

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 14
Statement on regularity, propriety and compliance	15
Statement of Trustees' responsibilities	16
Independent auditors' report on the financial statements	17 - 18
Independent reporting accountant's assurance report on regularity	19 - 20
Statement of financial activities incorporating income and expenditure account	21
Balance sheet	22
Statement of cash flows	23
Notes to the financial statements	24 - 44

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

Trustees and Members	T Joslyn, Chair of Trustees ^{1,2,3,4,5}
	R Bailey, Vice Chair ^{1,4,6}
	M Evans, Head Teacher ^{1,2,3,4,5}
	N Ashley ^{3,4}
	S Bartholomew (appointed 29 January 2016) ^{1,4}
	S Campkin (resigned 29 November 2015) ^{2,3}
	S Conlan ^{2,4,5,6}
	D Evans ^{1,2}
	M Francis (resigned 8 November 2015) ^{2,4}
	G Goisne (appointed 29 January 2016) ^{2,3}
	C Gray (resigned 10 April 2016) ^{1,2,3}
	C Kinder ^{2,3}
	E Knox ^{1,2}
	L Matley ^{2,3}
	C Minett ^{2,3}
	R Mundy (appointed 29 May 2016) ^{2,3}
	S Paton ^{2,3,4}
	L Porter ^{2,3,6}
	N Turner ^{2,3}
	J Watkins ^{2,3}
	D Wright ^{1,4}
	S Yells ^{1,3}
	1 Finance, Resources, Business Development Committee
	2 Quality of Teaching Committee
	3 Curriculum and Student Welfare Committee
	4 Staffing and Staff Welfare Committee
	5 Policies Committee
	6 Staff Pay Committee

Company registered number	07707979
Company name	Farmor's School
Principal and Registered office	The Park Leafield Road Fairford Gloucestershire GL7 4JQ

**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Company Secretary Susan Dorey

Accounting Officer Matthew Evans

Senior Leadership Team

Matthew Evans, Headteacher
Ros Dolton, Deputy Headteacher
Susan Dorey, Business Manager
Noelle Sturla, Assistant Head
Emma White, Assistant Head
James Woollin, Assistant Head (resigned 20 April 2016)

Independent auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Bankers Lloyds Bank Plc
14 Castle Street
Cirencester
Gloucestershire
GL7 1QJ

Solicitors HCR Law
Ellenborough House
Wellington Street
Cheltenham
Gloucestershire
GL50 1YD

**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company, known as Farmor's School (the "Academy Trust"), for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report to the Charity Commission and a Directors' report under company law.

The Academy Trust operates an academy (the "Academy") for pupils aged 11 to 18 in Gloucestershire. It has a pupil capacity of 1,050 and had a roll of 915 in the school census on 1 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Farmor's School are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of Trustees in their capacities as Trustees or Governors of the Academy which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £2,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1 August 2011 the Trustees appointed all those governors who served the predecessor school to be Trustees of the newly formed Academy. These Trustees were each appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and Funding Agreement with the Department for Education:

- up to 2 Trustees who are appointed by Members;
- up to 5 Trustees who are appointed by the Farmor's Endowed Foundation and do not have to be (but may be) trustees of the Foundation;
- up to 1 person who is appointed by the Ernest Cook Trust and does not have to be (but may be) a trustee of the Ernest Cook Trust;
- A minimum of 2 Parent Trustees (but not more than 7 Parent Trustees) who are elected by Parents of registered pupils at the Academy;
- up to 4 (or one third of the total number of Trustees, whichever shall be the smaller) staff Trustees who are elected by the staff and ratified by Members; and

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

- the Headteacher who is treated for all purposes as being an *ex officio* Trustee.

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

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

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a meeting with the Chair of Governors, a meeting with the Headteacher, a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustee. Induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of committees and other groups. It receives reports, including policies, from its committees for ratification. It monitors the activities of the committees through the minutes of their meetings. The Board may from time to time establish working groups to perform specific tasks over a limited timescale.

The committee structure was reviewed in 2014 to ensure it met the needs of the Trust. Following this review the committee structure was changed and there are now 6 committees as follows;

- **Finance, Resources and Business Development Committee** - this meets at least once per term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements, and reports from the Internal Assurance Officer. This Committee approves the annual budget for submission to the Education Funding Agency. It also performs the role of an audit committee and reviews business development activity. The Committee also has responsibility for business development and monitoring the use of school resources including premises.
- **Curriculum and Student Welfare Committee** - this meets at least once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- **Quality of Teaching Committee** - this meets at least once a term to monitor and evaluate Academy policy and practice relating to teaching and learning.
- **Staffing and Staff Welfare Committee** - this meets at least once a term to monitor, evaluate and review Academy policy and practice in relation to all personnel and staffing aspects of the school.
- **Policies Committee** - this meets no less than once each academic year and in addition at various times during the year as required to review and approve all Academy policies.
- **Staff Pay Committee** - this meets annually to receive and review proposed arrangements for staff pay progression.

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

The Headteacher is the Accounting Officer.

**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Senior Leadership Team comprises the Key Management Personnel of the Academy in charge of directing, controlling, running and operating the Academy on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the 2015-2016 financial year.

The pay of key management personnel is reviewed annually and is normally increased in accordance with average earnings in line with national pay awards. Any further pay awards are performance related in accordance with the Academy's Pay Policy.

The Trustees benchmark against pay levels in other academies within Gloucestershire on an annual basis.

Connected Organisations, including Related Party Relationships

On 1 January 2014 Cotswold District Council transferred the leisure centre facilities of Cotswold Leisure Fairford to the Academy Trust's wholly owned subsidiary company, Farmor's Sports Centre Limited. The subsidiary company continued to manage the sports centre during the 2015-2016 financial period and still does so.

The Elizabeth Farmor Trust is a related party as Mr M Evans and Mr D Wright, Trustees of the Academy, are also Trustees of The Elizabeth Farmor Trust. Two previous Trustees of the Academy Trust, Mr J Watkins and Mr S Mumford, have remained Trustees of The Elizabeth Farmor Trust. The transactions with The Elizabeth Farmor Trust are undertaken at arm's length and are disclosed in these financial statements.

The Friends of Farmor's School is an association of parents, staff and friends of the Academy association which raises funds to support the activities of the Academy. This is a separate registered charity and maintains its own accounts.

The Ernest Cook Trust, a charitable organisation, is a connected organisation as it is able to appoint a trustee to the Board.

Prior to nationalisation in 1944, the Farmor's Endowed Foundation, then an educational charity, ran Farmor's School. The Foundation owns the freehold of the land on which the school building sits, the rest of the land being owned by Gloucestershire County Council. The Academy now leases the land from the Foundation and the Council. The Foundation is run by five trustees and has the right under the constitution of the Academy Trust to appoint up to five Trustees of the Academy Trust. The Foundation's income is modest and its policy in recent years has been to donate half of that income to the respective school funds of Farmor's School and Fairford Primary School. Their remaining funds are used to make book grants to ex-pupils of Farmor's.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy Trust is specifically restricted to advancing for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad curriculum for pupils of different abilities.

Farmor's Academy aspires to be an excellent place to learn and work and for students to be well equipped for their future lives. To achieve this the Academy must develop outstanding teachers and associate staff, provide a diverse and engaging curriculum, care for each individual and expect the best from all members of the Academy community. The Academy must be purposeful, determined and resilient in its pursuit of excellence. The Academy's robust self-evaluation processes will evidence the quality of provision, benchmarked against the best schools, locally and nationally so that external auditors, including Ofsted, recognise the excellent standards achieved.

Farmor's Academy Sixth form believes it prepares students well for the next stage in their lives, giving students the opportunity to study in purpose built accommodation that is warm, nurturing and progressive.

Objectives, Strategies and Activities

In the summer term of 2013, Farmor's received a 'Good' rating from Ofsted, having been rated as 'Outstanding' in previous inspections. This judgment was in line with the school's self-evaluation. GCSE results in 2012 had been disappointing and, whilst attainment compared well with schools nationally, the progress made by students was unsatisfactory given their ability on entry to Year 7. A Level results were stronger. The quality of teaching was judged by Ofsted to be generally good, but inconsistencies in areas such as marking and feedback were apparent. The Academy has worked hard during the last year to address these issues.

Given the fall in GCSE outcomes, and the falling demographic locally, it was perhaps unsurprising that fewer students chose Farmor's in 2013. The financial implications of falling student numbers together with changes to national funding meant that the Academy needed to achieve more with fewer resources. Since then, outcomes have improved significantly. In September 2016, Year 7 was oversubscribed for the third year in a row. The number of students entering Year 12 was slightly lower in September 2016 than in the previous year, partly due to a small Year 11 cohort leaving the lower school this year. The lower intake numbers in Year 7 in years 2011 and 2013 will impact internal applications to the Sixth form for the next two years.

Within this context the Trustees and Senior Leadership Team have agreed ambitious strategic priorities for the future which are described later in this report under the heading "Plans for Future Periods".

The Academy will know it has been successful when all students make excellent progress, achieve their educational and career ambitions and leave the Academy as confident, well-rounded young people. Excellent exam results will be part of the picture of success, but not become an end in themselves. When the Academy achieves excellence it hopes Ofsted will agree, but the pursuit of Ofsted success should never become the Academy's primary focus.

Public Benefit

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

Through its subsidiary company, the Academy provides leisure facilities for the local community with the aim of improving the life of the said community.

The Academy has maintained its links with the wider community and promotes the use of its premises to local groups; for example, it has strong links with Fairford Youth Rugby Club who use the Academy grounds for training and the local Petanque group continue to use the Academy grounds for their community group to train and play matches. Fairford Brownies, local Tae-Kwon-Do, Personal Fitness, Box Skills, a youth music and dance group and youth football all use the Academy facilities on a weekly basis.

STRATEGIC REPORT

Achievements and Performance

The Academy is in its sixth year of operation. In September 2016 the Academy was over-subscribed for Year 7 for the third year in a row. The Academy has 915 students on roll according to the school census on 1st October 2016.

Our pupil admission number (PAN) remains at 150 and, given that Year 7 has been oversubscribed for the last three years, the Academy Trust is considering an increase in the PAN. The Academy aims for Sixth Form numbers to be maintained at over 250.

Continual Professional Development

Continuing professional development for staff has been very successful with two more teaching staff completing their Master's degrees in Educational Leadership. A further four members of staff are currently studying for their Master's qualification. In total approximately one third of the teaching staff now hold a Master's level qualification. The teaching staff INSET in November 2015 focused on students' mental health.

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

Forty-six members of the teaching staff (approx. 57%) have been on at least one course to meet individual and Academy targets. Twenty-seven members of staff attended specific exam or curriculum related courses run by the exam boards and this reflects the on-going changes to the curriculum.

Seventeen members of the associate staff (approx. 35%) attended courses on a range of topics including marketing, data management, use of power tools and first aid.

Student Achievement:

GCSE results and progress

72% of students achieved 5+ A*-C including English and Maths. 78% of students achieved A*-C grades in both Maths and English GCSE, which is one of the government's new headline measures.

The average grade achieved across a specified range of 8 subjects, known as 'Attainment 8' was B- and the school's value added measure for progress made between key stage 2 and 4 was positive. 34% of students achieved their English Baccalaureate, which was significantly above national averages.

Overall, the GCSE results were strong compared to those of previous cohorts and other local schools.

To ensure standards are maintained and improved, the Academy operates a programme of lesson observations, analysis of progress data and a robust staff appraisal process.

End of KS5 – Outcomes 2016:

Examination results for Year 13 in 2016 were marginally down on the previous year although the pass rate of 99.5% was almost identical (99.7% in 2015) and represented only two U grades across the 372 examinations entered. Examination results for Year 12 are not comparable with those of previous years as the whole cohort did not sit examinations in all their subjects. Only students discontinuing linear subjects entered AS examinations in those subjects. Students taking the modular courses which were still running did sit examinations in those subjects but even so, some students had no examinations at all. On the whole students performed as expected. AS results will not be a measure in the future as the Academy moves to all students taking linear courses and no examinations in Year 12. Although the academic profile of the 2016 cohort was one of lower prior attainment and therefore the Academy was expecting lower results than in 2015, the Value-Added results were good. For the last 3 years, the Academy has averaged in the top 10% nationally for the progress made by students from GCSE to A Level.

Targets for 2016/17

KS4 Targets

Headline attainment

5 or more A* to C grades including English and Mathematics	75%
Students achieving both English and Mathematics A*-C grades	80%

Value Added

Progress 8 score of greater than zero
Progress 8 score of greater than zero for pupil premium group
SEN/Low Prior Attainment Progress 8 score greater than zero

Attendance

Overall attendance (Year 7-11)	>96%
Persistent absence	<11%

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

Sixth Form Exam Grade Performance Targets
A Level Targets

Headline attainment

Students achieving A*- B grades	59%
Students achieving A*- C grades	85%
Students achieving A*- E grades	100%
Raw Residual	+6%

Attendance

Lesson attendance	92%
-------------------	-----

Developing Facilities

To continue to develop its facilities, during the year the Academy has:

- Completed a second phase of introducing lockers for Year 7, 8 and 9 students;
- Continued to refurbish the oldest classrooms; and
- Completed a refurbishment of a new ICT suite

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention.

As funding is based on pupil numbers this is also a key performance indicator. The Academy has 915 students on roll according to the school census on 1 October 2016, a decrease of 2.85% over the number on roll at the time of the school census in 2015. It is anticipated that the number on roll will increase as the school continues to attract a full intake in Year 7 each year.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2015/16 this was 92.4%, compared to 91.3% in 2014/15.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy 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 Going Concern accounting policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which 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 useful life of the assets concerned, as explained in the Academy's accounting policies.

During the year ended 31 August 2016, The Academy received total income of £5,148,536 (2015: £5,338,585) and incurred total expenditure of £5,482,589 (2015: £5,661,817). The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £32,659 (2015: £94,527).

At 31 August 2016 the net book value of fixed assets was £15,499,493 (2015: £15,761,058) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

The building that is used by Farmor's Sports Centre was transferred to the Academy Trust on the 1 January 2014 from Cotswold District Council. The freehold value of the buildings was £1,750,000 at the point of transfer.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its associate staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activities with details in Note 24 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including the financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending.

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 Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Local Government defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Due to the nature of funding, the Academy Trust may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Principal Risks And Uncertainties

The Board of Trustees regularly reviews the major 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 principal risks and uncertainties facing the Academy are set out below:

Financial - the Academy Trust has considerable reliance on continued Government funding through the EFA. In the last year 87% of the Academy Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Financial – the Academy Trust acknowledges the risks associated with fluctuating pupil numbers and has looked strategically at the impact of this on funding and the ability to maintain current provision. Year 7 intake has been full for three academic years (as at September 2016) with two smaller year groups remaining in Year 10 and 11. The Sixth Form numbers have fallen slightly but remain strong.

Failures in governance and/or management - the risks in this area arise from potential failure to manage the Academy Trust's finances effectively, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that high quality teaching is maintained and that student success and achievement are closely monitored and reviewed.

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

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

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning and recruitment procedures designed to attract high quality staff.

Fraud and mismanagement of funds - Mr D Wright, who is a Governor and also an accountant by profession carries out checks on financial systems and records on a termly basis as an Internal Assurance Officer. He provides Internal Assurance (IA) reports directly to the Finance, Resources and Business Development Committee.

The Academy has agreed a Risk Management Strategy and has a Risk Register. The relevant risks are discussed by each Governors' Committee in light of any new information and strategic or operational changes.

The Trustees examine the financial health of the Academy Trust formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Finance, Resources and Business Development and Audit Committee meetings. The Trustees also review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 24 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy has set out ambitious plans for improvement through a five-year strategic development plan with priorities to be achieved between 2014 and 2019. These priorities are underpinned by the belief that we must strive to provide a full and rounded education for our students. To do this we must recognise the value of high quality teaching and excellent pastoral care. This can only be achieved if the Academy invests in its staff, provides first class facilities and works closely with its community and outside agencies.

Since the ambitions were set in 2014, the Academy has continued to improve. The 2016 A level results placed the Academy in the top 10% of schools nationally for the progress made by students. Year 7 was oversubscribed again in 2016 and Sixth Form recruitment was good. Further development of facilities and careful management of finances demonstrated that the school could thrive in challenging times. However, the Academy Trustees believe that challenges persist, not least of all in raising achievement for the Academy's most vulnerable students so that success is shared widely and equally, no matter what the student's background or need.

The Academy will know when it has been successful when all students make excellent progress, achieve their educational and career ambitions and leave as confident, well-rounded young people.

Full details of our plans for the future are given in our Development Plan.

The Academy has remained a member of the Balcarras Teaching School Alliance. We continue to build links with other schools through the Gloucestershire Association of Secondary Heads (GASH) and the Jubilee Network.

**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The financial statements include the results of the Elizabeth Farmor Trust, a registered charity (no 01123825) which is under the control of the Trustees of the Academy Trust. The object of the Trust is to raise money to enhance the education of pupils at Farmor's School.

AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

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



Tony Joslyn
Chair of Trustees

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Farmor's School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Farmor's School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

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
T Joslyn (Chair)	3	3
R Bailey (Vice Chair)	1	3
M Evans	3	3
N Ashley	1	3
S Bartholomew (appointed 29 January 2016)	1	2
S Campkin (resigned 29 November 2015)	0	1
S Conlan	2	3
D Evans	2	3
M Francis (resigned 8 November 2015)	0	0
G Goisne (appointed 29 January 2016)	1	2
C Gray (resigned 10 April 2016)	1	2
C Kinder	3	3
E Knox	3	3
L Matley	2	3
C Minett	3	3
R Mundy (appointed 29 May 2016)	1	1
S Paton	3	3
L Porter	3	3
N Turner	3	3
J Watkins	1	3
D Wright	2	3
S Yells	2	3

There have been no key changes in the composition of the Board of Trustees during the period 1 September 2015 to 31 August 2016.

During this period the key challenges that have faced the Board have been related to budgetary constraints that the Academy faced for the period to 31 August 2016.

During the period Tony Joslyn, was re-appointed as Chair of Trustees. The Board has delegated certain functions to the following committees: Curriculum and Student Welfare; Finance, Resources and Business Development; Quality of Teaching; Staffing and Staff Welfare and Staff Pay.

GOVERNANCE STATEMENT (continued)

The **Finance, Resources and Business Development Committee** is a sub-committee of the main Board of Trustees. Its purpose is to consider budgetary implications and financial controls within the Academy and to assist the Academy with financial decision making as required by monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reports from the Internal Assurance Officer and approving the annual budget including setting staffing levels. It also performs the role of an audit committee. This committee aims to meet at least once per term and is comprised of members with financial or premises understanding and background to enable it to better meet its responsibilities. During the year ending 31 August 2016, the committee met four times.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
T Joslyn	3	4
R Bailey	2	4
M Evans	4	4
D Evans (Chair)	4	4
C Gray	1	3
E Knox	4	4
S Yells	4	4
D Wright (Internal Assurance Officer)	4	4

REVIEW OF VALUE FOR MONEY

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

- A reduction in staffing costs: the Academy Trust has continued to reduce its average staffing costs by reviewing all appointments and restructuring departments as appropriate allowing cost savings to be made without affecting the outcomes for students;
- Renegotiating reprographics contracts resulting in a reduction in lease costs; and
- Renegotiating gas and electricity contracts resulting in an annual saving for the Academy.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Farmor's School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

GOVERNANCE STATEMENT (continued)

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed David Wright, a Trustee, as Internal Assurance Officer.

The Internal Assurance Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the Internal Assurance Officer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. There were no matters of significance to note from the reports undertaken during the year.

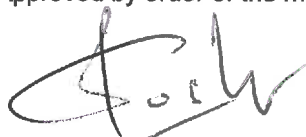
REVIEW OF EFFECTIVENESS

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

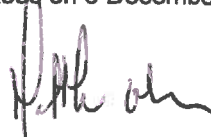
- the work of the Internal Assurance Officer;
- the work of the external auditors; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Resources, Business Development and Audit committee. Although there were no areas of weakness identified in the year to be addressed, the Academy is committed to continuous improvement of the systems it has in place.

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



Tony Joslyn
Chair of Trustees



Matthew Evans
Accounting Officer

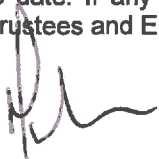
**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the Academy Trust Board of Trustees are capable of identifying 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.

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



M Evans
Accounting Officer

Date: 6 December 2016

**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as governors of the academy known as Farmor's School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the 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:

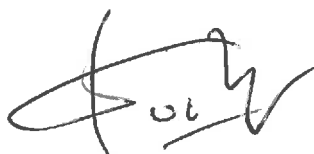
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 Education Funding Agency or the Department for Education have been applied for the purposes intended.

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

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



Tony Joslyn
Chair of Trustees

Date: 6 December 2016

**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF FARMOR'S SCHOOL**

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

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF FARMOR'S SCHOOL**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

B. Scaife

Joseph Scaife FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date:

13/12/16

**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO FARMOR'S
SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 27 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Farmor's School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF FARMOR'S SCHOOL'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Farmor's School's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

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

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

**FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO FARMOR'S
SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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



Joseph Scaife FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date: 13/12/16

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	38,042	56,139	64,726	158,907	256,162
Charitable activities	3	183,485	4,766,084	-	4,949,569	4,985,176
Other trading activities	4	39,580	-	-	39,580	96,548
Investments	5	480	-	-	480	699
TOTAL INCOME		261,587	4,822,223	64,726	5,148,536	5,338,585
EXPENDITURE ON:						
Charitable activities		261,587	4,854,882	366,120	5,482,589	5,661,817
TOTAL EXPENDITURE	6	261,587	4,854,882	366,120	5,482,589	5,661,817
NET EXPENDITURE BEFORE TRANSFERS						
Transfers between Funds	18	-	(32,659)	(301,394)	(334,053)	(323,232)
		-	(8,642)	8,642	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		-	(41,301)	(292,752)	(334,053)	(323,232)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(275,000)	-	(275,000)	32,000
NET MOVEMENT IN FUNDS		-	(316,301)	(292,752)	(609,053)	(291,232)
RECONCILIATION OF FUNDS:						
Total funds brought forward		2,429	(1,045,000)	15,761,058	14,718,487	15,009,719
TOTAL FUNDS CARRIED FORWARD		2,429	(1,361,301)	15,468,306	14,109,434	14,718,487

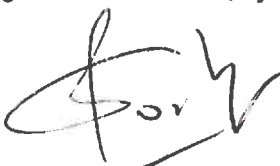
The notes on pages 24 to 44 form part of these financial statements.

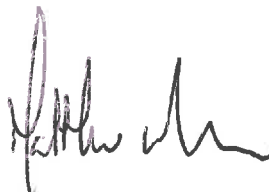
FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07707979

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		15,499,493		15,761,058
Investments	14		1		1
			<u>15,499,494</u>		<u>15,761,059</u>
CURRENT ASSETS					
Debtors	15	202,193		248,893	
Cash at bank and in hand		132,464		267,720	
		<u>334,657</u>		<u>516,613</u>	
CREDITORS: amounts falling due within one year	16	<u>(339,717)</u>		<u>(514,185)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(5,060)</u>		<u>2,428</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,494,434</u>		<u>15,763,487</u>
Defined benefit pension scheme liability	24		<u>(1,385,000)</u>		<u>(1,045,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>14,109,434</u>		<u>14,718,487</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
General funds	18	23,699		-	
Fixed asset funds	18	15,468,306		15,761,058	
Restricted income funds excluding pension liability		<u>15,492,005</u>		<u>15,761,058</u>	
Pension reserve		<u>(1,385,000)</u>		<u>(1,045,000)</u>	
Total restricted income funds			14,107,005		14,716,058
Unrestricted income funds	18		<u>2,429</u>		<u>2,429</u>
TOTAL FUNDS			<u>14,109,434</u>		<u>14,718,487</u>

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


Tony Joslyn
Chair of Trustees


Matthew Evans
Accounting Officer

The notes on pages 24 to 44 form part of these financial statements.

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(95,907)	132,749
Cash flows from investing activities:			
Interest received		480	699
Purchase of tangible fixed assets		(104,555)	(520,411)
Capital grants from DfE/EFA		64,726	136,030
Net cash used in investing activities		(39,349)	(383,682)
Change in cash and cash equivalents in the year		(135,256)	(250,933)
Cash and cash equivalents brought forward		267,720	518,653
Cash and cash equivalents carried forward	23	132,464	267,720

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income from Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

Farmor's School constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

1.2 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 and include grants from the Department for Education.

Transfers are made between restricted general funds and restricted fixed asset funds where restricted general funds are used to purchase fixed assets.

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

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

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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.

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

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £3,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Long term leasehold land	-	over the term of the lease
Fixtures and fittings	-	20% straight line
Computer equipment	-	20% straight line

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

1.7 INVESTMENTS

Subsidiary investments are stated at cost at the balance sheet date.

1.8 TAXATION

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

1.9 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

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

1. ACCOUNTING POLICIES (continued)

1.11 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.12 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.13 PENSIONS

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

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

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

1. ACCOUNTING POLICIES (continued)

1.15 GROUP ACCOUNTING

In preparing the financial statements the Academy has taken the exemption under FRS 102 and has not consolidated the results of the trading subsidiary Farmor's Sports Centre Limited on the basis that these are immaterial to the group. Further information on the trading subsidiary can be found in note 14.

1.16 AGENCY ARRANGEMENTS

The Academy acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The Academy can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at the end of the period and are disclosed in Note 27.

1.17 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

The Academy 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 24, 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 2014 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy obtains use of fixed assets as lessee. The classification of such leases as operating or finance lease required the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	38,042	56,139	9,403	103,584	145,393
Capital Grants	-	-	55,323	55,323	110,769
	<u>38,042</u>	<u>56,139</u>	<u>64,726</u>	<u>158,907</u>	<u>256,162</u>
Total donations and capital grants	<u>38,042</u>	<u>56,139</u>	<u>64,726</u>	<u>158,907</u>	<u>256,162</u>

In 2015, of the total income from donations and capital grants, £68,898 was unrestricted funds and £187,264 was restricted funds.

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income from Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	4,346,088	4,346,088	4,229,633
Other DfE/EFA grants	-	121,053	121,053	115,354
	<u>-</u>	<u>4,467,141</u>	<u>4,467,141</u>	<u>4,344,987</u>
Other government grants				
High Needs	-	16,249	16,249	33,327
	<u>-</u>	<u>16,249</u>	<u>16,249</u>	<u>33,327</u>
Other funding				
Educational visit and transport income	-	282,694	282,694	434,916
Music income	35,428	-	35,428	34,297
Catering income	148,057	-	148,057	137,649
	<u>183,485</u>	<u>282,694</u>	<u>466,179</u>	<u>606,862</u>
	<u>183,485</u>	<u>4,766,084</u>	<u>4,949,569</u>	<u>4,985,176</u>

In 2015, of the total income from charitable activities, £171,946 was unrestricted funds and £4,813,230 was restricted funds.

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	6,643	-	6,643	6,405
Other funding	32,937	-	32,937	90,143
	<u>39,580</u>	<u>-</u>	<u>39,580</u>	<u>96,548</u>

In 2015, of the total income from other trading activities, £86,910 was unrestricted funds and £9,638 was restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	480	-	480	699
	<u>480</u>	<u>-</u>	<u>480</u>	<u>699</u>

In 2015 the total investment income of £699 was unrestricted.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Education:					
Direct costs	3,535,184	-	513,248	4,048,432	4,138,848
Support costs	593,022	446,701	394,434	1,434,157	1,522,969
	<u>4,128,206</u>	<u>446,701</u>	<u>907,682</u>	<u>5,482,589</u>	<u>5,661,817</u>

In 2016, of the total expenditure, £261,587 (2015: £327,823) was unrestricted funds and £5,221,002 (2015: £5,318,534) was restricted funds.

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

7. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	40,000	38,000
Educational supplies	37,606	45,326
Examination fees	78,381	89,373
Staff development	9,029	13,184
Other costs (including educational visits)	320,386	462,037
Supply teachers	22,652	32,893
Recruitment and support	5,194	6,681
Wages and salaries	2,819,067	2,826,671
National insurance	240,321	214,447
Pension cost	475,796	426,236
	4,048,432	4,154,848

8. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Staff development	4,093	6,509
Other costs	30,685	26,708
Recruitment and support	-	900
Maintenance of premises and equipment	28,043	55,541
Cleaning	7,296	7,228
Rent and rates	27,233	25,581
Energy costs	63,623	71,059
Insurance	38,213	47,032
Security and transport	27,452	26,312
Catering	106,312	109,310
Technology costs	48,832	56,973
Office overheads	15,300	14,910
Legal and professional	66,064	83,540
Bank interest and charges	94	104
Governance	11,775	11,350
Wages and salaries	460,503	468,435
National insurance	20,784	18,301
Pension cost	111,735	112,441
Depreciation	366,120	364,735
	1,434,157	1,506,969

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

9. NET INCOME/(EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	366,120	364,735
Auditors' remuneration - audit	8,100	8,100
Auditors' remuneration - non-audit	3,250	3,250
Operating lease rentals	18,146	22,519
	<u>395,616</u>	<u>408,604</u>

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,256,918	3,262,213
Social security costs	261,105	232,748
Operating costs of defined benefit pension schemes	587,531	538,677
	<u>4,105,554</u>	<u>4,033,638</u>
Supply teacher costs	22,652	32,893
Staff restructuring costs	709	-
	<u>4,128,915</u>	<u>4,066,531</u>

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

	2016 No.	2015 No.
Teachers	70	83
Student Support Staff	23	25
Support Staff	25	30
Senior Leadership Team	6	5
	<u>124</u>	<u>143</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	60	61
Student Support Staff	14	13
Support Staff	23	27
Senior Leadership Team	6	5
	<u>103</u>	<u>106</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1

Both of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2016, pension contributions for those staff amounted to £24,453 (2015: £20,444).

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

10. STAFF COSTS (continued)

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £395,995 (2015: £402,889).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 Trustees (2015: 4) in respect of defined benefit pension schemes.

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: M Evans: Remuneration £75,000 - £80,000 (2015: £70,000 - £75,000), Employer's Pension Contributions £10,000 - £15,000 (2015: £10,000 - £15,000), L Matley: Remuneration £45,000 - £50,000 (2015: £40,000 - £45,000), Employer's Pension Contributions £5,000 - £10,000 (2015: £0 - £5,000), N Turner: Remuneration £20,000 - £25,000 (2015: £30,000 - £35,000), Employer's Pension Contributions £0 - £5,000 (2015: £0 - £5,000), C Gray: Remuneration £5,000 - £10,000 (2015: £10,000 - £15,000), Employer's Pension Contributions £0 - £5,000 (2015: £0 - £5,000), R Mundy: Remuneration £5,000 - £10,000 (2015: £Nil), Employer's Pension Contributions £0 - £5,000 (2015: £Nil).

During the year, no Trustees received any reimbursement of expenses (2015: £Nil).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £829 (2015: £855).

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

13. TANGIBLE FIXED ASSETS

	Freehold property £	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 1 September 2015	14,596,665	2,129,681	144,062	131,946	17,002,354
Additions	56,037	-	8,779	39,739	104,555
At 31 August 2016	14,652,702	2,129,681	152,841	171,685	17,106,909
DEPRECIATION					
At 1 September 2015	1,044,246	17,801	122,260	56,989	1,241,296
Charge for the year	293,054	17,601	21,128	34,337	366,120
At 31 August 2016	1,337,300	35,402	143,388	91,326	1,607,416
NET BOOK VALUE					
At 31 August 2016	13,315,402	2,094,279	9,453	80,359	15,499,493
At 31 August 2015	13,552,419	2,111,880	21,802	74,957	15,761,058

14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 September 2015 and 31 August 2016	1

SUBSIDIARY UNDERTAKINGS

The following subsidiary undertaking was acquired by the Academy on 26 September 2013.

Name	Holding
Farmor's Sports Centre Limited	100%

The aggregate of the share capital and reserves as at 31 August 2016 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Farmor's Sports Centre Limited	1	-

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

14. FIXED ASSET INVESTMENTS (continued)

The Trustees are currently reviewing and restructuring the operation of the sports centre and are confident that the sports centre will continue to make a positive contributions to the Academy. See note 26 for further information.

15. DEBTORS

	2016 £	2015 £
Trade debtors	14,923	75,453
Amounts owed by group undertakings	-	50,784
VAT repayable	12,359	13,835
Prepayments and accrued income	174,911	108,821
	<u>202,193</u>	<u>248,893</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	114,427	293,497
Amounts owed to group undertakings	6,703	-
Other taxation and social security	73,903	69,776
Other creditors	96,488	97,134
Accruals and deferred income	48,196	53,778
	<u>339,717</u>	<u>514,185</u>

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	70	43,445
Resources deferred during the year	-	70
Amounts released from previous years	(70)	(43,445)
Deferred income at 31 August 2016	<u>-</u>	<u>70</u>

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

17. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets measured at fair value through income and expenditure	132,464	267,720
Financial assets measured at amortised cost	152,042	167,166
	<u>284,506</u>	<u>434,886</u>
Financial liabilities measured at amortised cost	<u>(186,537)</u>	<u>(375,377)</u>

Financial assets measured at fair value through income and expenditure comprise of cash at bank and in hand.

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accruals.

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	2,429	261,587	(261,587)	-	-	2,429
RESTRICTED FUNDS						
General Annual Grant (GAG)	(28,211)	4,346,088	(4,373,528)	38,116	-	(17,535)
Rates Relief	-	16,898	(16,898)	-	-	-
Pupil Premium	-	81,453	(81,453)	-	-	-
High needs income	-	16,249	(16,249)	-	-	-
Trip Income	-	282,694	(282,694)	-	-	-
Other restricted income	-	27,702	(19,060)	(8,642)	-	-
Elizabeth Farmor Trust	28,211	51,139	-	(38,116)	-	41,234
Pension fund	(1,045,000)	-	(65,000)	-	(275,000)	(1,385,000)
	<u>(1,045,000)</u>	<u>4,822,223</u>	<u>(4,854,882)</u>	<u>(8,642)</u>	<u>(275,000)</u>	<u>(1,361,301)</u>

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

18. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
Fixed assets transferred on conversion	11,933,013	-	(280,608)	-	-	11,652,405
Fixed assets purchased from GAG and other restricted income	171,606	-	(4,035)	8,642	-	176,213
Capital grants	1,976,439	64,726	(46,477)	-	-	1,994,688
Sport Centre donation	1,680,000	-	(35,000)	-	-	1,645,000
	<u>15,761,058</u>	<u>64,726</u>	<u>(366,120)</u>	<u>8,642</u>	<u>-</u>	<u>15,468,306</u>
Total restricted funds	<u>14,716,058</u>	<u>4,886,949</u>	<u>(5,221,002)</u>	<u>-</u>	<u>(275,000)</u>	<u>14,107,005</u>
Total of funds	<u>14,718,487</u>	<u>5,148,536</u>	<u>(5,482,589)</u>	<u>-</u>	<u>(275,000)</u>	<u>14,109,434</u>

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

RESTRICTED FUNDS

The General Annual Grant (GAG) represents funding received from the EFA during the period in order to fund the continuing activities of the Academy.

Pupil premium represents funding received from the EFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

High needs income represents funding received by the Local Authority to fund further support for students with additional needs.

Trip Income represents income received from parents for children to be able to attend school trips.

Other restricted income includes funding received for tuition fees, income received in relation to school lockers and other restricted donations. During the year £8,642 (2015: £9,638) was transferred to the restricted fixed asset fund to represent fixed assets purchased from restricted income.

Donations represent funds donated from the Elizabeth Farmor Trust for the educational purposes of the Academy. See note 26 for further details.

Pension fund - This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme.

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion represent the building and equipment donated to the academy from Gloucestershire County Council on conversion to an Academy.

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

18. STATEMENT OF FUNDS (continued)

Other capital grants represent grants received from the EFA for the replacement of windows, a roof replacement programme, refurbishment of the Sixth Form Centre, building a new Learning Resource Centre and refurbishment of the school toilets, along with the Devolved Formula Capital funds which have been spent on capital items. Also included in capital grants is £55,323 received as part of S106 funding from the Spitfire development.

The Academy was gifted a sports centre on 1 January 2014 from Cotswold District Council. The sports centre has been treated as an asset of the Academy and a new subsidiary company, Farmor's Sports Centre Limited, was incorporated to manage the sports centre's use by the public. Details of the subsidiary can be found at Note 14.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	15,499,493	15,499,493	15,761,058
Fixed asset investments	-	1	-	1	1
Current assets	(25,143)	333,363	26,437	334,657	516,613
Creditors due within one year	27,572	(309,665)	(57,624)	(339,717)	(514,185)
Pension scheme liability	-	(1,385,000)	-	(1,385,000)	(1,045,000)
	<u>2,429</u>	<u>(1,361,301)</u>	<u>15,468,306</u>	<u>14,109,434</u>	<u>14,718,487</u>

20. MEMBERS' LIABILITY

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

21. GENERAL INFORMATION

Farmor's School is a company limited by guarantee, incorporated in England and Wales. The registered office is The Park, Leafield Road, Fairford, Gloucestershire, GL7 4JQ.

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

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

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(334,053)	(323,232)
Adjustment for:		
Depreciation charges	366,120	364,735
Dividends, interest and rents from investments	(480)	(699)
Decrease in debtors	46,700	259,807
Decrease in creditors	(174,468)	(110,832)
Capital grants from DfE and other capital income	(64,726)	(136,030)
Defined benefit pension scheme cost less contributions payable	25,000	41,000
Defined benefit pension scheme finance cost	40,000	38,000
Net cash (used in)/provided by operating activities	(95,907)	132,749

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	132,464	267,720
Total	132,464	267,720

24. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2014.

Contributions amounting to £71,987 were payable to the schemes at 31 August 2016 (2015: £14,602) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

24. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £425,185 (2015: £369,154).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £172,000 (2015: £166,000) of which employer's contributions totalled £137,000 (2015: £130,000) and employees' contributions totalled £35,000 (2015: £36,000). The agreed contribution rates for future years are 26% for employers and 5.5% to 8.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Expected return on scheme assets at 31 August	2.10 %	3.80 %
Rate of increase in salaries	2.10 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.70 %

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

24. PENSION COMMITMENTS (continued)

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

	2016	2015
Retiring today		
Males	22.5 years	22.5 years
Females	24.6 years	24.6 years
Retiring in 20 years		
Males	24.4 years	24.4 years
Females	27.0 years	27.0 years

The actual return on scheme assets was £156,000 (2015: (£1,000)).

The amounts recognised in the Statement of financial activities are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(162,000)	(171,000)
Net interest cost	(40,000)	(38,000)
Total	(202,000)	(209,000)
Actual return on scheme assets	156,000	(1,000)

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

	2016 £	2015 £
Opening defined benefit obligation	2,048,000	1,810,000
Current service cost	162,000	171,000
Interest cost	81,000	71,000
Contributions by employees	35,000	36,000
Actuarial losses/(gains)	431,000	(33,000)
Exchange differences on foreign schemes	(8,000)	(7,000)
Closing defined benefit obligation	2,749,000	2,048,000

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

	2016 £	2015 £
Opening fair value of scheme assets	1,003,000	812,000
Interest income	41,000	33,000
Actuarial gains and (losses)	156,000	(1,000)
Contributions by employer	137,000	130,000
Contributions by employees	35,000	36,000
Benefits paid	(8,000)	(7,000)
Closing fair value of scheme assets	1,364,000	1,003,000

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

25. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	8,823	22,518
Between 1 and 5 years	10,899	3,374
Total	<u>19,722</u>	<u>25,892</u>

26. 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, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

During the year management fees of £32,572 (2015: £27,031) were charged to Farmor's Sports Centre Limited, a 100% wholly owned subsidiary. Farmor's Sports Centre Limited made a donation to the Academy of £Nil (2015: £23,753) in the year. An amount of £39,275 (2015: £Nil) was received from Farmor's Sports Centre Limited relating to capital improvements carried out during the year. At the year end £6,703 (2015: £50,784) was owed by (2015: owed to) the Academy to Farmor's Sports Centre Limited. In preparing the financial statements the Academy has taken the exemption under FRS 102 and has not consolidated the results of this trading subsidiary on the basis that these are immaterial to the group.

The Elizabeth Farmor Trust Fund (the 'trust') was a trust established to generate and provide funding to the Academy. The Academy and the trust have common trustees. As the Academy is entitled under the trust's rules to all income generated, the trust's cash balance has been recognised as an asset of the Academy. The trust's balances are considered immaterial to the users of the accounts and so a full consolidation, under FRS102 has not been performed.

27. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ended 31 August 2016 the Academy received £11,463 (2015: £11,968) and disbursed £11,092 (2015: £9,512) from the fund. An amount of £2,102 (2015: £2,456) is included in other creditors relating to undistributed funds that are repayable to EFA.

The Academy Trust receives cash from students as an agent for several travel agents. In the accounting period ended 31 August 2016 the Academy Trust received £146,170 and disbursed £146,170 from the fund for Academy trips. All funds have been distributed before the year end.

FARMOR'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

28. FIRST TIME ADOPTION OF FRS 102

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		15,009,719	14,718,487
Total funds reported under FRS 102		<u>15,009,719</u>	<u>14,718,487</u>

Reconciliation of net income/(expenditure)	Notes	31 August 2015
		£
Net (expenditure) previously reported under UK GAAP		(307,232)
Interest cost on FRS17 pension liability	1	<u>(16,000)</u>
Net (expenditure) before other gains and losses reported under FRS 102		<u>(323,232)</u>

Explanation of changes to previously reported funds and net income/expenditure:

- 1 Under previous UK GAAP the trust recognised an expected return on the LGPS defined benefit plan assets in expenditure. Under FRS102 net interest, based on the net defined benefit liability, is recognised in expenditure. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenses by £16,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.