our conclusion includes:

- A review of the academy's systems and controls and confirmation of the operation and effectiveness during the year;
- A review of expenditure to confirm the appropriateness and value of money; and
- A review of connected party arrangements, transactions and balances.

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO TALL OAKS
ACADEMY TRUST LTD AND THE EDUCATION 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants & Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
Lincolnshire
LN1 1XW

6 December 2016

TALL OAKS ACADEMY TRUST LTD
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
INCOME FROM:						
Donations and capital grants	2	1	-	13	14	91
Charitable activities	4	71	2,599	-	2,670	2,336
Other trading activities	3	18	-	-	18	16
TOTAL INCOME		90	2,599	13	2,702	2,443
EXPENDITURE ON:						
Charitable activities		145	2,613	89	2,847	2,303
TOTAL EXPENDITURE	5	145	2,613	89	2,847	2,303
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	14	(55)	(14)	(76)	(145)	140
		-	(51)	51	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		(55)	(65)	(25)	(145)	140
Actuarial gains/(losses) on defined benefit pension schemes	19	-	(330)	-	(330)	7
NET MOVEMENT IN FUNDS		(55)	(395)	(25)	(475)	147
RECONCILIATION OF FUNDS:						
Total funds brought forward		122	(288)	2,897	2,731	2,584
TOTAL FUNDS CARRIED FORWARD		67	(683)	2,872	2,256	2,731

TALL OAKS ACADEMY TRUST LTD
(A company limited by guarantee)
REGISTERED NUMBER: 08395421

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£000	2016 £000	2015 £000
FIXED ASSETS				
Tangible assets	11		2,872	2,897
CURRENT ASSETS				
Debtors	12	144		143
Cash at bank and in hand		292		252
		<u>436</u>		<u>395</u>
CREDITORS: amounts falling due within one year	13	(206)		(131)
NET CURRENT ASSETS			<u>230</u>	<u>264</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,102</u>	<u>3,161</u>
Defined benefit pension scheme liability	19	(846)		(430)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>2,256</u></u>	<u><u>2,731</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	14	163		142
Restricted fixed asset funds	14	2,872		2,897
		<u>3,035</u>		<u>3,039</u>
Restricted funds excluding pension liability		(846)		(430)
		<u></u>		<u></u>
Total restricted funds			2,189	2,609
Unrestricted funds	14		67	122
TOTAL FUNDS			<u><u>2,256</u></u>	<u><u>2,731</u></u>

The financial statements were approved by the Directors, and authorised for issue, on 6 December 2016 and are signed on their behalf, by:



V-L Clarke
Chair of Trustees



S Wilson
Executive Head Teacher & Accounting Officer

The notes on pages 22 to 41 form part of these financial statements.

TALL OAKS ACADEMY TRUST LTD
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	16	91	42
Cash flows from investing activities:			
Purchase of tangible fixed assets		(64)	(174)
Capital grants from DfE/EFA		13	73
Net cash used in investing activities		(51)	(101)
Change in cash and cash equivalents in the year		40	(59)
Cash and cash equivalents brought forward		252	311
Cash and cash equivalents carried forward	17	292	252

TALL OAKS ACADEMY TRUST LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Tall Oaks Academy Trust Ltd constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 23.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

TALL OAKS ACADEMY TRUST LTD
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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.

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

TALL OAKS ACADEMY TRUST LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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:

Long-term leasehold property	-	No depreciation
Fixtures and fittings	-	4 years straight line
Computer equipment	-	3 years straight line
Leasehold improvements	-	10 years straight line

Long-term Leasehold Properties are not depreciated on the grounds of immateriality. Properties are subject to regular maintenance and repair such that in the directors opinion the residual value is not materially different from the value in the financial statements and have a long useful economic life. The directors consider the need for impairment at each period end.

1.6 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.

1.7 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8 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.

TALL OAKS ACADEMY TRUST LTD
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Cash at Bank and in hand

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

1.10 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

TALL OAKS ACADEMY TRUST LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.12 Fund accounting

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

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

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

1.13 Interest receivable

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

1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

Tangible fixed assets are recognised at cost or valuation, less accumulated depreciation and any impairments. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the academy's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

TALL OAKS ACADEMY TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total 2016 £000	Total 2015 £000
Voluntary income	1	-	-	1	18
Capital Grants	-	-	13	13	73
	<u>1</u>	<u>-</u>	<u>13</u>	<u>14</u>	<u>91</u>
Total donations and capital grants	<u>1</u>	<u>-</u>	<u>13</u>	<u>14</u>	<u>91</u>

In 2015, of the total income from donations and capital grants, £ *NIL* was to unrestricted funds and £91,000 was to restricted funds.

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total 2016 £000	Total 2015 £000
Hire of facilities	17	-	17	9
Consultancy	1	-	1	7
	<u>18</u>	<u>-</u>	<u>18</u>	<u>16</u>

In 2015, of the total income from other trading activities, £16,000 was to unrestricted funds and £ *NIL* was to restricted funds.

TALL OAKS ACADEMY TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants				
General Annual grant (GAG)	-	2,108	2,108	1,649
Other DfE/EFA grants	-	362	362	345
	-	2,470	2,470	1,994
Other government grants				
Special Educational Needs	-	7	7	6
Local Authority grants	-	122	122	263
	-	129	129	269
Other funding				
Parental contributions and other income	71	-	71	73
	71	-	71	73
	71	2,599	2,670	2,336

In 2015, of the total income from charitable activities, £74,000 was to unrestricted funds and £2,262,000 was to restricted funds.

5. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Direct costs	1,627	-	89	1,716	1,372
Support costs	511	132	488	1,131	931
	2,138	132	577	2,847	2,303

In 2016, of the total expenditure, £144,000 (2015 - £134,000) was to unrestricted funds and £2,703,000 (2015 - £2,169,000) was to restricted funds.

TALL OAKS ACADEMY TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

6. CHARITABLE ACTIVITIES

	Total 2016 £000	<i>Total 2015 £000</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,326	1,051
National insurance	99	73
Pension cost	202	156
Pension income	18	7
Educational Supplies	36	34
Staff Development	14	10
Educational Consultancy	21	39
Other Direct Costs	-	2
	<u>1,716</u>	<u>1,372</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	365	280
National insurance	18	13
Pension cost	128	71
Depreciation	89	62
Pension finance cost	-	8
Maintenance of Premises and Equipment	24	46
Rent and Rates	46	24
Insurance	53	55
Light and Heat	32	26
Cleaning	4	6
Water	6	6
Security and Transport	13	7
Other Premises Costs	4	24
Catering	145	102
Other Support Costs	127	182
Auditor's remuneration	8	6
Legal fees	68	12
Governance payments	1	1
	<u>1,131</u>	<u>931</u>
	<u><u>2,847</u></u>	<u><u>2,303</u></u>

TALL OAKS ACADEMY TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£000	£000
Wages and salaries	1,589	1,328
Social security costs	117	87
Operating costs of defined benefit pension schemes	330	227
	<u>2,036</u>	<u>1,642</u>
Supply teacher costs	49	2
Severance payments	53	-
	<u>2,138</u>	<u>1,644</u>

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

	2016	2015
	No.	No.
Teachers	36	27
Administration and Support	54	52
Management	8	8
	<u>98</u>	<u>87</u>

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

	2016	2015
	No.	No.
In the band £60,001 - £70,000	2	2
In the band £90,001 - £100,000	0	1
In the band £120,001 - £130,000	1	0

Three of the above employees participated in the Teacher's Pension Scheme.

The severance payments referred to above consist of two non-contractual payments. One for £35,000 and a second for £18,168.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £321,000 (2015 - £307,000).

TALL OAKS ACADEMY TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

8. CENTRAL SERVICES

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

- human resources
- financial services
- legal services
- educational support services
- other as arising

The Trust charges for these services on the following basis:

The funding deficit within shared services brought forward and incurred during the year has been eliminated through recharges of costs to the two academies open throughout the year, Mercer's Wood and White's Wood. Costs have been split 30:70 respectively. This is deemed appropriate by the trustees given the additional funding and associated costs received by White's Wood Academy given its national support school status.

The actual amounts charged during the year were as follows:

	2016	2015
	£000	£000
White's Wood Academy	284	474
Mercer's Wood Academy	170	203
Castle Wood	114	-
	568	677
Total	568	677

9. TRUSTEES' REMUNERATION AND EXPENSES

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

		2016	2015
		£000	£000
S Close, Executive Principal and Accounting Officer (Resigned)	Remuneration	125-130	80-85
	Pension contributions paid	15-20	10-15
B Darby, Staff Governor (Resigned)	Remuneration	50-55	55-60
	Pension contributions paid	5-10	5-10
S Wilson, Executive Principal and Accounting Officer	Remuneration	55-60	55-60
	Pension contributions paid	5-10	5-10

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

TALL OAKS ACADEMY TRUST LTD**(A company limited by guarantee)**

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

10. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5 million on any one claim and the cost for the year ended 31 August 2016 was £1,923 (2015 - £1,882).

11. TANGIBLE FIXED ASSETS

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Property improvem't £000	Total £000
Cost					
At 1 September 2015	2,378	65	48	491	2,982
Additions	-	52	10	2	64
At 31 August 2016	2,378	117	58	493	3,046
Depreciation					
At 1 September 2015	-	15	17	53	85
Charge for the year	-	23	17	49	89
At 31 August 2016	-	38	34	102	174
Net book value					
At 31 August 2016	2,378	79	24	391	2,872
At 31 August 2015	2,378	50	31	438	2,897

Long-term leasehold properties are held on 125-year leases from Lincolnshire County Council. They are valued in line with the EFA valuation.

12. DEBTORS

	2016 £000	2015 £000
VAT recoverable	51	66
Other debtors	3	1
Prepayments and accrued income	90	76
	144	143

TALL OAKS ACADEMY TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

13. CREDITORS: Amounts falling due within one year

	2016	<i>2015</i>
	£000	<i>£000</i>
Trade creditors	95	48
Other taxation and social security	43	28
Other creditors	36	29
Accruals and deferred income	32	26
	<u>206</u>	<u>131</u>
	<u>206</u>	<u>131</u>
	2016	<i>2015</i>
	£000	<i>£000</i>
Deferred income		
Deferred income at 1 September 2015	7	6
Resources deferred during the year	21	7
Amounts released from previous years	(7)	(6)
Deferred income at 31 August 2016	<u>21</u>	<u>7</u>
	<u>21</u>	<u>7</u>

Income deferred at 31 August 2016 relates to monies received in July 2016 for provision of Universal Free School Meals from September 2016.

TALL OAKS ACADEMY TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

14. STATEMENT OF FUNDS

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
General funds	122	90	(145)	-	-	67
Restricted funds						
General Annual Grant (GAG)	3	2,108	(1,986)	(51)	-	74
Other EFA grants	53	362	(362)	-	-	53
Other government funds	86	129	(179)	-	-	36
Pension reserve	(430)	-	(86)	-	(330)	(846)
	(288)	2,599	(2,613)	(51)	(330)	(683)
Restricted fixed asset funds						
Assets transferred on conversion	2,378	-	-	-	-	2,378
Assets funded by GAG income	136	-	(34)	51	-	153
Assets funded by EFA capital grants	296	13	(37)	-	-	272
Assets funded by other government grants	87	-	(18)	-	-	69
	2,897	13	(89)	51	-	2,872
Total restricted funds	2,609	2,612	(2,702)	-	(330)	2,189
Total of funds	2,731	2,702	(2,847)	-	(330)	2,256

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

Unrestricted funds:

General funds represent those resources which may be used towards meeting any of the objects of the Trust at the discretion of the directors. These are not currently designated for particular purposes.

Restricted funds:

General Annual Grant (GAG) is made up of a number of different funding streams from the EFA, all of which are to be used to cover the running costs of the Trust.

Other EFA grants represent funding received for specific projects.

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14. STATEMENT OF FUNDS (continued)

Other government funds relates to local authority income restricted for a specific purpose, including the start up grant for Castle Wood academy.

Other funds includes voluntary grant income restricted for a specific purpose.

Pension reserve represents the current deficit balance of the Local Government Pension Scheme.

Restricted Fixed Asset funds:

The individual balances represent the net book value of fixed assets acquired by the different sources of funding received by the Trust.

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 2016.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	<i>Total 2015 £000</i>
Mercer's Wood Academy	37	15
White's Wood Academy	97	164
Castle Wood Academy	96	85
Total before fixed asset fund and pension reserve	230	264
Restricted fixed asset fund	2,872	2,897
Pension reserve	(846)	(430)
Total	<u>2,256</u>	<u>2,731</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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14. 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 £000	Other support staff costs £000	Educational supplies £000	Other costs £000	Total 2016 £000	Total 2015 £000
Mercer's Wood Academy	569	162	12	202	945	961
White's Wood Academy	642	153	16	226	1,037	897
Shared Services	271	133	-	103	507	390
Castle Wood Academy	145	63	8	142	358	55
	<u>1,627</u>	<u>511</u>	<u>36</u>	<u>673</u>	<u>2,847</u>	<u>2,303</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	2,872	2,872	2,897
Current assets	67	368	-	435	395
Creditors due within one year	-	(205)	-	(205)	(130)
Provisions for liabilities and charges	-	(846)	-	(846)	(430)
	<u>67</u>	<u>(683)</u>	<u>2,872</u>	<u>2,256</u>	<u>2,731</u>

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

	2016 £000	2015 £000
Net (expenditure)/income for the year (as per Statement of financial activities)	(145)	140
Adjustment for:		
Depreciation charges	89	62
(Increase)/decrease in debtors	(1)	145
Increase/(decrease) in creditors	75	(239)
Capital grants from DfE and other capital income	(13)	(73)
Pension adjustment	86	7
Net cash provided by operating activities	91	42

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash in hand	292	252
Total	292	252

18. CONTINGENT LIABILITIES

In the event of Tall Oaks Academy Trust Ltd ceasing to operate as an Trust, provisions are included in the funding agreement relating to the clawback of assets and monies paid to the Trust.

19. 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 Lincolnshire County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £23,089 were payable to the schemes at 31 August 2016 (2015 - £28,806) and are included within creditors.

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19. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £161,000 (2015 - £124,000).

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.

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

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 2016 was £135,000 (2015 - £98,000), of which employer's contributions totalled £104,000 (2015 - £75,000) and employees' contributions totalled £31,000 (2015 - £23,000). The agreed contribution rates for future years are 19.9% for employers and a maximum of 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.60 %	4.10 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.4	24.4
Retiring in 20 years		
Males	24.5	24.5
Females	26.8	26.8

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	513	319
Debt instruments	87	56
Property	66	51
 Total market value of assets	 <u>666</u>	 <u>426</u>

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19. PENSION COMMITMENTS (continued)

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

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(136)	(104)
Net interest cost	(18)	(15)
Total	<u>(154)</u>	<u>(119)</u>
Actual return on scheme assets	<u>99</u>	<u>9</u>

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

	2016 £000	2015 £000
Opening defined benefit obligation	856	713
Current service cost	136	104
Interest cost	37	29
Contributions by employees	31	23
Actuarial losses/(gains)	410	(12)
Benefits paid	(1)	(1)
Effect of business combinations and disposals	43	-
Closing defined benefit obligation	<u>1,512</u>	<u>856</u>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	426	320
Interest income	19	14
Actuarial gains and (losses)	80	(5)
Contributions by employer	104	75
Contributions by employees	31	23
Benefits paid	(1)	(1)
Effect of business combinations and disposals	7	-
Closing fair value of scheme assets	<u>666</u>	<u>426</u>

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20. OPERATING LEASE COMMITMENTS

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

	2016 £000	2015 £000
Amounts payable:		
Within 1 year	11	-
Between 1 and 5 years	-	11
Total	<u>11</u>	<u>11</u>

21. RELATED PARTY TRANSACTIONS

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

No such transactions occurred in the year.

22. 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.

23. FIRST TIME ADOPTION OF FRS 102

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

The policies applied under the Trust's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.