

Shire Oak Academy Trust

Registered number: 07544974

Trustees' report and financial statements

For the year ended 31 August 2016

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of Trustees' responsibilities	14
Independent auditor's report on the financial statements	15 - 16
Independent accountant's assurance report on regularity	17 - 18
Statement of financial activities incorporating income and expenditure account	19
Balance sheet	20
Statement of cash flows	21
Notes to the financial statements	22 - 40

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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

Members

Mr K Hubery
Mrs J Mole
Mr P Rowley

Trustees

Mr R Beech, Principal
Mr D Byfield
Mr K Hubery, Chair, Finance and Resources Committee
Ms C Cheesmond, Finance and Resources Committee
Mrs L Markham Moore
Mr J Morrall, Vice Chair
Mr P Rowley, Finance and Resources Committee
Mrs J Mole, Finance and Resources Committee
Mr D Popratnjak (resigned 5 January 2016)
Mr M Allwood
Mr J O'Neil
Mr A Francis (resigned 12 October 2016)
Mr M Taylor
Mr H Perkins
Mr A Bertie (resigned 31 August 2016)
Mr A Feilden
Mrs J Bond (appointed 23 March 2016)
Mrs S Williams (appointed 10 February 2016)

Company registered number

07544974

Company name

Shire Oak Academy Trust

Principal and registered office

Lichfield Road, Walsall, West Midlands, WS9 9PA

Senior management team

Mr R Beech, Principal
Mr I Khan, Assistant Principal
Mr C Bourne, Assistant Principal
Mr N Critchley, Vice Principal
Mr N Jobling, Vice Principal
Mr J Simkin, Assistant Principal
Mrs C Smith, Assistant Principal

Independent auditor

Mazars LLP, 45 Church Street, Birmingham, B3 2RT

SHIRE OAK ACADEMY TRUST
(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)

Bankers

Lloyds TSB, PO Box 1000, BX1 1LT

Solicitors

Browne Jacobson, 44 Castle Gate, Nottingham, NG1 7BJ

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

Governors' Report

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 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 Shire Oak Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Shire Oak Academy.

Members' Liability

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

Trustees Indemnities

The trustees have liability Insurance with RPA, effective date 1st September 2016. There is a limit of Indemnity of £10,000,000. (2015: £10,000,000).

Principal Activities

The principle activity of the academy is the operation of Shire Oak Academy Trust to provide education for pupils of different abilities between the ages of 11 and 19, providing a broad and balanced curriculum. The academy held specialist status since 2003 as a science college and, as such, has maintained a particular emphasis on the sciences and mathematics.

Methods of Recruitment and Appointment or Election of Trustees

The members may appoint up to one trustee, save that no more than one third of the total number of individuals appointed as trustees shall be employees of the Academy Trust (including the Principal). The Principal shall be treated for all purposes as being an ex officio trustee.

The parent trustees shall be elected by parents of registered pupils at the academy. A parent trustee must be a parent of a pupil at the academy at the time when he/she is elected.

The trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of parent trustees, including any questions of whether a person of a registered pupil at the academy. Any election of parent trustees which is contested shall be held by secret ballot.

The arrangements made for the election of a parent trustee shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if they prefer, by having their ballot paper returned to the Academy Trust by a registered pupil at the academy.

Where a vacancy for a parent trustee is required to be filled by election, the trustees shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

The number of parent governors required shall be made up by parent trustees appointed by the board if the number of parents standing for election is less than the number of vacancies.

In appointing a parent trustee the board shall appoint a person who is the parent of a registered pupil of the academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

The board shall make all necessary arrangements for, and determine all matters relating to the election and removal of staff trustees.

The partnership trustees may be appointed in accordance with Schedule 4 of the School Governance (Constitution) (England) Regulations 2007.

The community trustees may be appointed by the board, provided that the person who is appointed as a community trustee is:

1. A person who lives or works in the community served by the academy; or
2. A person who, in the opinion of the board, is committed to the government and success of the academy

The trustees may not appoint an employee of the academy trust as a community trustee if the number of trustees who are employed by the academy trust (including the Principal) would thereby exceed one third of the total number of trustees.

The percentage of local government associated trustees will be capped at no more than 19.9%.

Policies and Procedures Adopted for the Induction and Training of Trustees

As there are normally less than 3 new trustees a year, induction tends to be done informally and is tailored specifically to the individuals.

New governors are invited to meet the Principal and the Chairman of Trustees before their first meeting. In addition they are sent a pack of documentation which provides guidance on the role of trustees.

New trustees are given membership of NGA and Walsall Governors Link.

Organisational Structure

The board has delegated the executive powers for the management of the academy to the Principal and members of the senior leadership team, the membership of which is listed on page 1. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels – a collaborative approach to the leadership of the academy's affairs.

These senior leaders control the academy at an executive level, implementing the policies laid down by the trustees and reporting back to them.

The trustees are responsible for setting general policy, adopting an annual development and improvement plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

Arrangements for setting pay and remuneration of key management personnel

The Academy broadly follows the provisions of national pay arrangements, according to the School Teachers' Pay and Conditions and the NJC scales for support staff. Exceptions are made only to accommodate the Living Wage.

The Principal's salary is set within the Academy's Individual School Range of 7 points. Salary levels for the 'Vice-Principals', Assistant Principals' and members of the Extended Leadership Team are scaled appropriately with each having a 5 point range on the Leadership scale, according to the job weight. An annual pay increment is awarded in line with successful performance until the top of the 5 point scale is reached.

None of the trustees is paid for the role as trustee.

Risk Management

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees have assessed the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy and relating to its finances.

The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health & safety, bullying and school visits) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

Statement on the system of internal finance control

As trustees, we acknowledge we have overall responsibility for ensuring that Shire Oak Academy Trust has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records, which disclose with reasonable accuracy and at any time the financial position of the academy and which enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:-

- the academy is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- the proper records are maintained and financial information used within the academy or for publication is reliable
- the academy complies with relevant laws and regulations.

The academy'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.
- regular reviews (usually monthly) by the Finance and Resources 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;
- identification and management risks.

In addition, the governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that, although it is not mandatory for the academy, it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have set policies on internal controls which cover the following:

- the type of risks the academy faces
- the level of risks which they regard as acceptable
- the likelihood of the risks materialising
- the academy's ability to reduce the incidence and impact on the academy's operations of risks that do materialise;
- the costs of operating particular controls relative to the benefits obtained;
- clarified the responsibility of the senior leadership team to implement the trustees policies and to identify and evaluate risks for the trustees consideration;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in the academy's operations so that it becomes part of the culture of the academy;

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

- developed systems to respond quickly to evolving risks arising from factors within the academy and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the trustees together with details of corrective action being undertaken.

The trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have appointed Mazars to act as Responsible Officer (RO). The RO's role includes performing a range of checks on the academy's financial systems. These arrangements can provide only reasonable and not absolute assurance that the assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Connected Organisations including Related Party Relationships

Since September 2003, Shire Oak has operated as a specialist science college, working in close partnership with 10 partner primary schools. Although dedicated grant funding for specialism has been discontinued, our trustees continue to fund the partnership's activities.

Objectives and Activities

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

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the academy's business in accordance with the highest standard of integrity, probity and openness.

Strategies and activities

The academy's main strategy is encompassed in its mission statement which is 'Turning potential into excellence'. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff;
- a programme of sporting and after school leisure activities for all students;
- a system of after school clubs to allow students to explore additional learning opportunities in practical ways;
- a careers advisory service to help students obtain employment or move on to higher education.

Equal opportunities policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace.

The academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Academy Roll

The academy's published admissions number (PAN) is 238+ 2 further places are available in our additionally resourced provision unit. At the time of writing this report (September 2016), the academy had 1478 students on roll. This figure includes 231 students in the academy's sixth form.

Public Benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commissions general guidelines in public benefit.

Achievements and Performance

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

This was the academy's 5th full year of operation

Examination results for 2016 were received with some mixed emotions, though generally pleasing.

Our post 16 results were some of our best ever. The average points score (APS) per student was a record 968.7 (144.2). The APS per entry was 205.6 (30.6). 98% of the cohort achieved 3 or more A levels or equivalent. The pass rate was 98.4%.

In Key Stage 4, there had been a number of significant changes to the examinations nationally and it is clear that these changes have resulted in an impact on our results. The recording of first entry results meant that we, among many other schools and academies, made the decision to discontinue early entries in mathematics and English. In 2016 60% of our year 11 students achieved 5 or more GCSE's at grade A* - C

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Key Financial Performance Indicators

Already covered in achievements and performance above.

Financial Review

Most of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received 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 generates income from catering.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned as follows:

- Buildings depreciated at 2%
- Equipment depreciated at 10%
- ICT Equipment depreciated at 20%

Financial and Risk Management Objectives and Policies

Please refer to the academy risk management policy

Principal Risks and Uncertainties

Please refer to the academy risk management policy

Significant projects

During the 2015-2016 financial year, a number of major projects were planned, commenced and completed:

Steps to the sports field

Lighting

Success Centre

Refurbishment of Caretakers Houses

Reserves Policy

AIMS

The aim of this policy is to ensure that funds which the academy does not immediately need to cover anticipated

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

expenditure are invested in such a way as to maximise income but without risk.

Our aim is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The academy does not consider the investment of surplus funds as a primary activity, rather it is the result of good practice, as and when circumstances allow.

PURPOSES

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- To ensure there is no risk of loss in capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds

GUIDELINES

Regular cash flow reports are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding creditors that are due for payment.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements, these may be invested following approval from the Finance and Resources Committee (FARC). Approval must be signed off and recorded in the committee minutes.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk.

The FARC will receive a report at each meeting as to the performance of the investments.

The aim is to reach an appropriate level of reserve to allow the senior leadership team and the FARC to explore alternative investment possibilities with criteria being:

- Investment with a different counterparty (in order to reduce counterparty risk);
- Consideration of whether there should be a maximum level of investment with a single approved counterparty; and
- A longer term investment with a higher return (but not high risk investments which are not in the best interests of the academy).

Investment Policy

The FARC reviews the investments on a monthly basis and assign them to obtain the best return as appropriate.

Plans for future periods

The academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education once they leave.

Funds held as custodian trustee on behalf of others

There are no funds that are held by the Academy Trust that are not owned by them.

Auditors

In so far as the trustees are aware:

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

The auditors, Mazars LLP, were appointed during the period and are willing to continue in office. A resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the board of trustees on 13 December 2016 and signed on its behalf by:

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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



.....
Mr K Hubery
Chair of Trustees

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Principal, 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 Shire Oak Academy Trust 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 8 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governing Body	Meetings attended	Out of a possible
Mr R Beech, Principal	8	8
Mr D Byfield	7	8
Mr K Hubery, Chair, Finance and Resources Committee	7	8
Ms C Cheesmond, Finance and Resources Committee	4	8
Mrs L Markham Moore	7	8
Mr J Morrall, Vice Chair	5	8
Mr P Rowley, Finance and Resources Committee	6	8
Mrs J Mole, Finance and Resources Committee	8	8
Mr D Popratnjak	1	2
Mr M Allwood	7	8
Mr J O'Neil	7	8
Mr A Francis	0	0
Mr M Taylor	4	8
Mr H Perkins	1	8
Mr A Bertie	3	8
Mr A Feilden	4	7
Mrs J Bond	3	3
Mrs S Williams	3	4
Mr N Jobling, Vice Principal	0	0
Mr N Critchley, Vice Principal	0	0

Kevin Hubery was re-elected as Chairman at the first meeting of the governing body held on 14th October, 2015. At the same meeting, John Morrall, a Trust appointed governor, was elected as Vice-Chairman.

Mr. Alex Francis resigned as a partnership governor from 13th October, 2015 and therefore did not attend any meetings during the academic year.

Vanessa Belcher came to the end of her term of office as a parent governor on 31st October, 2015. She decided that she would not stand for re-election. Dr. Andrew Feilden was elected as a parent governor on 1st November, 2015.

Mr. Dusan Popratnjak resigned as a staff governor from 5th January, 2016. An election took place and Miss Sarah Bryant-Williams was elected as a staff governor on 10th February, 2016.

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Mrs. Julie Bond was appointed as a partnership governor with effect from 23rd March, 2016

Mr. Ashley Bertie resigned as a partnership governor with effect from 31st August, 2016.

The annual general meeting of board took place on 22nd February, 2016 -

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Jane Mole	1	1
Kevin Hubery	1	1
Phil Rowley	1	1

The following governors also attended the Annual General Meeting.

Mr. J. Morral	(Director/Governor)
Mrs. L. Markham-Moore	(Director/Governor)
Mr. A. Bertie	(Director/Governor)
Miss C. Cheesmond	(Director/Governor)
Mrs. S. Williams-Bryant	(Director/Governor)
Mrs. J. O'Neill	(Director/Governor)
Mrs. G. Sweet	(Secretary to the Trust)

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 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 Shire Oak Academy Trust 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 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'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.

THE RISK AND CONTROL FRAMEWORK

The academy'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 and Resources 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;
- identification and management of risks.

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The appointee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the appointee 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.

REVIEW OF EFFECTIVENESS

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

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

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

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal has responsibility for ensuring that the academy 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.

Approved by order of the members of the board of trustees on 13 December 2016 and signed on their behalf, by:



.....
Mr K Hubery
Chair of Trustees



.....
Mr R Beech
Accounting Officer

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



.....
Mr R Beech
Accounting Officer

Date: 13/12/2016

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as governors of Shire Oak Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees and signed on its behalf by:


.....
Mr K Hubery
Chair of Trustees

Date: 13 December 2016

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SHIRE OAK ACADEMY TRUST

We have audited the financial statements of Shire Oak Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, 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, the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency and 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) ((Charities SORP 2015 (FRS 102)).

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the trustees (who are also the directors of the charitable company 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 (APB's) Ethical Standards for Auditors. This report is made solely to the trustees as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and 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 including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE
MEMBERS OF SHIRE OAK ACADEMY TRUST**

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 me to report to you if, in our opinion:

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

Ian Holder (Senior Statutory Auditor)
for and on behalf of Mazars LLP



Chartered Accountants and Statutory Auditor

Chartered Accountants
Statutory Auditor

45 Church Street

Birmingham

B3 2RT

Date:

15 December 2016

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO SHIRE OAK ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 6 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, I have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Shire Oak Academy Trust 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.

**RESPECTIVE RESPONSIBILITIES OF SHIRE OAK ACADEMY TRUST'S ACCOUNTING OFFICER AND THE
REPORTING AUDITOR**

The accounting officer is responsible, under the requirements of Shire Oak Academy Trust's funding agreement with the Secretary of State for Education dated 22 March 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.

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

APPROACH

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide me 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 me to obtain assurance that I would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, I do not express a positive opinion.

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO SHIRE OAK ACADEMY TRUST 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.

Mazars LLP

Mazars LLP

Chartered Accountants
Statutory Auditor

45 Church Street
Birmingham
B3 2RT

Date: *15 December 2016*

SHIRE OAK ACADEMY TRUST
(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	-	-	46,319	46,319	28,342
Other trading activities	4	21,979	-	-	21,979	20,537
Investments	5	2,612	-	-	2,612	2,218
Charitable activities	3	202,554	7,774,379	-	7,976,933	8,069,130
TOTAL INCOME		<u>227,145</u>	<u>7,774,379</u>	<u>46,319</u>	<u>8,047,843</u>	<u>8,120,227</u>
EXPENDITURE ON:						
Charitable activities		180,712	7,389,916	490,527	8,061,155	8,286,232
TOTAL EXPENDITURE	6	<u>180,712</u>	<u>7,389,916</u>	<u>490,527</u>	<u>8,061,155</u>	<u>8,286,232</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		46,433	384,463	(444,208)	(13,312)	(166,005)
Transfers between Funds	17	322,341	(559,308)	236,967	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES		368,774	(174,845)	(207,241)	(13,312)	(166,005)
Actuarial losses on defined benefit pension schemes	21	-	(964,000)	-	(964,000)	(59,000)
NET MOVEMENT IN FUNDS		<u>368,774</u>	<u>(1,138,845)</u>	<u>(207,241)</u>	<u>(977,312)</u>	<u>(225,005)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		575,060	(1,231,729)	8,384,018	7,727,349	7,952,354
TOTAL FUNDS CARRIED FORWARD		<u>943,834</u>	<u>(2,370,574)</u>	<u>8,176,777</u>	<u>6,750,037</u>	<u>7,727,349</u>

SHIRE OAK ACADEMY TRUST

Registered number: 07544974

(A company limited by guarantee)

BALANCE SHEET

AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Intangible assets	12		32,857		52,046
Tangible assets	13		8,143,920		8,331,972
			<u>8,176,777</u>		<u>8,384,018</u>
CURRENT ASSETS					
Stocks	14	3,267		2,399	
Debtors	15	301,916		120,170	
Cash at bank and in hand		1,411,022		1,279,920	
		<u>1,716,205</u>		<u>1,402,489</u>	
CREDITORS: amounts falling due within one year	16	(439,945)		(375,158)	
NET CURRENT ASSETS			<u>1,276,260</u>		<u>1,027,331</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,453,037</u>		<u>9,411,349</u>
Defined benefit pension scheme liability	21		(2,703,000)		(1,684,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>6,750,037</u></u>		<u><u>7,727,349</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	17	332,426		452,271	
Restricted fixed asset funds	17	8,176,777		8,384,018	
		<u>8,509,203</u>		<u>8,836,289</u>	
Restricted funds excluding pension liability					
Pension reserve		(2,703,000)		(1,684,000)	
		<u>5,806,203</u>		<u>7,152,289</u>	
Total restricted funds			5,806,203		7,152,289
Unrestricted funds	17		943,834		575,060
			<u>6,750,037</u>		<u>7,727,349</u>
TOTAL FUNDS			<u><u>6,750,037</u></u>		<u><u>7,727,349</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 13 December 2016 and are signed on their behalf, by:


.....
Mr K Hubery
Chair of Trustees

The notes on pages 22 to 40 form part of these financial statements.

SHIRE OAK ACADEMY TRUST
(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 provided by operating activities	19	411,776	399,373
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,612	2,218
Purchase of intangible fixed assets		(7,950)	-
Purchase of property, plant and equipment		(275,336)	(457,113)
Net cash used in investing activities		(280,674)	(454,895)
Change in cash and cash equivalents in the year	20	131,102	(55,522)
Cash and cash equivalents brought forward		1,279,920	1,335,442
Cash and cash equivalents carried forward	20	1,411,022	1,279,920

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

Shire Oak Academy Trust constitutes a public benefit entity as defined by FRS 102.

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 the Department for Education where the asset acquired or created is held for a specific purpose.

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

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

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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.

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

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..

1.6 Turnover

Turnover comprises revenue recognised by the academy in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.7 Intangible fixed assets and amortisation

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment

Amortisation is provided at the following rates:

Software	- 33.3% Straight line
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SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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

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 incorporating income and expenditure account.

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

Long-term leasehold property	-	2% Straight line
Motor vehicles	-	25% Straight line
Fixtures and fittings	-	10% Straight line
Computer equipment	-	20% Straight line

1.9 Interest receivable

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

1.10 Operating leases

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

1.11 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.12 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.13 Cash at Bank and in hand

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

1.14 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.15 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.

1.16 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 21, 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.

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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

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

1.17 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Management has not made any significant judgements in the process of applying the accounting policies.

SHIRE OAK ACADEMY TRUST
(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 £
Capital grants	-	-	46,319	46,319	28,342

In 2015, of the total income from donations and legacies, £ NIL was to unrestricted funds and £28,342 was to restricted funds

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 (GAG)	-	7,106,436	7,106,436	7,160,693
Other DfE/EFA Grants	-	402,901	402,901	362,914
	-	7,509,337	7,509,337	7,523,607
Other government grants				
Local authority grants	-	18,506	18,506	18,734
Special educational projects	-	80,388	80,388	79,590
	-	98,894	98,894	98,324
Other funding				
Other income from the academy trust's educational operations	202,554	166,148	368,702	447,199
	202,554	166,148	368,702	447,199
	202,554	7,774,379	7,976,933	8,069,130

In 2015, of the total income from charitable activities, £193,630 was to unrestricted funds and £253,569 was to restricted funds.

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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

4. TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Charity trading income				
Hire of facilities	21,979	-	21,979	20,537
	<u>21,979</u>	<u>-</u>	<u>21,979</u>	<u>20,537</u>

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Interest	2,612	-	2,612	2,218
	<u>2,612</u>	<u>-</u>	<u>2,612</u>	<u>2,218</u>

In 2015, of the total investment income, £2,218 was to unrestricted funds and £ NIL was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Educational operation:					
Direct costs	5,615,434	150,507	847,452	6,613,393	6,715,879
Support costs	881,881	318,572	247,309	1,447,762	1,570,353
	<u>6,497,315</u>	<u>469,079</u>	<u>1,094,761</u>	<u>8,061,155</u>	<u>8,286,232</u>

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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

7. SUPPORT COSTS

	Educational operations	Total 2016	Total 2015
	£	£	£
Pension finance costs	63,000	63,000	62,000
Amortisation	3,496	3,496	3,496
Premises costs	318,572	318,572	419,545
Other support costs	200,216	200,216	236,727
Governance costs	29,047	29,047	49,680
Support staff costs	560,881	560,881	539,736
Pension service cost	258,000	258,000	245,000
Depreciation	14,550	14,550	14,169
	<u>1,447,762</u>	<u>1,447,762</u>	<u>1,570,353</u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the academy	463,388	506,407
Amortisation of intangible fixed assets	27,139	24,489
Auditor's remuneration	8,500	16,750
Auditor's remuneration - non-audit	5,570	15,727
Operating lease rentals:		
- other operating leases	9,640	18,094
	<u>514,237</u>	<u>581,467</u>

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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

9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	5,155,089	5,092,926
Social security costs	420,295	376,576
Other pension costs (Note 21)	780,648	708,893
	<hr/> 6,356,032	<hr/> 6,178,395
Supply teacher costs	74,427	122,529
Pension finance costs	63,000	62,000
Statutory severance payments	3,856	-
	<hr/> <hr/> 6,497,315	<hr/> <hr/> 6,362,924

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

	2016 No.	2015 No.
Teachers	86	80
Administration and support	72	72
Management	7	8
	<hr/> 165	<hr/> 160

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	4	4
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	0
In the band £180,001 - £190,000	0	1

5 of the above employees participated in the Teachers Pension Scheme. Contributions during the year were £96,499 (2015: £45,810). None of these employees participated in the Local Government Pension Scheme.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £411,112 (2015: £390,511).

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2016 £	2015 £
G Crowther	Remuneration	60,000-65,000	
	Pension contributions paid	5,000-10,000	185,000-190,000
C Cheesmond	Remuneration	50,000-55,000	50,000-55,000
	Pension contributions paid	10,000-15,000	5,000-10,000
D Popratjnak	Remuneration	5,000-10,000	15,000-20,000
	Pension contributions paid	0-5,000	0-5,000
L Markham-Moore	Remuneration	25,000-30,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
S Williams	Remuneration	25,000-30,000	
	Pension contributions paid	0-5,000	
R Beech	Remuneration	85,000-90,000	
	Pension contributions paid	20,000-25,000	

During the year ended 31 August 2016, travel and subsistence expenses totalling £4,817 were reimbursed or paid directly to 4 trustees (2015: £8,511 to 3 trustees).

11. 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 (2015: £2,000,000) on any one claim and the cost for the year ended 31 August 2016 was £1,912 (2015 - £1,809).

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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

12. INTANGIBLE FIXED ASSETS

	Computer Software £
Cost	
At 1 September 2015	122,443
Additions	7,950
At 31 August 2016	130,393
Amortisation	
At 1 September 2015	70,397
Charge for the year	27,139
At 31 August 2016	97,536
Carrying amount	
At 31 August 2016	32,857
At 31 August 2015	52,046

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer hardware £	Total £
Cost					
At 1 September 2015	7,845,904	18,351	1,318,766	964,677	10,147,698
Additions	99,896	-	34,152	141,288	275,336
At 31 August 2016	7,945,800	18,351	1,352,918	1,105,965	10,423,034
Depreciation					
At 1 September 2015	619,648	9,176	493,122	693,780	1,815,726
Charge for the year	154,516	4,587	135,292	168,993	463,388
At 31 August 2016	774,164	13,763	628,414	862,773	2,279,114
Net book value					
At 31 August 2016	7,171,636	4,588	724,504	243,192	8,143,920
At 31 August 2015	7,226,256	9,175	825,644	270,897	8,331,972

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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

14. STOCKS

	2016 £	2015 £
Other stock	740	-
Catering stock	2,527	2,399
	<u>3,267</u>	<u>2,399</u>

15. DEBTORS

	2016 £	2015 £
Trade debtors	2,078	6,565
Other debtors	62,295	41,977
Prepayments and accrued income	237,543	71,628
	<u>301,916</u>	<u>120,170</u>

16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	224,440	163,665
Other taxation and social security	119,369	114,261
Accruals and deferred income	96,136	97,232
	<u>439,945</u>	<u>375,158</u>

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	51,244	88,135
Resources deferred during the year	65,808	51,244
Amounts released from previous years	(51,244)	(88,135)
Deferred income at 31 August 2016	<u>65,808</u>	<u>51,244</u>

The above deferred income consists of £Nil (2015: £30,014) grant monies received in advance for the 2016/17 academic year, £61,895 (2015: £21,230) school monies received for trips which are to take place post year end and £3,913 (2015: Nil) of unused parent pay monies.

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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

17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	575,060	227,145	(180,712)	322,341	-	943,834
Restricted funds						
General Annual Grant (GAG)	69,549	7,106,436	(6,673,910)	(235,705)	-	266,370
Pupil Premium	36,659	400,901	(403,242)	-	-	34,318
Local Authority Grants	-	18,506	(18,506)	-	-	-
Special Educational Projects	-	80,388	(80,388)	-	-	-
Summer School Income	-	2,000	(2,000)	-	-	-
Other Income	346,063	166,148	(156,870)	(323,603)	-	31,738
Pension reserve	(1,684,000)	-	(55,000)	-	(964,000)	(2,703,000)
	(1,231,729)	7,774,379	(7,389,916)	(559,308)	(964,000)	(2,370,574)
Restricted fixed asset funds						
DfE/EFA capital grants	31,613	46,319	(4,758)	(18,655)	-	54,519
Transfer on conversion	6,294,316	-	(276,728)	-	-	6,017,588
Capital expenditure from GAG	2,058,089	-	(209,041)	255,622	-	2,104,670
	8,384,018	46,319	(490,527)	236,967	-	8,176,777
Total restricted funds	7,152,289	7,820,698	(7,880,443)	(322,341)	(964,000)	5,806,203
Total of funds	7,727,349	8,047,843	(8,061,155)	-	(964,000)	6,750,037

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

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

- 1) General Annual Grant: this fund must be used for the normal running costs of the Academy Trust.
- 2) Other DfE/EFA Grants: these funds relate to other grants received which must be used for the purpose intended.
- 3) Other Restricted Funds: this funds relatse to all other restricted funds received which must be used for the purpose intended.
- 4) Restricted Fixed Asset Funds: this fund relates to resources which must be applied fro specific capital purposes imposed.

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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

17. STATEMENT OF FUNDS (continued)

The trustees have reassessed the balances included in school fund and have re-catergorised the unrestricted portion via a transfer.

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

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Intangible fixed assets	-	-	32,857	32,857	52,046
Tangible fixed assets	-	-	8,143,920	8,143,920	8,331,972
Current assets	947,747	768,458	-	1,716,205	1,402,489
Creditors due within one year	(3,913)	(436,032)	-	(439,945)	(375,158)
Provisions for liabilities and charges	-	(2,703,000)	-	(2,703,000)	(1,684,000)
	<u>943,834</u>	<u>(2,370,574)</u>	<u>8,176,777</u>	<u>6,750,037</u>	<u>7,727,349</u>

19. 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)	(13,312)	(166,005)
Adjustment for:		
Depreciation charges	463,388	481,918
Amortisation charges	27,139	24,489
Increase in stocks	(868)	(2,399)
(Increase)/decrease in debtors	(181,746)	131,654
Increase/(decrease) in creditors	64,787	(156,066)
Defined benefit pension scheme net costs	55,000	88,000
Interest receivable	(2,612)	(2,218)
Net cash provided by operating activities	<u>411,776</u>	<u>399,373</u>

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

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

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	1,411,022	1,279,920
Total	<u>1,411,022</u>	<u>1,279,920</u>

21. 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 West Midlands Pension Fund. Both are Multi-employer defined benefit pension schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

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

The employer's pension costs paid to TPS in the period amounted to £514,648 (2015 - £489,893).

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 £332,000 (2015 - £286,000), of which employers' contributions totalled £266,000 (2015 - £219,000) and employees contributions totalled £66,000 (2015 - £67,000). The agreed contribution rates for future years are 19.9% for employers and 5-5% to 6.8% 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 at the Balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	3.75 %	4.05 %
Rate of increase for pensions in payment / inflation	2.00 %	2.30 %

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	23.1	23.0
Females	25.8	25.6
Retiring in 20 years		
Males	25.3	25.2
Females	28.1	28.0

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,235,000	912,000
Government bonds	144,000	113,000
Other bonds	178,000	154,000
Property	166,000	130,000
Cash / liquidity	133,000	76,000
Other	224,000	140,000
Total market value of assets	<u>2,080,000</u>	<u>1,525,000</u>

The actual return on scheme assets was £317,000 (2015 - £60,000).

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

	2016 £	2015 £
Current service cost	(258,000)	(245,000)
Interest on obligation	(128,000)	(115,000)
Expected return on scheme assets	66,000	53,000
Administration expenses	(1,000)	-
Total	<u>(321,000)</u>	<u>(307,000)</u>
Actual return on scheme assets	<u>317,000</u>	<u>60,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	3,209,000	2,726,000
Current service cost	258,000	245,000
Interest cost	128,000	115,000
Contributions by scheme participants	66,000	67,000
Actuarial Losses	1,215,000	66,000
Benefits paid	(93,000)	(10,000)
Closing defined benefit obligation	<u>4,783,000</u>	<u>3,209,000</u>

SHIRE OAK ACADEMY TRUST
(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	1,525,000	1,189,000
Expected return on assets	66,000	53,000
Actuarial gains and (losses)	251,000	7,000
Contributions by employer	266,000	219,000
Contributions by employees	66,000	67,000
Benefits paid	(93,000)	(10,000)
Administrative expenses	(1,000)	-
	<u>2,080,000</u>	<u>1,525,000</u>

22. 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	19,027	18,094
Between 1 and 5 years	15,881	32,179
Total	<u>34,908</u>	<u>50,273</u>

23. 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.

SHIRE OAK ACADEMY TRUST

(A company limited by guarantee)

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

24. RELATED PARTY TRANSACTIONS

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

One trustee is a governor at other schools to which the Academy provides services (2015: 2 trustees). Transactions in the year total £5,000 (2015: £1,260) and the balance due to the Academy at year end was £nil (2015: £445). One trustee is related to an employee of a supplier. Transactions in the year total £Nil (2015: £505). The amount owed to the supplier is £Nil (2015: £Nil)

25. 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		7,952,354	7,732,249
Holiday pay accrual		(4,900)	(4,900)
Total funds reported under FRS 102		<u>7,947,454</u>	<u>7,727,349</u>

Reconciliation of net (expenditure)	Notes	31 August 2015 £
Net (expenditure) previously reported under UK GAAP		(136,105)
Holiday pay accrual		(4,900)
Net movement in funds reported under FRS 102		<u>(141,005)</u>

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