

The Sutton Academy

**The Sutton Academy**  
(A Company Limited by Guarantee)

**Annual Report and Financial Statements**  
**Year ended 31 August 2018**

Company Registration Number

7103919



## Reference and Administration Details

### Members

Dr J Burford  
Mr R Molloy  
Mrs S Jee  
Mr Andrew Ross

### Appointed/Resigned

(Chairperson – Appointed January 2012)  
(Appointed February 2014)  
(Appointed December 2012)  
(Appointed June 2018)

### Trustees

Dr J Burford\*/\*\*  
Mrs A Sherman \*/\*\*  
Mr R Molloy \*  
Mr N Gribben\*\*  
Mrs S Jee

### Appointed/Resigned

(Chairperson – Appointed January 2012)  
(Principal – Appointed November 2014)  
(Appointed February 2014)  
(Appointed July 2013)  
(appointed December 2012 - Resigned July 2016 – remained as a Trust Body Member)  
(Re-appointed May 2015 for second term-of-office)  
(Appointed October 2016)  
(Appointed February 2014)  
(Appointed February 2014)  
(Appointed February 2014)  
(Appointed May 2015)  
(Appointed November 2015)  
(Appointed June 2018)

\* members of the Finance and Human Resources Committee

\*\*members of Standards and Curriculum Committee

**Company Secretary** Mrs L Lloyd-Williams

### **Senior Management Team**

Principal	Mrs A Sherman
Senior Vice Principal	Mr P Willerton
Assistant Principal	Mr K Harker
Assistant Principal	Mrs T Simmonds
Assistant Principal	Mr W Clarke
Assistant Principal	Ms L Gobin
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

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**Independent Auditors**

Wylie & Bisset  
168 Bath Street  
Glasgow  
G2 4TP

**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 2017 to 31 August 2018. 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 18 serving a catchment area in St Helens. It has a pupil capacity of 1,350 and had a roll of 1,195 in the school census in summer 2018.

### 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 2017/18 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 12 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, one senior Vice Principal, one senior Assistant Principal, three Assistant Principals, a Director of Operations 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 Principal 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

## Trade union facility time

### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
2	2

### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	-
51%-99%	-
100%	-

### Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	-
Percentage of the total pay bill spent on facility time Calculated as: (total cost of facility time + total pay bill) x 100	-

### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as : (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	-
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## 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.

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.



## Objectives, Strategies and Activities

The main objectives of the Academy during the period ended 31 August 2018 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To raise the standards of educational achievement of all students
- To improve the standards of teaching and learning
- To raise the standards in English and Ebacc subjects
- 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 – 2018

Outcomes for students improved significantly in 2017, this improvement was consolidated in 2018. Attainment 8 rose to 43.6 in 2017 and improved further to 44.2 in 2018 for all students and in terms of disadvantaged students to 39.6. Progress 8 improved from -0.56 in 2016 to -0.24 in 2017 and to -0.22 in 2018. 34% of students achieved a 9-5 grade in both English and mathematics and 54% a grade 9-4.

### 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' have 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 surplus of £18k which is in broadly in line with management's approved forecasted expectations. (2016/17 restated deficit [£615]k SOFA page 21). The net cash inflow from operating activities was £195k (2016/17 outflow [£467k]).

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 2018 were (£2,009) which includes the pension liabilities of (£3,190k), excluding the pension liabilities from the net asset reveals a position of £1,181k. This is largely made up of £665k cash at bank/investments (see Balance sheet page 22). Debtors at the year end were £480k.

Tangible fixed asset additions during the year amounted to £442k. This was mainly attributable to the investment in the roof refurbishment project along with the investment the first phase of the IT replacement plan, furniture and equipment.

The principle source of the Academy's income is the ESFA 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 2018 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 (£3,190k) are £1,181k. 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 3% of GAG 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:

- a reduction in pupil numbers, in particular sixth form, and the rates paid per commissioned place;
- The Trust is in particular open to risks surrounding staffing and income. Staffing, like other schools, accounts for the use of the majority of incoming financial resources. The Trust is particularly vulnerable to external pressures, such as pressures presented by external bodies, i.e. School Teachers' Review Body (and the various interpretations of their recommendations), who may recommend increases in pay despite there being no increase in funding, failure to follow through on such recommendations (or interpretations of these recommendations) may result in exposure to other risks associated with staffing.

## Fundraising

The academy trust carries out a limited amount of fundraising. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure.

## 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.

Wylie and Bisset were appointed as external auditors in March 2017.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company director, on Tuesday 4 December 2018 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 3 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)	4	4
Mrs A Sherman (Principal)	4	4
Mr R Molloy	1	2
Mr N Gribben	3	4
Mr G Pennington	4	4
Ms A Morey	4	4
Mr M Carr	4	4
Mr N Jackson	4	4
Mr P Winter	2	4
Mrs J Davies	3	4

The key challenge for the board this year is to further improve outcomes in particular the proportion of higher grades and the progress 8 scores. The board acknowledges the improvements made in 2017 but recognises that all outcomes are not yet in line with national averages. The attainment gap for pupil premium has narrowed but requires further work as does the requirement to stretch and challenge the most able students. Progress and much more is being addressed through the successful implementation of the Academy Development Plan presented to and scrutinised by the Governors in great detail. A wide-ranging CPD and performance management programme supports the staff in achieving the improvements required. Governors will focus on closely monitoring recruitment and the financial plans for 2019/20.

The board undertakes an annual self-assessment of Governance leading to a comprehensive action plan which is closely monitored by the Governing Body. Governance was assessed by OFSTED in February 2017 and was described as 'strong'. Governors have a wide range of skills, expertise and extensive knowledge of the local community. They are well informed about 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	4	4
Mr G Pennington	4	4
Mrs A Sherman (Principal)	4	4
Mr N Jackson	4	4
Nr P Winter	1	3
Mr R Molloy (Chair)	0	1

### 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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- 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 2017 to 31 August 2018 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 2017 to 31 August 2018 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 Wylie & Bisset 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 4 December 2018 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 and Skills Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have due regard to the requirement of the Academies Financial Handbook 2018.

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 2018.

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 ESFA.

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:

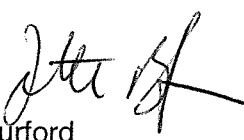
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards (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 ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the 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 4 December 2018 and signed on its behalf by:

Signed:   
Dr Jette Burford  
Trustee



## **Independent auditors' report to the members of The Sutton Academy for the year ended 31 August 2018**

### **Opinion**

We have audited the financial statements of The Sutton Academy (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities Statement of Recommended Practice (SORP 2015) and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018, and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with Charities Statement of Recommended Practice (SORP 2015) and the Academies Accounts Direction 2017 to 2018.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If,

based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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
- the financial statements are not in agreement with the accounting records; 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### **Responsibilities of the Trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the trustees, who are also the directors of The Sutton Academy for the purposes of company law, are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to audit and express an opinion 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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 2017 to 2018 issued by the Education & Skills Funding Agency 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



Scott Gillon BA (Hons) FCCA, CA (Senior Statutory Auditor),  
For and on behalf of Wylie & Bisset LLP

Chartered Accountants  
Statutory Auditor  
168 Bath Street  
Glasgow  
G2 4TP

4 December 2018

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

In accordance with the terms of our engagement letter dated 24<sup>th</sup> April 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Sutton Academy during the period 1 September 2017 to 31 August 2018 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 and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Sutton Academy and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Sutton Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of The Sutton Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Sutton Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Direct consideration and corroboration of evidence used to inform the accounting officer's statements;
- Procedures to assess compliance with the funding agreement and Academies Financial Handbook from those already performed as part of the audit;
- Consideration of whether expenditure outside of the academies delegated authorities has received departmental approval;

- Evaluation and assessment of the operating effectiveness of the general control environment and operational level which are intended to reduce the risk of irregularity;
- Assessment of adequacy of policies and procedures to ensure compliance with the framework of authorities;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirement of the Academies Accounts Direction 2017 to 2018.
- Consideration of whether the absence of a control represents a breach of authorities;
- Review of accounts or transactions susceptible to a greater risk of impropriety such as credit cards and cash accounts.

This list is not exhaustive and we performed additional procedures designed to provide us with additional appropriate evidence to express a conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2017 to 2018.

### **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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Signed:**



**Scott Gillon BA (Hons) FCCA, CA  
Reporting Accountant**

**Wylie & Bisset LLP,  
Chartered Accountants,  
Statutory Auditor**

**4 December 2018**

**The Sutton Academy**
**Statement of Financial Activities for the Year to 31 August 2018**

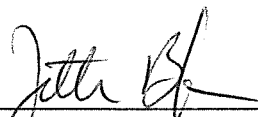
(Including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total 2017 As Restated £000
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	10	-	10	10
Charitable activities:						
<i>Funding for the academy trust's educational operations</i>	3	-	7,232	360	7,592	7,348
Other trading activities	4	96	-	-	96	78
Investments	5	2	-	-	2	5
<b>Total incoming resources</b>		<b>98</b>	<b>7,242</b>	<b>360</b>	<b>7,700</b>	<b>7,441</b>
<b>Expenditure On;</b>						
Raising funds	6	37	-	-	37	50
Charitable activities:						
Academy's educational operations	7	-	7,460	185	7,645	8,006
Other		-	-	-	-	-
<b>Total resources expended</b>		<b>37</b>	<b>7,460</b>	<b>185</b>	<b>7,682</b>	<b>8,056</b>
<b>Net income / (expenditure)</b>		<b>61</b>	<b>(218)</b>	<b>175</b>	<b>18</b>	<b>(615)</b>
Transfers between funds	15	(127)	39	88	-	-
<b>Other recognised (losses)</b>						
Actuarial (losses) gains on defined benefit pension schemes	15,26	-	589	-	589	991
<b>Net movement in funds</b>		<b>(66)</b>	<b>410</b>	<b>263</b>	<b>607</b>	<b>376</b>
<b>Reconciliation of Funds</b>						
Funds brought forward (as previously stated)		233	(3,600)	601	(2,766)	(3,156)
Prior Year Adjustment		-	-	150	150	164
Funds brought forward (as restated)		233	(3,600)	751	(2,616)	(2,992)
Funds carried forward		167	(3,190)	1,014	(2,009)	(2,616)

Balance sheet as at 31 August 2018

	Notes	2018 £000	2018 £000	As Restated 2017 £000	As Restated 2017 £000
<b>Fixed assets</b>					
Tangible assets	11	1,057			801
<b>Current assets</b>					
Debtors	12	480		341	
Investments		200		200	
Cash at bank and in hand		465		356	
		<u>1,145</u>		<u>897</u>	
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	13	<u>(984)</u>		<u>(671)</u>	
<b>Net current assets</b>			<u>161</u>		<u>226</u>
<b>Total assets less current liabilities</b>			<u>1,218</u>		<u>1,027</u>
Creditors: Amounts falling due after more than one year	14		(37)		(43)
<b>Net assets excluding pension liability</b>			<u>1,181</u>		<u>984</u>
Defined benefit pension scheme liability	26		<u>(3,190)</u>		<u>(3,600)</u>
<b>Total net liabilities</b>			<u>(2,009)</u>		<u>(2,616)</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
. Fixed asset fund	15		1,014		751
. Restricted income fund	15		-		-
. Pension reserve	15		(3,190)		(3,600)
<b>Total restricted funds</b>			<u>(2,176)</u>		<u>(2,849)</u>
<b>Unrestricted income funds</b>					
. General fund	15		167		233
<b>Total unrestricted funds</b>			<u>167</u>		<u>233</u>
<b>Total Funds</b>			<u>(2,009)</u>		<u>(2,616)</u>

[Signed]

  
 \_\_\_\_\_  
 Dr J Burford  
 Chair

**The Sutton Academy**  
**Cash Flow Statement for the year ended 31 August 2018**

	Notes	2018 £000	2017 £000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	19	195	(467)
<b>Cash flows from investing activities</b>	21	(80)	91
<b>Cash flows from financing activities</b>	20	(6)	-
<b>Change in cash and cash equivalents in the reporting period</b>		<u>109</u>	<u>(376)</u>
<b>Cash and cash equivalents at 1 September 2017</b>		356	732
<b>Cash and cash equivalents at 31 August 2018</b>	22	<u>465</u>	<u>356</u>



## The Sutton Academy Notes to the Financial Statements for the year ended 31 August 2018

### 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

#### Going Concern

The academy trust currently has negative reserves of [£2,009]k equating to positive reserves of £1,181k excluding pension reserve. The current cash flow prediction forecasts a cash reserve of £390k at December 2018. 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 2018 (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 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 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 2018 (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.

**Financial Instruments**

The academy trust only hold basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13 and 14. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

**Stock**

Uniform stocks are valued at the lower of cost or 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders 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/donor and include grants from the Education and Skills Funding Agency/DfE.

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

**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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants	Unrestricted	Restricted	2018	2017
	Funds	Funds	Total	Total
	£000	£000	£000	£000
Other donations	-	10	10	10
	-	10	10	10

3 Funding for the Academy Trust's educational operations	Unrestricted	Restricted	2018	As Restated 2017
	Funds	Funds	Total	Total
	£000	£000	£000	£000
<b>DfE / ESFA grants</b>				
. General Annual Grant (GAG)	-	7,001	7,001	7,108
. Start Up grants	-	24	24	15
- Capital grants	-	360	360	11
. Other DfE /ESFA grants	-	83	83	112
	-	7,468	7,468	7,246
<b>Other Government grants</b>				
- Local Authority Grants	-	124	124	102
	-	7,592	7,592	7,348

The income from the Academy Trusts educational activities was £7,592,000 (2017 £7,348,000 as restated) of which £7,232,000 was restricted (2017 £7,337,000) and £360,000 restricted fixed assets (2017: £11,000 as restated).

4 Other Trading Activities	Unrestricted	Restricted	2018	2017
	Funds	Funds	Total	Total
	£000	£000	£000	£000
Other income	96	-	96	78
	96	-	96	78

The income from trading activities was £96,000 (2017 £78,000) of which £nil was restricted (2017: £nil)

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

**5 Investment Income**

	Unrestricted Funds £000	Restricted Funds £000	2018 Total £000	2017 Total £000
Short term deposits	2	-	2	5
	<u>2</u>	<u>-</u>	<u>2</u>	<u>5</u>

The income from investments was £2,000 all of which was unrestricted (2017 £5,000).

**6 Expenditure**

	Staff Costs £000	Premises	Other	Total 2018 £000	Total 2017 £000
Expenditure on raising funds	-	-	37	37	50
Academy's educational operations:					
. Direct costs	5,335	-	699	6,034	6,345
. Allocated support costs	587	487	537	1,611	1,661
	<u>5,922</u>	<u>487</u>	<u>1,273</u>	<u>7,682</u>	<u>8,056</u>

Expenditure was £7,682,00 (2017; £8,056,000) of which £37,000 was unrestricted (2017: £50,000), £7,460,00 was restricted (2017: £7,826,000) and £185,000 restricted fixed assets (2017: £180,000).

Net Income/(expenditure) for the period includes:

	2018 £000	2017 £000
Operating lease rentals	11	8
Depreciation	185	180
(Gain)/loss on disposal of fixed asset	1	1
Fees payable to auditor for: audit	12	13
-other services	<u>2</u>	<u>1</u>

**7 Charitable Activities**

	Total 2018 £000	Total 2017 £000
Direct Costs – educational operations	6,034	6,345
Support costs – educational operations	<u>1,611</u>	<u>1,661</u>
	<u>7,645</u>	<u>8,006</u>

	Educational operations £000	Total 2018 £000	Total 2017 £000
Support staff costs	587	587	634
Depreciation	17	17	14
Technology costs	59	59	54
Premises costs	487	487	494
Other support costs	396	396	396
Governance cost	65	65	69
	<u>1,611</u>	<u>1,611</u>	<u>1,661</u>

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

Total expenditure of charitable activities was £7,645,000 (2017: £8,006,000) of which £37,000 was unrestricted (2017: £50,000), £7,460,000 restricted (2017: £7,776,000) and £185,000 restricted fixed assets (2017: £180,000).

<b>8</b>	<b>Staff</b>			
	<b>a. Staff costs</b>		<b>Total</b>	<b>Total</b>
			<b>2018</b>	<b>2017</b>
			<b>£000</b>	<b>£000</b>
	Wages and salaries	4,430		4,756
	Social security costs	442		457
	Operating costs of defined benefit pension schemes	863		914
			<hr/>	
		5,735		6,127
	Supply teacher costs	99		74
	Staff restructuring costs	89		109
			<hr/>	
		5,923		6,310
			<hr/>	
	Staff restructuring costs comprise:			
	Redundancy payments	56		105
	Severance payments	33		4
	Other restricting costs	-		-
			<hr/>	
		89		109
			<hr/>	
	<b>b.</b> There were two non-statutory/non contractual payment included in staff restructuring costs totalling £33,000 (2017 £4,500)			
	<b>c. Staff Numbers</b>			
	The average number of persons employed by the academy during the period was as follows:			
		<b>2018</b>		<b>2017</b>
		<b>No.</b>		<b>No.</b>
	Teachers	84		95
	Administration and support	61		83
	Management	2		2
			<hr/>	
		147		180
			<hr/>	
		<b>2018</b>		<b>2017</b>
		<b>No. FTE</b>		<b>No. FTE</b>
	Teachers	84		93
	Administration and support	48		57
	Management	2		2
			<hr/>	
		134		152
			<hr/>	
	<b>d. Higher paid staff</b>			
	The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:			
		<b>2018</b>		<b>2017</b>
	£60,001-£70,000	1		1
	£70,001-£80,001	1		-
	£80,001-£90,001	-		-
	£90,001-£100,001	-		-
	£100,001-£110,001	1		1

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

**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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £619,450 (2017 £659,959). This relates to 8 FTE members of staff (9 FTE 2016/17).

**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 £105,000-£110,000 (2017: £100,000 - £105,000)

Employer’s pension contributions paid £15,000 - £20,000 (2017: £15,000 - £20,000)

A Morey (staff trustee):

Remuneration £40,000 - £45,000 (2017 £35,000 - £40,000)

Employer’s pension contributions paid £5,000 - £10,000 (2017: £5,000 - £10,000)

During the period ended 31 August 2018, travel and subsistence expenses totalling £8 (August 2017 £54) 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 2018 was £176.60 & IPT (31 August 2017: £861.01 & IPT).

**11 Tangible Fixed Assets**

	Leasehold Land and Buildings £000	Furniture and Fixtures £000	Plant and Equipment £000	Total £000
<b>Cost</b>				
At 1 September 2017	752	464	470	<b>1,686</b>
Transfers	-	[458]	458	-
Additions	332	2	108	<b>442</b>
Disposals	-	-	(33)	<b>(33)</b>
At 31 August 2018	<b>1,084</b>	<b>8</b>	<b>1003</b>	<b>2,095</b>
<b>Depreciation</b>				
At 1 September 2017	193	327	365	<b>885</b>
Transfers	-	[325]	325	-
Charged in year	76	2	107	<b>185</b>
Disposals	-	-	(32)	<b>(32)</b>
At 31 August 2018	<b>269</b>	<b>4</b>	<b>765</b>	<b>1,038</b>
<b>Net book values</b>				
At 31 August 2017	559	4	238	801
At 31 August 2018	<b>815</b>	<b>4</b>	<b>238</b>	<b>1,057</b>

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 2018/19.

**The Sutton Academy**
**Notes to the Financial Statements for the year ended 31 August 018 (continued)**
**12 Debtors**

	2018 £000	2017 £000
Trade debtors	84	79
VAT recoverable	49	25
Prepayments and accrued income	347	237
	<u>480</u>	<u>341</u>

**13 Creditors: amounts falling due within one year**

	2018 £000	As Restated 2017 £000
Trade creditors	380	195
Other taxation and social security	109	122
ESFA creditor: abatement of GAG	86	121
Other creditors	122	150
Accruals and deferred income	287	83
	<u>984</u>	<u>671</u>

**Deferred income**

	2018 £000	2017 £000
Deferred Income at 1 September 2017	8	46
Released from previous years	(8)	(46)
Resources deferred in the year	29	8
Deferred Income at 31 August 2018	<u>29</u>	<u>8</u>

At the balance sheet date the academy trust was holding funds received in advance for other income amounting to £29k.

**14 Creditors: amounts falling due in greater than one year**

		As Restated
ESFA CIF Grant	-	-
Salix Loan	37	43
	<u>37</u>	<u>43</u>



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

15 Funds

Comparative information in respect of the proceeding period is as follows:

	As Restated Balance at 1 September 2016	As Restated Income	Expenditure	Gains, losses and transfers	As Restated Balance at 31 August 2017
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	6,594	(6,856)	262	-
Start Up Grant	194	15	(15)	(194)	-
Pupil Premium	-	527	(527)	-	-
Pension Reserve	(4,374)	-	(217)	991	(3,600)
Other grants	-	211	(211)	-	-
	<b>(4,180)</b>	<b>7,347</b>	<b>(7,826)</b>	<b>1,059</b>	<b>(3,600)</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	-	-	-	-	-
DfE/ESFA capital grants	-	-	-	-	-
Capital expenditure from GAG	739	11	(180)	181	751
	<b>739</b>	<b>11</b>	<b>(180)</b>	<b>181</b>	<b>751</b>
<b>Total restricted Funds</b>	<b>(3,441)</b>	<b>7,358</b>	<b>(8,006)</b>	<b>1,240</b>	<b>(2,849)</b>
<b>Total unrestricted funds</b>	<b>449</b>	<b>83</b>	<b>(50)</b>	<b>(249)</b>	<b>233</b>
<b>Total funds</b>	<b>(2,992)</b>	<b>7,441</b>	<b>(8,056)</b>	<b>991</b>	<b>(2,616)</b>

The current year position is as follows:

	As Restated Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	6,552	(6,591)	39	-
Start Up Grant	-	24	(24)	-	-
Pupil Premium	-	462	(462)	-	-
Pension Reserve	(3,600)	-	(179)	589	(3,190)
Other grants	-	204	(204)	-	-
	<b>(3,600)</b>	<b>7,242</b>	<b>(7,460)</b>	<b>628</b>	<b>(3,190)</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	-	-	-	-	-
DfE/ESFA capital grants	-	-	-	-	-
Capital expenditure from GAG	751	360	(185)	88	1,014
	<b>751</b>	<b>360</b>	<b>(185)</b>	<b>88</b>	<b>1,014</b>
<b>Total restricted Funds</b>	<b>(2,849)</b>	<b>7,602</b>	<b>(7,645)</b>	<b>716</b>	<b>(2,176)</b>
<b>Total unrestricted funds</b>	<b>233</b>	<b>98</b>	<b>(37)</b>	<b>(127)</b>	<b>167</b>
<b>Total funds</b>	<b>(2,616)</b>	<b>7,700</b>	<b>(7,682)</b>	<b>589</b>	<b>(2,009)</b>

## The Sutton Academy

### Notes to the Financial Statements for the year ended 31 August 2018 (continued)

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 & Skills 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 & Skills 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 2018.

#### 16 Analysis of net liabilities between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	1,057	1,057
Current assets	167	978	-	1,145
Current liabilities	-	(978)	(6)	(984)
Non-current liabilities	-	-	(37)	(37)
Pension scheme liability	-	(3,190)	-	(3,190)
<b>Total net liabilities</b>	<b>167</b>	<b>(3,190)</b>	<b>1,014</b>	<b>(2,009)</b>

Comparative information in respect of the preceding period is as follows:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	As Restated Total Funds £000
Tangible fixed assets	-	-	801	801
Current assets	233	664	-	897
Current liabilities	-	(664)	(6)	(670)
Non-current liabilities	-	-	(44)	(44)
Pension scheme liability	-	(3,600)	-	(3,600)
<b>Total net liabilities</b>	<b>233</b>	<b>(3,600)</b>	<b>751</b>	<b>(2,616)</b>

#### 17 Capital Commitments

There are no capital commitments.

#### 18 Commitments under operating leases

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
Amounts due within one year	11	10
Amounts due between one and five years	12	23
Amounts due after five years	-	-
	<b>23</b>	<b>33</b>

**The Sutton Academy**

**Notes to the Financial Statements for the year ended 31 August 2018 (continued)**

<b>19 Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	18	(601)
Adjusted for:		
Depreciation (note 11)	185	180
Loss on disposal of assets	1	1
Capital grants from DfE and other capital income	(360)	-
Interest receivable (note 5)	(2)	(5)
Defined benefit pension scheme cost less contributions payable (note 26)	91	123
Defined benefit pension scheme finance cost (note 26)	88	94
(Increase)/decrease in stocks	-	3
(Increase)/decrease in debtors	(139)	(153)
Increase/(decrease) in creditors	313	(109)
<b>Net cash provided by / (used in) Operating Activities</b>	<b>195</b>	<b>(467)</b>
<b>20 Cash flows from financing activities</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Repayments of borrowing	(6)	-
Cash inflows from new borrowing	-	-
<b>Net cash outflow from returns on investment and servicing of finance</b>	<b>(6)</b>	<b>-</b>
<b>21 Cash flows from investing activities</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Dividends, interest and rents from investments	2	5
Purchase of tangible fixed assets	(442)	(214)
Capital Grants from DfE Group	343	
Capital funding received from sponsors and others	17	
Transfer from investments to cash and cash equivalents	-	(300)
<b>Net cash (used in)/provided by investing activities</b>	<b>(80)</b>	<b>91</b>
<b>22 Analysis of cash and cash equivalents</b>	<b>At 31</b>	<b>At 31</b>
	<b>August</b>	<b>August</b>
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Cash in hand and at bank	380	105
Notice deposits (less than 3 months)	85	251
<b>Total cash and cash equivalents</b>	<b>465</b>	<b>356</b>
<b>23 Guarantees, letter of comfort and indemnities</b>		
There were no guarantees, letters of comfort and indemnities provided by the trust during this year.		
<b>24 Contingent liabilities</b>		
There were no contingent liabilities as at the balance sheet date.		
<b>25 Members liabilities</b>		
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 2018 (continued)**

## **26 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 2016.

Contributions amounting to £88,950 (2017:£92,253) were payable to the scheme at 31 August 2018 and are included within creditors. Prepaid LGPS deficit contributions amounting to £61,600 are included within debtors.

### **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**

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 at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service 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%

The TPS valuation for 2012 determined an employer rate of 16.4% , which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £868,230 (2017 £894,139)

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 2018 was £282,295 (2017: £287,324), of which employer's contributions totalled £224,262 (2017: £225,466) and employees' contributions totalled £58,033 (2017: £61,858). The agreed contribution rates for future years are 12.4 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 2018 (continued)**

**26 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 2017/18. The planned deficit payments have been agreed at £101.9k, £105.6k and £109.5k respectively.

**Principal Actuarial assumptions**

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.6%	3.7%
Rate of increase for pensions in payment / inflation	2.2%	2.2%
Discount rate for scheme liabilities	2.8%	2.5%
Inflation assumption (CPI)	2.1%	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 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.0	21.9
Females	24.8	24.7
<i>Retiring in 20 years</i>		
Males	25.0	24.9
Females	27.8	27.7

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

	Fair value at 31 August 2018	Fair value at 31 August 2017
	£000	£000
Equities	1,400	1,237
Government bonds	91	80
Other bonds	318	285
Property	245	189
Cash and other liquid assets	83	113
Other	554	455
<b>Total market value of assets</b>	<b>2,691</b>	<b>2,359</b>
Present value of scheme liabilities		
- Funded	(5,881)	(5,959)
<b>(Deficit) in the scheme</b>	<b>(3,190)</b>	<b>(3,600)</b>

The actual return on the scheme assets was £179,000 (2017 £217,000)

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

**26 Pension and similar obligations (continued)**

**Amounts recognised in the statement of financial activities**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Current service cost (net of employer contributions)	(86)	(118)
Interest income	61	47
Interest cost	(149)	(141)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Admin expenses	(5)	(5)
<b>Total amount recognised in the SOFA</b>	<b>(179)</b>	<b>(217)</b>

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>5,959</b>	<b>6,403</b>
Current service cost	306	344
Interest cost	149	141
Employee contributions	57	62
Actuarial (gain)/loss	(509)	(946)
Benefits paid	(81)	(45)
Past Service cost	-	-
Curtailements and settlements	-	-
Business Combinations	-	-
<b>At 31 August</b>	<b>5,881</b>	<b>5,959</b>

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>2,359</b>	<b>2,029</b>
Expected return on assets	61	47
Actuarial gains / (losses)	80	45
Administration expenses	(5)	(5)
Employer contributions	220	226
Employee contributions	57	62
Benefits paid	(81)	(45)
Business Combinations	-	-
<b>At 31 August</b>	<b>2,691</b>	<b>2,359</b>

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

**27 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 2017/18.

	Total 31st August 2018 £'000
Provision of Chief Financial Officer Services	39
Clerking Services	5
Printing (Booklets, Posters &, Programmes)	1
HR/Payroll Services	31
Bus Passes	<u>2</u>
<b>Total</b>	<b><u>78</u></b>

- Sponsors St Helens College were paid £78,000 in respect of the services listed above during the year (2017 £75,000). There was £1,630 outstanding at 31<sup>st</sup> August 2018 (2017 outstanding £1,772).

There was £68,489 payable and £24,266 receivable as at 31 August 2018 in relation to transactions with St Helens Council.

- The provision of the Chief Financial Officer, clerking services and HR/Payroll services were provided by St Helens College at cost.
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook and with the academy's financial regulations and procurement procedures.
- The element above £2,500 has been provided 'at no more than cost' and St Helens College has provided a statement of assurance confirming this.

**28 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 2018/19.

**29 Agency Arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period 31 August 2018 the trust received £18k and disbursed £18k from the fund. An amount of £20k is included in other creditors relating to undistributed funds that is repayable to ESFA.

**30 Prior Year Adjustment**

During the preparation of the 2018 financial statements it came to light that the treatment adopted in 2016 with regard to the treatment of capital grants is no longer permissible under the Academies Accounts Direction 2017 to 2018. Grants received were treated as deferred and released over the life of the assets to which they relate. The capital grants should have been recorded as income on receipt and reflected in the balance sheet in the restricted fixed asset fund. The effect of this adjustment is to reduce creditors by £164,445 and reduce total net liabilities by £164,445 in the year to 31 August 2016 and reduce creditors by £150,339 and reduce total net liabilities by £150,339 in the year to 31 August 2017. There is a corresponding uplift in the restricted fixed asset fund of £164,445 and £150,339 in 2016 and 2017 respectively. In addition the income recorded in the Statement of Financial Activities in the year to 31 August 2017 is reduced by £14,106 with a corresponding reduction in net movement in funds.

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

**31 Financial Instruments**

	2018 £000's	2017 £000's
<i>Financial assets measure at amortised cost</i>		
Current assets	284	279
<i>Financial liabilities measure at amortised cost</i>		
Current liabilities	866	542





