



The Sutton Academy

The Sutton Academy (A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2017

Company Registration Number

7103919

Contents

Reference and Administration Details	3
Trustees' Report	5
Governance Statement	10
Statement on Regularity, Propriety and compliance	13
Statement of Trustees' Responsibilities	14
Independent Auditors Report on Financial Statements	15
Independent Auditors Report on Regularity	18
Financial Statements	
Statement of Financial Activities incorporating Income & Expenditure Account	20
Balance Sheet	21
Cash Flow Statement	22
Notes to the Financial Statements incorporating	
Statement of Accounting Policies	23-25
Other Notes to the Financial Statements	26-37

Reference and Administration Details

Members

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

Appointed/Resigned

(Chairperson – Appointed January 2012)
(Appointed September 2012 Resigned December 2016)
(Appointed February 2014)
(Appointed December 2012)

Trustees

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

Appointed/Resigned

(Chairperson – Appointed January 2012)
(Principal – Appointed November 2014)
(Appointed February 2014)
(Appointed September 2012 – Resigned December 2016)
(Appointed July 2013)
(appointed December 2012 - Resigned July 2016 – remained as a Trust Body Member)
(Appointed July 2014 – Resigned July 2017)
(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)

* members of the Finance and Human Resources Committee

**members of Standards and Curriculum Committee

Company Secretary Mrs C Jones

Senior Management Team

Principal	Mrs A Sherman
Senior Vice Principal	Mr P Willerton
Assistant Principal	Mr K Harker
Assistant Principal	Mrs T Simmonds
Assistant Principal	Mr P Trainor
Associate Assistant Principal	Ms A Topping
Chief Financial Officer	Mrs J Tallant

Principal and Registered Office

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

Company Registration Number 7103919

Independent Auditors

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 2016 to 31 August 2017. 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 1,209 in the school census in summer 2017.

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 2016/17 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, four Assistant Principals, one Associate Assistant Principal 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

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 2017 are summarised below:

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

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

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

Public Benefit

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

Strategic Report

Achievements and Performance

Provisional Key Stage 4 and 5 Outcomes – 2017

Outcomes for students improved significantly in 2017. GCSE 9-4 mathematics rose 10 percentage points to 69% A*-C compared with the 2016 A*-C figure, with English increasing to 72%. The basic measure of 9-4 in English and mathematics rose to 60%, which is above national average. GSE 9-5 mathematics was above national average at 50% with English 9-5 being 37%. The basic measure of 9-5 in English and mathematics was 37%. Attainment 8 rose to 43.6 for all students and in terms of disadvantaged students to 37. Progress 8 improved from -0.56 in 2016 to -0.24 in 2017.

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 deficit of [£601]k which is in broadly in line with management's approved forecasted expectations. (2015/16 deficit [504]k SOFA page 20). The net cash inflow from operating activities was [£467k] (2015/16 [£276k]).

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 2017 were (£2,766k), which includes the pension liabilities of (£3,600k), excluding the pension liabilities from the net asset reveals a position of £834k. This is largely made up of £556k cash at bank/investments (see Balance sheet page 21). Debtors at the year end were £341k.

Tangible fixed asset additions during the year amounted to £214k. This was attributable to the investment in refurbishment projects within the Academy and the investment in furniture, equipment and IT.

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 2017 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 (£3,600k) are £834k. 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.

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 5 December 2017 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 5 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)	5	5
Mrs A Sherman (Principal)	5	5
Mr R Molloy	4	5
Mr B Dean	3	3
Mr N Gribben	4	5
Ms C Conley	0	5
Mr G Pennington	4	5
Ms A Morey	4	4
Mr M Carr	4	5
Mr N Jackson	5	5
Mr P Winter	3	5
Ms J Davies	0	5

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 2017/18.

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	2	3
Mr G Pennington	3	3
Mrs A Sherman (Principal)	3	3
Mr N Jackson	2	3
Mr R Molloy (Chair)	3	3

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 2016 to 31 August 2017 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The 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 5 December 2017 and signed on its behalf by:

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

Signed: 
Mrs A Sherman, Principal and
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of The Sutton Academy Trust I have considered my responsibility to notify the academy's board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with 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 2017.

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 2017.

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 2016 to 2017
- 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 5 December 2017 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 2017

Opinion

We have audited the financial statements of The Sutton Academy (the 'charitable company') for the year ended 31 August 2017 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 2016 to 2017 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 2017, 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 2016 to 2017.

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 14, 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. 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 2016 to 2017 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 (Senior Statutory Auditor),
For and on behalf of Wylie & Bisset LLP
5 December 2017

Chartered Accountants
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

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 24th April 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Sutton Academy during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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 2016 to 2017.
- 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 2016 to 2017.

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 2016 to 31 August 2017 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
Reporting Accountant**

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

5 December 2017

The Sutton Academy
Statement of Financial Activities for the Year to 31 August 2017

(Including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	2	-	10	-	10	11
Transfer from local authority on conversion		-	-	-	-	-
Charitable activities:						
<i>Funding for the academy trust's educational operations</i>	3	-	7,337	25	7,362	7,349
Other trading activities	4	78	-	-	78	81
Investments	5	5	-	-	5	12
Total incoming resources		83	7,347	25	7,455	7,453
Expenditure On;						
Raising funds	6	50	-	-	50	59
Charitable activities:						
Academy's educational operations	7	-	7,826	180	8,006	7,898
Other		-	-	-	-	-
Total resources expended		50	7,826	180	8,056	7,957
Net income / (expenditure)		33	(479)	(155)	(601)	(504)
Transfers between funds	16	(249)	68	181	-	-
Other recognised (losses)						
Actuarial (losses) gains on defined benefit pension schemes	16,27	-	991	-	991	(1862)
Net movement in funds		(216)	580	26	390	(2,366)
Reconciliation of Funds						
Funds brought forward		449	(4,180)	575	(3,156)	(790)
Funds carried forward		233	(3,600)	601	(2,766)	(3,156)

Balance sheet as at 31 August 2017

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	11		801		768
Current assets					
Stock	12	-		3	
Debtors	13	341		188	
Investments		200		500	
Cash at bank and in hand		356		732	
		<u>897</u>		<u>1,423</u>	
Liabilities:					
Creditors: Amounts falling due within one year	14	<u>(687)</u>		<u>(785)</u>	
Net current assets			<u>210</u>		<u>638</u>
Total assets less current liabilities					
			<u>1,011</u>		<u>1,406</u>
Creditors: Amounts falling due after more than one year	15		(177)		(188)
Net assets excluding pension liability					
			<u>834</u>		<u>1,218</u>
Defined benefit pension scheme liability	27		<u>(3,600)</u>		<u>(4,374)</u>
Total net liabilities					
			<u>(2,766)</u>		<u>(3,156)</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	16		601		575
. Restricted income fund	16		-		194
. Pension reserve	16		(3,600)		(4,374)
Total restricted funds			<u>(2,999)</u>		<u>(3,605)</u>
Unrestricted income funds					
. General fund	16		233		449
Total unrestricted funds			<u>233</u>		<u>449</u>
Total Funds					
			<u>(2,766)</u>		<u>(3,156)</u>

The financial statements on pages 20 to 37 were approved by the Trustees' and authorised for issue on 5th December 2017 and signed on their behalf by:

[Signed] 
 Dr J Barford
 Chair

The Sutton Academy

Cash Flow Statement for the year ended 31 August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	(467)	276
Cash flows from investing activities	22	91	206
Cash flows from financing activities	21	-	49
Change in cash and cash equivalents in the reporting period		<u>(376)</u>	<u>531</u>
Cash and cash equivalents at 1 September 2016		732	201
Cash and cash equivalents at 31 August 2017	23	<u>356</u>	<u>732</u>

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2017

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 2016 to 2017 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 [£2,766]k equating to positive reserves of £834k excluding pension reserve. The current cash flow prediction forecasts a cash reserve of £487k at November 2017 and 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 probable 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 probable 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 2017 (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 2017 (continued)

Leased Assets

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

Investments

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

Stock

Uniform stocks are valued at the lower of cost 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. As stated in Note 27, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2017 (continued)

2 Donations and capital grants	Unrestricted	Restricted	2017	2016
	Funds	Funds	Total	Total
	£000	£000	£000	£000
Other donations	-	10	10	11
	-	10	10	11

3 Funding for the Academy Trust's educational operations

	Unrestricted	Restricted	2017	2016
	Funds	Funds	Total	Total
	£000	£000	£000	£000
DfE / ESFA grants				
. General Annual Grant (GAG)	-	7,108	7,108	7,115
. Start Up grants	-	15	15	26
- Capital grants	-	25	25	26
. Other DfE /ESFA grants	-	112	112	79
	-	7,260	7,260	7,246
Other Government grants				
. Local Authority Grants	-	102	102	103
	-	102	102	103
	-	7,362	7,362	7,349

The income from the Academy Trusts educational activities was £7,362,000 (2016 £7,349,000) of which £7,337,000 was restricted (2016 £7,323,000) and £25,000 restricted fixed assets (2016: £25,000).

4 Other Trading Activities

	Unrestricted	Restricted	2017	2016
	Funds	Funds	Total	Total
	£000	£000	£000	£000
Other income	78	-	78	81
	78	-	78	81

The income from trading activities was £78,000 (2016 £81,000) of which £nil was restricted (2016: £nil)

5 Investment Income

	Unrestricted	Restricted	2017	2016
	Funds	Funds	Total	Total
	£000	£000	£000	£000
Short term deposits	5	-	5	12
	5	-	5	12

The income from investments was £5,000 all of which was unrestricted (2016 £12,000).

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2017 (continued)

6 Expenditure

	Staff Costs	Premises	Other	Total 2017 £000	Total 2016 £000
	£000				
Expenditure on raising funds	-	-	50	50	59
Academy's educational operations:					
. Direct costs	5,676	-	669	6,345	6,400
. Allocated support costs	634	494	533	1,661	1,498
	6,310	494	1,252	8,056	7,957

Expenditure was £8,056,000 (2016: £7,957,000) of which £50,000 was unrestricted (2016: £59,000), £7,826,000 was restricted (2016: £7,751,000) and £180,000 restricted fixed assets (2016: £147,000).

Net Income/(expenditure) for the period includes:	2017 £000	2016 £000
Operating lease rentals	8	6
Depreciation	180	147
(Gain)/loss on disposal of fixed asset	1	7
Fees payable to auditor for:		
- audit	13	21
-other services	1	2

7 Charitable Activities

	Total 2017 £000	Total 2016 £000
Direct Costs – educational operations	6,345	6,400
Support costs – educational operations	1,661	1,498
	8,006	7,898

	Educational operations £000	Total 2017 £000	Total 2016 £000
Support staff costs	634	634	461
Depreciation	14	14	12
Technology costs	54	54	71
Premises costs	494	494	474
Other support costs	396	396	397
Governance cost	69	69	83
Total support costs	1,661	1,661	1,498

Total expenditure of charitable activities was £8,006,000 (2016: £7,898,000) of which £nil was unrestricted (2016: nil), £7,826,000 restricted (2015: £7,751,000) and £180,000 restricted fixed assets (2016: £147,000).

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2017 (continued)

8

Staff
a. Staff costs

	Total 2017 £000	Total 2016 £000
Wages and salaries	4,756	4,653
Social security costs	457	400
Operating costs of defined benefit pension schemes	914	775
	6,127	5,828
Supply teacher costs	74	204
Staff restructuring costs	109	113
	6,310	6,145
Staff restructuring costs comprise:		
Redundancy payments	105	88
Severance payments	4	25
Other restricting costs	-	-
	109	113

- b. There was one non statutory/non contractual payment Included in staff restructuring costs totalling £4,500

c. Staff Numbers

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

	2017 No.	2016 No.
Teachers	95	92
Administration and support	83	78
Management	2	2
	180	172

	2017 No. FTE	2016 No. FTE
Teachers	93	89
Administration and support	57	54
Management	2	2
	152	145

d. Higher paid staff

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

	2017	2016
£60,001-£70,000	1	1
£70,001-£80,001	-	-
£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 2017 (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) received by key management personnel for their services to the academy trust was £602,448 (2016 £528,294). This relates to 9 FTE members of staff (7 FTE 2015/16).

9 Related Party Transactions – Trustees’ remuneration and expenses

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

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

A Sherman (principal and trustee)-
 Remuneration £100,000-£105,000 (2016: £100,000 - £105,000)
 Employer's pension contributions paid £15,000 - £20,000 (2016: £15,000 - £20,000)

A Morey (staff trustee):
 Remuneration £35,000 - £40,000 (2016 G Hogarth: £45,000 - £50,000)
 Employer's pension contributions paid £5,000 - £10,000 (2016: £5,000 - £10,000)

During the period ended 31 August 2017, travel and subsistence expenses totalling £54 (August 2016 £nil) were reimbursed to trustees.

Trustees and officers insurance

10

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 2017 was £861.01 & IPT (31 August 2016: £969.01 & IPT).

11 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost				
At 1 September 2016	614	408	464	1,486
Additions	138	56	20	214
Disposals	-	-	14	14
At 31 August 2017	752	464	470	1,686
Depreciation				
At 1 September 2016	123	281	314	718
Charged in year	70	46	64	180
Disposals	-	-	13	13
At 31 August 2017	193	327	365	885
Net book values				
At 31 August 2016	491	127	150	768
At 31 August 2017	559	137	105	801

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 2017/18.

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2017
(continued)

12 Stock

	2017	2016
	£000	£000
Clothing	-	3
	<u>-</u>	<u>3</u>

13 Debtors

	2017	2016
	£000	£000
Trade debtors	79	27
VAT recoverable	25	60
Prepayments and accrued income	237	101
	<u>341</u>	<u>188</u>

14 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	195	256
Other taxation and social security	122	114
ESFA creditor: abatement of GAG	121	114
Other creditors	166	143
Accruals and deferred income	83	158
	<u>687</u>	<u>785</u>

Deferred income

	2017	2016
	£000	£000
Deferred Income at 1 September 2016	46	32
Released from previous years	(46)	(32)
Resources deferred in the year	8	46
Deferred Income at 31 August 2017	<u>8</u>	<u>46</u>

At the balance sheet date the academy trust was holding funds received in advance for other income amounting to £8k.

15 Creditors: amounts falling due in greater than one year

ESFA CIF Grant	134	148
Salix Loan	43	40
	<u>177</u>	<u>188</u>

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2017
(continued)

16 Funds

	Balance at				Balance at
	1 September			Gains, losses	31 August
	2016	Income	Expenditure	And transfers	2017
	£000	£000	£000	£000	£000
Restricted general funds					
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)	-	-
	(4,180)	7,347	7,826	1,059	(3,600)
Restricted fixed asset funds					
Transfer on conversion	-	-	-	-	-
DfE/ESFA capital grants	-	-	-	-	-
Capital expenditure from GAG	575	25	(180)	181	601
	575	25	(180)	181	601
Total restricted Funds	(3,605)	7,372	(8,006)	1,240	(2,999)
Total unrestricted funds	449	83	(50)	(249)	233
Total funds	(3,156)	7,455	(8,056)	991	(2,766)

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

- Restricted general Funds comprise all other restricted funds received and include grants from the Education Funding Agency, Department for Education, or other funders.
- Restricted Fixed Asset Funds are resources which are applied to specific capital purposes imposed by the Education Funding Agency, Department for Education, or other funders where the asset acquired or created is held for a specific purpose.
- Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Governors.

Under the funding agreement with the Secretary of State, The Academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

17 Analysis of net liabilities between funds

	Unrestricted	Restricted	Restricted	Total
	Funds	General	Fixed Asset	Funds
	£000	Funds	Funds	£000
Tangible fixed assets	-	-	801	801
Current assets	233	664	-	897
Current liabilities	-	(664)	(23)	(687)
Non current liabilities	-	-	(177)	(177)
Pension scheme liability	-	(3,600)	-	(3,600)
Total net liabilities	233	(3,600)	601	(2,766)

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2017 (continued)

18 Capital Commitments

There are no capital commitments.

19 Commitments under operating leases

At 31 August 2017 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£000	£000
Amounts due within one year	10	3
Amounts due between one and five years	23	-
Amounts due after five years	-	-
	33	3

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

	2017	2016
	£000	£000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(601)	(504)
Adjusted for:		
Depreciation (note 11)	180	147
Loss on disposal of assets	1	7
Interest receivable (note 5)	(5)	(12)
Defined benefit pension scheme cost less contributions payable (note 27)	123	(14)
Defined benefit pension scheme finance cost (note 27)	94	92
(Increase)/decrease in stocks	3	1
(Increase)/decrease in debtors	(153)	92
Increase/(decrease) in creditors	(109)	467
Net cash (used in)/provided by Operating Activities	(467)	276

21 Cash flows from financing activities

	2017	2016
	£000	£000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	49
Net cash inflow from returns on investment and servicing of finance	-	49

22 Cash flows from investing activities

	2017	2016
	£000	£000
Dividends, interest and rents from investments	5	12
Purchase of tangible fixed assets	(214)	(306)
Transfer from investments to cash and cash equivalents	(300)	500
Net cash provided by / (used in) investing activities	91	206

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2017 (continued)

23 Analysis of cash and cash equivalents

	At 31 August 2017 £000	At 31 August 2016 £000
Cash in hand and at bank	105	229
Notice deposits (less than 3 months)	251	503
Total cash and cash equivalents	356	732

24 Guarantees, letter of comfort and indemnities

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

25 Contingent liabilities

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

26 Members liabilities

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

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2017 (continued)

27 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of the independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £92,253 (2016:£101,613) were payable to the scheme at 31 August 2017 and are included within creditors. Prepaid LGPS deficit contributions amounting to £59,441 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 contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service of the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,000 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75% The assumed nominal rate of return is 5.06%

During the year the employer rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% , which was payable from September 2015. The next valuation of the TPS 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 £894,139 (2016 £908,887)

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 2017 was £287,324 (2016 : £280,271), of which employer's contributions totalled £225,466 (2016: £219,175) and employees' contributions totalled £61,858 (2016: £61,096). 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 2017 (continued)

27 Pension and similar obligations (continued)

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

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

Principal Actuarial assumptions

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.7%	3.4%
Rate of increase for pensions in payment / inflation	2.2%	2.0%
Discount rate for scheme liabilities	2.5%	2.2%
Inflation assumption (CPI)	2.2%	1.9%
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 2017	At 31 August 2016
<i>Retiring today</i>		
Males	21.6	22.5
Females	24.7	25.4
<i>Retiring in 20 years</i>		
Males	24.2	24.9
Females	27.7	28.2

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

	Fair value at 31 August 2017	Fair value at 31 August 2016
	£000	£000
Equities	1,237	1,066
Government bonds	80	93
Other bonds	285	239
Property	189	166
Cash and other liquid assets	113	75
Other	455	390
Total market value of assets	2,359	2,029
Present value of scheme liabilities		
- Funded	(5,959)	(6,403)
(Deficit) in the scheme	(3,600)	(4,374)

The actual return on the scheme assets was £217,000 (2016 £311,000)

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2017 (continued)

27 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2017	2016
	£000	£000
Current service cost (net of employer contributions)	(118)	19
Interest income	47	64
Interest cost	(141)	(156)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Admin expenses	(5)	(5)
Total amount recognised in the SOFA	<u>(217)</u>	<u>(78)</u>

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

	2017	2016
	£000	£000
At 1 September	6,403	3,898
Current service cost	344	199
Interest cost	141	156
Employee contributions	62	61
Actuarial (gain)/loss	(946)	2,108
Benefits paid	(45)	(19)
Past Service cost	-	-
Curtailments and settlements	-	-
Business Combinations	-	-
At 31 August	<u>5,959</u>	<u>6,403</u>

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

	2017	2016
	£000	£000
At 1 September	2,029	1,464
Expected return on assets	47	64
Actuarial gains / (losses)	45	246
Administration expenses	(5)	(5)
Employer contributions	226	218
Employee contributions	62	61
Benefits paid	(45)	(19)
Business Combinations	-	-
At 31 August	<u>2,359</u>	<u>2,029</u>

The Sutton Academy
Notes to the Financial Statements for the year ended 31 August 2017 (continued)

28

Related party transactions

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

St Helens College – the academy's sponsor provided the following goods and services for the financial year 2016/17.

	Total 31st August 2017
	£'000
Provision of Chief Financial Officer Services	47
Clerking Services	4
Printing (Booklets, Posters &, Programmes)	1
HR/Payroll Services	20
Bus Passes	3
Total	75

- Sponsors St Helens College were paid £75,000 in respect of the services listed above during the year (2016 £81,000). There was £1,772 repayable to the Academy at 31 August 2017(2016 outstanding £6,878).

There was £40,019 payable and £2,867 receivable as at 31 August 2017 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 ESFA's Academies Financial Handbook.

29 Events after the end of the reporting period

The Sutton Academy building is owned by St Helens MBC and will be transferred to the Sutton Academy on a 125 year lease. The commencement date of the 125 year lease is likely to be early in 2017/18.

30 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period 31 August 2017 the trust received £22k and disbursed £21k from the fund. An amount of £23k is included in other creditors relating to undistributed funds that is repayable to ESFA.

