



The Sutton Academy

The Sutton Academy (A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2016

Company Registration Number

7103919

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Reference and Administration Details

Members

Dr J Burford
Mr B Dean
Mr R Molloy
Mrs S Jee

Appointed/Resigned

(Chairperson – Appointed January 2012)
(Appointed September 2012)
(Appointed February 2014)
(Appointed December 2012)

Trustees

Dr J Burford*/**
Mrs A Sherman */**
Mr R Molloy *
Mr B Dean**
Mr N Gribben**
Mrs S Jee*
Ms C Conley
Mr G Pennington*
Mr G Hogarth
Mr M Carr**
Mr N Jackson *
Mr P Winter**
Ms J Davies

Appointed/Resigned

(Chairperson – Appointed January 2012)
(Principal – Appointed November 2014)
(Appointed February 2014)
(Appointed September 2012)
(Appointed July 2013)
(appointed December 2012 - Resigned July 2016)
(Appointed July 2014)
(Re-appointed May 2015 for second term-of-office)
(Appointed November 2015)
(Appointed February 2014)
(Appointed February 2014)
(Appointed May 2015)
(Appointed November 2015)

* members of the Finance and Human Resources Committee

**members of Standards and Curriculum Committee

Company Secretary Mrs C Jones

Senior Management Team

Principal	Mrs A Sherman
Senior Vice Principal	Mr P Willerton
Assistant Principal	Mr S Cunningham
Assistant Principal	Mr K Harker
Assistant Principal	Ms R Whim
Assistant Principal	Mrs T Flynn
Assistant Principal	Mr P Trainor
Chief Financial Officer	Mrs J Tallant

Principal and Registered Office

The Sutton Academy
Elton Head Road
St Helens
Merseyside
WA9 5AU

Company Registration Number 7103919

Independent Auditors

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Bankers and Investment Advisors

Lloyds Banking Group
Liverpool Law Courts Branch
Lord Street 2-12
Merchants' Court
Liverpool
L2 1TS

Solicitors

Eversheds LLP
Great Bridgewater Street
Manchester
M1 5ES

Pension Advisors

Mercer Ltd
Mercury Court
Liverpool
Tithebarn Street
L2 2QH

Trustees' Report

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.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in St Helens. It has a pupil capacity of 1,350 and had a roll of 1,186 in the school census in summer 2016.

Structure, Governance and Management

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 The Sutton Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Sutton Academy.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 3.

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 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 ceased to be a member.

Trustees' Indemnities

The Companies Act 2006 s 236 requires disclosure concerning qualifying third party indemnity provisions. Indemnity cover for Governors in 2015/16 was £2,000,000

Method of Recruitment and Appointment or Election of Governors

The number of Governors shall be not less than three (unless otherwise determined by ordinary resolution) and shall not be subject to any maximum (the current Governing Body consists of 13 Governors). The Academy Trust shall have the following Governors:

- The Academy Sponsor will appoint the majority of members of the Governing Body up to 9 Sponsor Governors
- 1 Local Authority Governor
- 1 Parent Governor elected by parents of registered pupils at the Academy
- The Principal appointed by the Academy Trust
- Up to 5 additional co-opted Governors, a person who is appointed to be a Governor by being co-opted by Governors who have not themselves been so appointed
- Any Governors appointed by the Secretary of State

Each of the persons entitled to appoint Governors above shall have the right, from time to time by written notice delivered to the office, to remove any member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removed or otherwise.

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to either the Principal or Principal Sponsor (during any period that the Principal Sponsor is a Governor) or to any Governor who is an employee of the Sponsor. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new Governors will depend on their existing experience. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. Governors will be provided with copies of relevant documents that they will need to undertake their role as Governors, including the Governors' Handbook, which is produced annually and contains key details on the

governance arrangements of the Academy. Inductions will be tailored specifically to the individual. Training sessions offered are advised to Governors and sessions attended are on an individual basis according to need.

Organisational Structure

The organisational structure consists of 4 levels: Trust Body Members, the Governors, the Academy Leadership Team and Middle Managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for the overall direction of the Academy and for overseeing and reviewing the operation of the Academy. The latter responsibility will be undertaken through the Governors who collectively form the Board of Trustees' which has delegated responsibility for the management of the Academy on behalf of the members. The Trustees' are responsible for setting general policies, adopting an annual plan and budget. The Trustees' are also responsible for monitoring the performance against the annual plan and budget, capital expenditure and senior staff appointments.

The Academy Leadership Team comprises of the Principal who is the Accounting Officer, four senior Vice Principals, three Assistant Principals and the Chief Financial Officer.

The Academy ALT at an executive level implements the policies laid down by the Trustees' and report back to them. As a group the Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff. The responsibility for the appointment of the Principal, Vice Principals and Chief Financial Officer rests with the Trustees'. Some spending control is devolved to members of the Middle Management Team, with limits in place. Above these limits a member of the Senior Leadership team must countersign. Day to day management is delegated to the Principal. The Principal and Leadership Team meet formally once per week.

The Principal also:-

- Holds staff briefings three times per week
- Holds regular meetings with professional association and trade union representatives.

The Middle Management team includes Learning Directors for each faculty, subject leaders and Progression Leaders for each year group. These Leaders are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The Principal's salary is reviewed once a year following appraisal, with the findings to be reported to the Remuneration Committee for consideration. The recommendations from the Remuneration Committee in respect of any pay adjustment are reported to the Governing Body who recommends any associated pay for the Principal to the trust body for final approval.

The Vice Principal and Assistant Principals must demonstrate sustained high quality of performance in respect of academy leadership and management and pupil progress, and is subject to a review of the totality of their performance and the academy's performance as agreed with their appraiser as part of their annual appraisal before any discretionary pay increases can be awarded.

Annual pay progression within the pay range is not automatic. Any progression will normally be by one point, but the Governing Body may consider movement by two points in exceptional circumstances, where all objectives have been exceeded or where performance has exceeded expectations as part of the appraisal review

Related Parties and other Connected Charities and Organisations

The Academy Trust works closely with its principal sponsor, St Helens College on a range of matters including finance services, payroll and clerking. The Academy also works closely with the Department for Education (DfE) and St Helens MBC.

Objectives and Activities

Objects and Aims

The principle object and activity of the charitable company is the operation of The Sutton Academy to provide education for students of different abilities between the ages of 11 and 19 with an emphasis on Science and Sport.

In accordance with the articles of association, the charitable company has adopted a Funding Agreement approved by the Secretary of State for Education and Skills. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on Science and Sport.

Objectives, Strategies and Activities

The main objectives of the Academy during the period ended 31 August 2016 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To raise the standard of educational achievement of all students
- To improve the standards of teaching and learning
- To raise the standards in English, Maths and Science
- To continue to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To provide value for money (VFM) for the funds expended and to ensure that VFM is embedded in our business planning and part of our strategic objectives
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with industry and commerce
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

The identification of value for money is considered crucial to the integration of financial and performance management and demonstrating that the academy is managing its business having due regard to economy, efficiency and effectiveness.

The main objectives were largely achieved and these are summarised in the paragraph below, however the academy is continuing to focus its leadership and management energy on further improving standards for all students across a range of subjects and in particular for disadvantaged students. Particular attention is given to ensure the curriculum allows students to succeed in terms of Attainment 8. There is also a continued emphasis on raising standards within Sixth Form, in particular in academic courses.

Public Benefit

The Academy Trust Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

Provisional Key Stage 4 and 5 Outcomes – 2016

Outcomes for students are improving in some key areas. Strong improvement has been seen in the Sixth Form. GCSE mathematics rose 10 percentage points to 59% A*-C compared with 2015 and the basic measure of A*-C in English and mathematics rose by 7%. Attainment 8 rose by 5% for all students in terms of disadvantaged students by 6%. Attainment 8 improved from 39.88 in 2015 to 44.83 in 2016. Similarly Progress 8 improved from -0.83 to -0.56. An improvement of 0.27, this was despite the historic curriculum not supporting the new headline figures.

Key Performance Indicators

As part of the monthly management accounts the academy report on a number of key performance indicators which enables the Trustees' to compare the performance of the academy on a monthly basis in the following areas:-

- income received compared to that budgeted
- expenditure measured against budget
- staff costs as a percentage of income
- measuring the expenditure against the General Annual Grant received
- cash flow
- cash days in hand

Going Concern

After making appropriate enquiries, the 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 results for the year show a net deficit of [£504]k which is in broadly in line with management's approved forecasted expectations. (2014/15 surplus [180]k SOFA page 20). The net cash inflow from operating activities was [£276k] (2015/16 [£63k]).

All expenditure in the accounting period was incurred in achieving the aims and objectives set out in the Academy's Development Plan. Net liabilities at 31 August 2016 were (£3,156k), which includes the pension liabilities of (£4,374k), excluding the pension liabilities from the net asset reveals a position of £1,218k. This is largely made up of £1,232k cash at bank/investments (see Balance sheet page 21). Debtors at the year end were £188k.

Tangible fixed asset additions during the year amounted to £306k. This was attributable to the investment in furniture and equipment, IT equipment and various refurbishment projects within the Academy.

The principle source of the Academy's income is the EFA in the form of recurrent grants, the use of which is restricted to specific purposes. The grants received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The Academy receives the services of a finance professional in the role as Chief Financial Officer.

Reserves Policy

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The total reserves of the Academy, excluding the pension liability of (£4,374k) are £1,218k. These reserves are in the main earmarked to support on-going capital expenditure, protect the Academy from short term variations in income and have largely arisen through accumulated surpluses.

The reserves target for the academy in the long term has been determined at 12% of income, this reserve target will protect the Academy from possible short term variations in future income streams.

Investment Policy

The Academy has a Treasury Management Policy, where funds can be placed on short term deposit; investments are approved by the Finance and Human Resources committee and on a Triple 'A' rating investment. Current investments only relate to bank deposits. The investment policy was reviewed in February 2015.

Principal Risks and Uncertainties

The Academy faced a number of risks which are reported within the risk register. The key financial risks would include:

- lower than anticipated pupil numbers resulting in reduction in grant income;
- income is reduced to a level which affects staff numbers;

Plans for Future Periods

The Sutton Academy has developed a strong commitment to ensuring the future success of all students through:

- Offering an academically rigorous curriculum to ensure that students are well prepared for the increasing demands of new qualification specifications
- A whole academy approach to developing 'good' and 'outstanding' teaching in all subjects
- Working with outstanding sponsor and educational partners – St Helens College and The Dean Trust to improve learning opportunities for students and staff
- Strong pastoral care, mentoring and guidance
- A staff committed to improvement, team work and collaboration

Funds Held as Custodian Trustee on Behalf of Others

The Academy's school fund forms part of The Sutton Academy accounts. The income and expenditure has separate project codes which ensure the appropriate expenditure control. This is audited within the total Academy accounts.

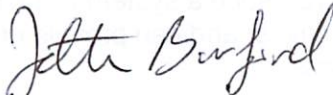
Auditor

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.

KPMG LLP were re-appointed as external auditors in December 2014

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company director, on Thursday 8 December 2016 and signed on the board's behalf by:

Signed: 
Dr J Burford
Chair of the Sutton Academy Trust Body and Governing Body

Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Sutton 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' have delegated the day to day responsibility to the principal as the 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 Sutton Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees' any material weaknesses or breakdown of internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a possible
Dr J Burford (Chair)	7	7
Mrs A Sherman (Principal)	7	7
Mr R Molloy	3	7
Mr B Dean	7	7
Mr N Gribben	7	7
Mrs S Jee	3	7
Ms C Conley	1	7
Mr G Pennington	5	7
Mr G Hogarth	3	6
Mr M Carr	6	7
Mr N Jackson	7	7
Mr P Winter	6	7
Ms J Davies	3	6

The key challenge for the board this year is the much improved, but still disappointing, examination results, particularly in GCSE English. The attainment gap for pupil premium has narrowed but requires further work. Progress and much more is being addressed through the successful implementation of the Academy Development Plan presented to the Governors in great detail. A wide-ranging CPD and performance management programme supports the staff in achieving the improvements required.

The board undertakes an annual self-assessment of governance leading to a comprehensive action plan which is closely monitored by the Governing Body. An external review of governance has not yet been commissioned by the Academy, but Governance was assessed by OFSTED in January 2015 and governors were found to be knowledgeable and well informed about the academy. Many governors are regular visitors to the academy and see the quality of teaching for themselves. They oversee performance management arrangements and know that teachers' salary progression is based on students' progress, and how underperformance is tackled.

Governors understand what data on students' performance tells them about how well the academy is performing. As a result, governors have an accurate view of the academy's strengths and areas for improvement, and effectively challenge academy leaders to bring about improvements.

The Finance & Human Resources committee is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given the best means of fulfilling the Governing Body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. Attendance at meetings in the year was as follows:

Governor	Meetings Attended	Out of a Possible
Dr J Burford	3	4
Ms S Jee (Chair)	2	4
Mr G Pennington	4	4
Mrs A Sherman (Principal)	4	4
Mr N Jackson	4	4
Mr R Molloy	4	4

Review of Value for Money

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

The accounting officer considers how the trust's use of its resources have provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- streamlining the senior leadership team from 1 principal, 3 senior vice principals and 4 assistant principals and 5 directors to 1 principal, 1 senior vice principal, 6 assistant principals and 3 directors.
- ensuring class sizes and staffing ratios are efficient.
- continuously reviewing contracts and service level agreements, resulting in reduction in costs and a improvement in the quality of service provided.

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 The Sutton Academy Trust for period 1 September 2015 and up to the date 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 trusts's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of *delegation* and accountability. In particular, it includes:-

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees

- regular reviews by the Finance & Human Resources Committee of reports which include 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 purchasing 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:

- The trustees have approved the internal audit services of KPMG to perform additional checks
- CFO complete monthly internal controls checks and the outcome of these checks are reported to Finance & Human Resources committee on a termly basis.

These arrangements will provide reasonable assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. The agreed internal audit process will strengthen the position of the financial control and assurance.

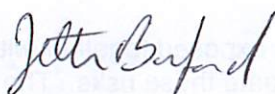
Review of Effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

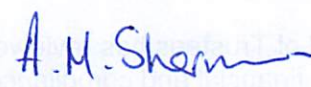
- the work of the internal auditor/reviewer
- the work of the external auditor
- the financial management and governance self-assessment process
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Human Resources Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees' on 8 December 2016 and signed on its behalf by:

Signed: 

Dr Jette Burford
Chair of the Sutton Academy Trust Body and Governing Body

Signed: 

Mrs A Sherman, Principal and
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of The Sutton Academy Trust I have considered my responsibility to notify the academy's 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. As part of my consideration I have due regard to the requirement of the Academies Financial Handbook 2015.

I confirm that I and the academy 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 there are no instances of material irregularity, impropriety or funding non-compliance that 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.

Signed



Mrs A Sherman
Accounting Officer

Statement of Trustees' Responsibilities

The trustees (who act as Governors of The Sutton Academy Trust) and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

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

Signed: 
Dr Jette Burford
Trustee

Independent auditors' report to the members of The Sutton Academy

We have audited the financial statements of The Sutton Academy for the year ended 31 August 2016 set out on pages 23 to 46. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016, and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency ("EFA") on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies: Accounts Direction 2014 to 2015 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which 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 auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs 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 UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA.

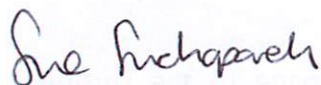
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Trustees 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:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company 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;



Sue Suchoparek (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date: 14th December 2016

Independent Reporting Accountant's Assurance Report on Regularity to The Sutton Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 12th November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education 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 period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion included:

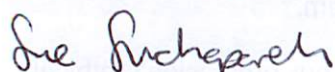
- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;

- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirement of the Academies Financial Handbook 2015;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2015 to 2016.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Sue Suchoparek
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
Manchester

Date: 14th December 2016

Balance sheet as at 31 August 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	11		768		616
Current assets					
Stock	12	3		4	
Debtors	13	188		280	
Investments		500		1,000	
Cash at bank and in hand		732		201	
		<u>1,423</u>		<u>1,485</u>	
Liabilities:					
Creditors: Amounts falling due within one year	14	(785)		(457)	
Net current assets			<u>638</u>		<u>1,028</u>
Total assets less current liabilities			<u>1,406</u>		<u>1,644</u>
Creditors: Amounts falling due after more than one year	15		(188)		-
Net assets excluding pension liability			<u>1,218</u>		<u>1,644</u>
Defined benefit pension scheme liability	27		(4,374)		(2,434)
Total net liabilities			<u>(3,156)</u>		<u>(790)</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	16		575		415
. Restricted income fund	16		194		814
. Pension reserve	16		(4,374)		(2,434)
Total restricted funds			<u>(3,605)</u>		<u>(1,205)</u>
Unrestricted income funds					
. General fund	16		449		415
Total unrestricted funds			<u>449</u>		<u>415</u>
Total Funds			<u>(3,156)</u>		<u>(790)</u>

The financial statements on pages 20 to 39 were approved by the Trustees' and authorised for issue on 8th December 2016 and signed on their behalf by:

[Signed] 
 Dr J Burford
 Chair

The Sutton Academy

Statement of Financial Activities for the Year to 31 August 2016

(Including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	-	11	-	11	-
Transfer from local authority on conversion		-	-	-	-	-
Charitable activities:						
Funding for the academy trust's educational operations	3	-	7,323	26	7,349	7,360
Other trading activities	4	81	-	-	81	78
Investments	5	12	-	-	12	14
Total incoming resources		93	7,334	26	7,453	7,452
Expenditure On;						
Raising funds	6	59	-	-	59	-
Charitable activities:						
Academy's educational operations	7	-	7,751	147	7,898	7,647
Other		-	-	-	-	-
Total resources expended		59	7,751	147	7,957	7,647
Net income / (expenditure)		34	(417)	(121)	(504)	(195)
Transfers between funds	16		(281)	281	-	-
Other recognised gains / (losses)						
Actuarial (losses) gains on defined benefit pension schemes	16,27		(1,862)		(1,862)	(19)
Net movement in funds		34	(2,560)	160	(2,366)	(214)
Reconciliation of Funds						
Funds brought forward		415	(1,620)	415	(790)	(576)
Funds carried forward		449	(4,180)	575	(3,156)	(790)

The Sutton Academy
Cash Flow Statement for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	276	(63)
Cash flows from investing activities	22	206	(214)
Cash flows from financing activities	21	49	
Change in cash and cash equivalents in the reporting period		<u>531</u>	<u>(277)</u>
Cash and cash equivalents at 1 September 2015		201	478
Cash and cash equivalents at 31 August 2016	23	<u>732</u>	<u>201</u>

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of Accounting Policies

The standard format for the financial statements as required by the Companies Act 2006 schedule 4 part 1 has been adapted to provide more appropriate information which complies with the Statement of Recommended 'Accounting and Reporting by Charities' ('Charities SORP 2015') and reflects the activities of the Academy.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS102, 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 (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Sutton Academy Trust meets the definition of a public benefit entity under FRS102.

First time adoption of FRS 102

These financial statements are the first financial statements of The Sutton Academy trust prepared in accordance with Financial Reporting Standard FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) and the Charities SORP 2015 (SORP 2015). The financial statements of The Sutton Academy for the year end 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. (The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Explanation of transition to FRS 102

In 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 FRS102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

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

Reconciliation of total funds	Notes	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		-	-
Employee benefits accrual	B	4	4
Total funds reported under FRS 102		4	4

Reconciliation of net income/(expenditure)		31 August 2015 £000
Net income/(expenditure) previously reported under UK GAAP		
Change in recognition of LGPS interest cost	A	15
Employee benefits accrual	B	4
Net movement in funds reported under FRS 102		19

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016 (continued)

A – Change in recognition of LGPS interest costs

Under previous UK GAAP the trust recognises an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to income/expense by £15,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

B – Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the cost of short-term employee benefits are recognised as a liability and an expense. Certain employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received. A provision of £0 was recognised at 1 September 2014 and £4k at 31 August 2015. The movement on this provision of £4,000 has been charged to the SOFA in the year ended 31 August 2015.

Going Concern

The academy trust currently has negative reserves of [£3,156]k equating to positive reserves of £1,218m excluding pension reserve. The current cash flow prediction forecasts a cash reserve of £506k at November 2017. The academy therefore has adequate resources to continue in operational existence for the foreseeable future.

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

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probably and the amounts can be measured reliably.

- **Grants**

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

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

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

- **Sponsorship income**

Sponsorship income provided to the academy trust which amount to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are not performance-related conditions), where the receipt is probably and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable bases (where there are no performance related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

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

- **Donated goods, facilities and services**

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

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016 (continued)

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

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 cost attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed asset 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 and carried forward on the balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed asset have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Long leasehold buildings 50 years
Of which Refurbishments 10 years
- Fixtures, fittings and equipment 4 years
- Computer hardware 4 years
- Motor vehicles 4 years

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

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

Liabilities

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

Provisions

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

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

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016 (continued)

Leased Assets

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

Investments

Fixed asset investments are stated at market value at the balance sheet date.

Stock

Uniform stocks are valued at the lower of cost of net realisable value.

Taxation

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

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

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pensions Scheme (TPS) and the Local Government 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 the quinquennial valuations using a prospective unit credit method. As stated in Note 27, 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 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 cost of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency/DfE

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, 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.

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

2 Donations and capital grants	Unrestricted	Restricted	2016	2015
	Funds	Funds	Total	Total
	£000	£000	£000	£000
Other donations	-	11	11	-
	-	11	11	-

3 Funding for the Academy Trust's educational operations	Unrestricted	Restricted	2016	2015
	Funds	Funds	Total	Total
	£000	£000	£000	£000
DfE / EFA grants				
. General Annual Grant (GAG)	-	7,115	7,115	7,241
. Start Up grants	-	26	26	-
. Capital grants	-	26	26	25
. Other DfE /EFA grants	-	79	79	16
	-	7,246	7,246	7,282
Other Government grants				
. Local Authority Grants	-	103	103	78
	-	103	103	78
	-	7,349	7,349	7,360

The income from the Academy Trusts educational activities was £7,349,000 (2015 £7,360,000) of which £7,323,000 was restricted (2015 £7,335,000) and £26,000 restricted fixed assets (2015: £25,000).

4 Other Trading Activities	Unrestricted	Restricted	2016	2015
	Funds	Funds	Total	Total
	£000	£000	£000	£000
Other income	81	-	81	78
	81	-	81	78

The income from trading activities was £81,000 (2015 £78,000) of which £81,000 was restricted (2015: £13,000), £nil unrestricted (2015: £65,000).

5 Investment Income	Unrestricted	Restricted	2016	2015
	Funds	Funds	Total	Total
	£000	£000	£000	£000
Short term deposits	12	-	12	14
	12	-	12	14

The income from investments was £12,000 all of which was unrestricted (2015 £14,000).

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016 (continued)

6 Expenditure

	Staff Costs	Premises	Other	Total 2016	Total 2015
	£000			£000	£000
Expenditure on raising funds	-	-	59	59	-
Academy's educational operations:					
. Direct costs	5,684		716	6,400	6,278
. Allocated support costs	461	474	563	1,498	1,369
	6,145	474	1,338	7,957	7,647

Expenditure was £7,957,000 (2015: £7,632,000) of which £59,000 was unrestricted (2015: £72,000), £7,751,000 was restricted (2015: £7,401,000) and £147,000 restricted fixed assets (2015: £159,000).

Net Income/(expenditure) for the period includes:	2016	2015
	£000	£000
Operating lease rentals	6	6
Depreciation	147	159
(Gain)/loss on disposal of fixed asset	7	1
Fees payable to auditor for:		
- audit	21	18
-other services	2	-

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Fixed asset losses	6,739	£5,040	Loss on disposal of asset – reconfiguration of classroom area

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016 (continued)

7 Charitable Activities

	Total 2016 £000	Total 2015 £000
Direct Costs – educational operations	6,400	6,278
Support costs – educational operations	1,498	1,369
	<u>7,898</u>	<u>7,647</u>

	Educational operations £000	Total 2016 £000	Total 2015 £000
Support staff costs	461	461	375
Depreciation	12	12	23
Technology costs	71	71	58
Premises costs	474	474	435
Other support costs	397	397	399
Governance cost	83	83	79
Total support costs	<u>1,498</u>	<u>1,498</u>	<u>1,369</u>

Total expenditure of charitable activities was £7,898 (2015: £7,632,000) of which £nil was restricted (2015: £72,000), £7,751,000 unrestricted (2015: £7,401,000) and £147,000 restricted fixed assets (2015: £159,000).

8 Staff
a. Staff costs

	Total 2016 £000	Total 2015 £000
Wages and salaries	4,653	4,601
Social security costs	400	360
Operating costs of defined benefit pension schemes	775	655
	<u>5,828</u>	<u>5,616</u>
Supply teacher costs	204	210
Staff restructuring costs	113	59
	<u>6,145</u>	<u>5,885</u>
Staff restructuring costs comprise:		
Redundancy payments	88	-
Severance payments	25	59
Other restricting costs	-	-
	<u>113</u>	<u>59</u>

- b. There was one non statutory/non contractual payment Included in staff restructuring costs totalling £25,000

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016 (continued)

c. Staff Numbers

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

	2016	2015
	No.	No.
Teachers	92	90
Administration and support	78	71
Management	2	3
	172	164

	2016	2015
	No. FTE	No. FTE
Teachers	89	89
Administration and support	54	47
Management	2	3
	145	139

d. Higher paid staff

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

	2016	2015
£60,001-£70,000	1	1
£70,001-£80,001	-	1
£80,001-£90,001	-	1
£90,001-£100,001	-	-
£100,001-£110,001	1	-

The Principal commenced employment in November 2014; therefore the 2014-15 comparative does not represent a full year.

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £528,294 (2015 £522,503). This relates to 7 members of staff in each year (FTE).

The Sutton Academy

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

9 Related Party Transactions – Trustees’ remuneration and expenses

The principal and staff governor only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

A Sherman (principal and trustee)-

Remuneration £100,000-£105,000 (2015: £80,000 - £85,000)

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

G Hogarth (staff trustee):

Remuneration £45,000-£50,000 (2015: £45,000 - £50,000)

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

During the period ended 31 August 2016, travel and subsistence expenses totalling £nil (August 2015 £nil) were reimbursed to trustees.

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 £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £969.01 & IPT (31 August 2015: £958.92 & IPT).

11 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost				
At 1 September 2015	374	386	435	1,195
Additions	247	30	29	306
Disposals	(7)	(8)	-	(15)
At 31 August 2016	614	408	464	1,486
Depreciation				
At 1 September 2015	82	246	251	579
Charged in year	42	42	63	147
Disposals	(1)	(7)	-	(8)
At 31 August 2016	123	281	314	718
Net book values				
At 31 August 2015	292	140	184	616
At 31 August 2016	491	127	150	768

The current Sutton Academy building is owned by St Helens MBC and leased to the Academy on a four year short term lease agreement for a 'peppercorn' rent. The commencement date of the 125 year lease on the new buildings will be 12 months after the issue of the Certificate of Practical Completion which is likely to be early in 2016/17.

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016
(continued)

12 Stock

	2016 £000	2015 £000
Clothing	3	4
	<u>3</u>	<u>4</u>

13 Debtors

	2016 £000	2015 £000
Trade debtors	27	38
VAT recoverable	60	66
Prepayments and accrued income	101	176
	<u>188</u>	<u>280</u>

14 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	256	277
Other taxation and social security	114	-
EFA creditor: abatement of GAG	114	-
Other creditors	143	19
Accruals and deferred income	158	161
	<u>785</u>	<u>457</u>

Deferred income

	2016 £000	2015 £000
Deferred Income at 1 September 2015	32	53
Released from previous years	(32)	(53)
Resources deferred in the year	46	32
Deferred Income at 31 August 2016	<u>46</u>	<u>32</u>

At the balance sheet date the academy trust was holding funds received in advance for Bursary income received £23k, EFA rates relief £22k and other income amounting to £1k.

15 Creditors: amounts falling due in greater than one year

EFA CIF Grant	148	-
Salix Loan	40	-
	<u>188</u>	<u>-</u>

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016
(continued)

16 Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, losses And transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	392	6,666	(6,777)	(281)	-
Start Up Grant	422	26	(254)	-	194
Pupil Premium		449	(449)	-	-
Pension Reserve	(2,434)	-	(78)	(1,862)	(4,374)
Other grants	-	193	(193)	-	-
	(1,620)	7,334	(7,751)	(2,143)	(4,180)
Restricted fixed asset funds					
Transfer on conversion	-	-	-	-	-
DfE/EFA capital grants	-	-	-	-	-
Capital expenditure from GAG	415	26	(147)	281	575
	415	26	(147)	281	575
Total restricted Funds	(1,205)	7,360	(7,898)	(1,862)	(3,605)
Total unrestricted funds	415	93	(59)	-	449
Total funds	(790)	7,453	(7,957)	(1,862)	(3,156)

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

- Restricted general Funds comprise all other restricted funds received and include grants from the Education Funding Agency, Department for Education, or other funders.
- Restricted Fixed Asset Funds are resources which are applied to specific capital purposes imposed by the Education Funding Agency, Department for Education, or other funders where the asset acquired or created is held for a specific purpose.
- 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 Governors.

Under the funding agreement with the Secretary of State, The Academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

17 Analysis of net liabilities between funds

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	768	768
Current assets	449	974	-	1,423
Current liabilities	-	(592)	(193)	(785)
Non current liabilities	-	(188)	-	(188)
Pension scheme liability	-	(4,374)	-	(4,374)
Total net liabilities	449	(4,180)	575	(3,156)

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016 (continued)

18 Capital Commitments

There are no capital commitments.

19 Commitments under operating leases

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

	2016 £000	2015 £000
Amounts due within one year	3	6
Amounts due between one and five years	-	3
Amounts due after five years	-	-
	<u>3</u>	<u>9</u>

20 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £000	2015 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(504)	(195)
Adjusted for:		
Depreciation (note 11)	147	159
Loss on disposal of assets	7	-
Interest receivable (note 5)	(12)	(14)
Defined benefit pension scheme cost less contributions payable (note 27)	(14)	(39)
Defined benefit pension scheme finance cost (note 27)	92	91
(Increase)/decrease in stocks	1	(4)
(Increase)/decrease in debtors	92	19
Increase/(decrease) in creditors	467	(80)
Net cash provided by / (used in) Operating Activities	<u>276</u>	<u>(63)</u>

21 Cash flows from financing activities

	2016 £000	2015 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	49	-
Net cash inflow from returns on investment and servicing of finance	<u>49</u>	<u>-</u>

22 Cash flows from investing activities

	2016 £000	2015 £000
Dividends, interest and rents from investments	12	14
Purchase of tangible fixed assets	(306)	(228)
Transfer from investments to cash and cash equivalents	500	-
Net cash provided by / (used in) investing activities	<u>206</u>	<u>(214)</u>

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016 (continued)

23 Analysis of cash and cash equivalents

	At 31 August 2016 £000	At 31 August 2015 £000
Cash in hand and at bank	229	201
Notice deposits (less than 3 months)	503	0
Total cash and cash equivalents	732	201

24 Guarantees, letter of comfort and indemnities

There were no guarantees, letters of comfort and indemnities provided by the trust during this year.

25 Contingent liabilities

There were no contingent liabilities as at the balance sheet date.

26 Members liabilities

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.

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016 (continued)

27 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Merseyside Pension Fund. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of the independent qualified actuaries. 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 £101,613 (2015:£nil) were payable to the scheme at 31 August 2016 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.

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 of the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,000 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75% The assumed nominal rate of return is 5.06%

During the year the employer 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 pension costs paid to TPS in the period amounted to £908,887 (2015 £832,516)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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 pension scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2016 was £280,271 (2015 : £212,222), of which employer's contributions totalled £219,175 (2015: £172,850) and employees' contributions totalled £61,096 (2015: £39,372). The agreed contribution rates for future years are 12.2 per cent for employers and between 5.5 and 12.5 per cent for employees.

The Sutton Academy

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

27 Pension and similar obligations (continued)

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.

Deficit recovery contributions will be made over a three year period, commencing April 2014/15. The planned deficit payments have been agreed at £92k, £96k and £100k respectively

Principal Actuarial assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.4%	3.7%
Rate of increase for pensions in payment / inflation	2.0%	2.2%
Discount rate for scheme liabilities	2.2%	4.0%
Inflation assumption (CPI)	1.9%	2.2%
Commutation of pensions to lump sums	50%	50%
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectation on retirement age 65 are:		

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.5	22.4
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	24.9	24.8
Females	28.2	28.1

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2016	Fair value at 31 August 2015
	£000	£000
Equities	1066	880
Government bonds	93	202
Other bonds	239	76
Property	166	126
Cash/liquidity	75	42
Other	390	138
Total market value of assets	2,029	1,464
Present value of scheme liabilities		
- Funded	(6,403)	(3,898)
Surplus/(deficit) in the scheme	(4,374)	(2,434)

The actual return on the scheme assets was £311,000 (2015 £71,000)

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016 (continued)
27 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2016	2015
	£000	£000
Current service cost (net of employer contributions)	(14)	(32)
Net interest cost	92	91
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	78	59

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

	2016	2015
	£000	£000
At 1 September	3,898	3,567
Current service cost	199	163
Interest cost	156	144
Employee contributions	61	52
Actuarial (gain)/loss	2,108	0
Benefits paid	(19)	(28)
Past Service cost	-	-
Curtailments and settlements	-	-
Business Combinations	-	-
At 31 August	6,403	3,898

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

	2016	2015
	£000	£000
At 1 September	1,464	1,204
Expected return on assets	64	53
Actuarial gains / (losses)	246	(12)
Administration expenses	(5)	(4)
Employer contributions	218	199
Employee contributions	61	52
Benefits paid	(19)	(28)
Business Combinations	-	-
At 31 August	2,029	1,464

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2016 (continued)

28

Related party transactions

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

St Helens College – the academy's sponsor provided the following goods and services for the financial year 2015/16.

	Total 31st August 2016
	£'000
Provision of Chief Financial Officer	48
Clerking	8
Printing (Booklets, Posters &, Programmes)	2
HR/Payroll Services	<u>23</u>
Total	<u>81</u>

- Sponsors St Helens College were paid £81,000 in respect of the services listed above during the year. There was £6,878 outstanding at 31 August 2016.
- The provision of the Chief Financial Officer, clerking services and HR/Payroll services were provided at cost.
- In entering into the transaction the Trust has complied with the requirements of the EFA's Academies Financial Handbook.

29 Events after the end of the reporting period

The Sutton Academy building is owned by St Helens MBC and will be transferred to the Sutton Academy on a 125 year lease. The commencement date of the 125 year lease is likely to be early in 2016/17.

30 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period 31 August 2016 the trust received £24k and disbursed £21k from the fund. An amount of £15k is included in other creditors relating to undistributed funds that is repayable to EFA.

The Sutton Academy
 Notes to the Financial Statements for the year ended 31 August 2018 (continued)

Related party transactions

The following transactions have taken place between the Academy and related parties during the year ended 31 August 2018. The transactions are entered at the amounts stated in the accounts. The transactions are entered at the amounts stated in the accounts. The transactions are entered at the amounts stated in the accounts.

The following table shows the related party transactions for the year ended 31 August 2018.

Particulars	2018	2017
Salaries and wages	100,000	95,000
Director's remuneration	10,000	10,000
Interest on loans	5,000	5,000
Other related party transactions	10,000	10,000
Total	125,000	120,000

The following table shows the related party transactions for the year ended 31 August 2018.

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