SEVERNDALE SPECIALIST ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

Company Registration No. 08738846 (England and Wales)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2015

SEVERNDALE SPECIALIST ACADEMY

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SEVERNDALE SPECIALIST ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	Mrs Linda M Hough (Chair) Mrs Caroline J Trevor Mr Christopher Davies (Accounting Officer) (Retired 31 August 2015) Mrs Amelia L Harvey-Scholes Mr Clifford R C Howard (Vice Chair) Mrs Angela J O Lloyd Mrs Winifred J Humphreys Mr Jeremy M Lloyd
Members	
- Associate	Andrew Turner (Acting Accounting Officer - Appointed 01/09/2015)
- Associate	Tracey Mullinder
Senior management team	
- Principal	Christopher Davies (Retired 31/08/2015)
- Acting Principal	Andrew Turner (Appointed 22/06/2015)
- Business Manager	Tracey Mullinder
Company registration number	08738846 (England and Wales)
Independent auditor	Dyke Yaxley Limited 1 Brassey Road Old Potts Way Shrewsbury Shropshire SY3 7FA

SEVERNDALE SPECIALIST ACADEMY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The charitable company was incorporated on the 18 October 2013 and converted to an academy trust on 1 January 2014.

The academy trust operates an academy for special needs pupils aged 2 - 19 with the Futures centre offering vocational courses to the age of 25. It has a pupil capacity of 325 and had a roll of 396 in the school census on 1 January 2015.

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 Severndale Specialist Academy are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

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

Trustees benefit from indemnity insurance purchased at the academy's expense to cover the liability of the Trustees 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, 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. The limit of this indemnity is £5,000,000.

Method of recruitment and appointment or election of trustees

The trustees were appointed for a term of office commencing 1 January 2014 for four years.

The academy trust shall have the following trustees as set out in its Articles of Association and funding agreement:

- Up to 7 trustees who are appointed by the members.
- A minimum of 2 parent trustees who are elected by parents of registered pupils at the Academy.
- A number of staff governors who are elected by staff. The total number of staff governors must not exceed a third of the governing body.
- A maximum of 3 co-opted governors.
- The principal who is treated for all purposes as being an ex officio Governor.

Trustees are appointed for a four-year period, except that this time limit does not apply to the principal. 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 will give consideration to the skills and experience mix of existing trustees in order 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 academy has a trustee recruitment, induction and training procedure available from the clerk to the trustees.

The training and induction provided for new trustees will depend upon their existing experience but would always include 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 trustees. 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 twice 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 minute of their meetings. The board may from time to time establish working groups to perform specific tasks over a limited timescale.

There are 3 main committees as follows:-

- Finance and personnel committee - this meets twice a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements, receiving reports from the responsible officer and drafting the annual budget. It considers and monitors the staffing establishment, appointment procedures, performance management, pay policies and staff salaries. In addition it undertakes the principal's performance management.
- Standards and curriculum committee - this meets twice a term to monitor, evaluate and review academy policy, practice and performance in relation to curriculum planning, communications, target setting, assessments and pastoral issues.
- Health and safety committee - this meets twice a term and is responsible for monitoring, evaluating and reviewing policies in relation to the health and safety of all those using the premises. It ensures health and safety legislation, codes of practice and guidance and school rules are implemented. It monitors and reviews the state of repair of the academy buildings and the establishment of reporting systems.

The following decisions are reserved to the board of trustees; to consider any proposals for changes to the status or constitution of the academy and its committee structure, to appoint or remove the chairman and/or vice chairman, to appoint the principal and clerk to the trustees, to approve the annual development plan and budget.

The trustees and board of trustees have devolved responsibility for day-to-day management of the academy to the principal and leadership group (LG). The LG comprises the principal, two vice principals, two assistant principals, 5 department leads and 2 pupil wellbeing officers.

The principal is the accounting officer.

Related parties and other connected charities and organisations

There are no related parties, which either control or significantly influence the decisions and operations of the Severndale Specialist Academy.

Objectives and activities

Objects and aims

The principal object and activity of the academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a special school, offering a broad and balanced curriculum.

At Severndale, we aim to get the best for, and from, each student. We intend to enable each student to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our academy is a community in which students, staff and parents should be part of a happy and caring environment.

Objectives, strategies and activities

Key activities and targets were identified in the academy development plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding.

The activities included the following:

- Developing a succession plan in relation to the Principal
- Carrying through this plan in order to appoint a new Principal for January 2016.
- Monitoring pupil numbers to ensure there is adequate provision.
- Ensure communication and interaction are at the heart of the academy and that the academy is a happy and safe place to learn.

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

Strategic report

Achievements and performance

Severndale Specialist Academy is continuing to move forward as a learning community, it has maintained its excellence through the diligence and application of its students, the commitment and professionalism of its staff and the support of parents and guardians.

Students in KS1 - 4 continue to work hard to meet their targets in core subjects. Pupil premium is used to fund after school clubs, intervention and music therapy to enhance core subjects for disadvantaged pupils.

The opening of Futures has given work experience opportunities not only to Severndale students, but students from SCAT as well.

Our most able students at Mary Webb achieved outstanding results demonstrating the success of the inclusion programmes with students achieving from C grades to F, Asdan and Entry level passes also increased with significant numbers achieving at the highest level.

The academy pays close attention to student attendance and works hard to ensure that students maintain a good attendance record. Average attendance was 91.6% in the year 2014 to 2015.

Key performance indicators

The following are key performance indicators:

- Net operating income as a percentage of government grants - 3%.
- Direct costs as a percentage of government grants - 71%.
- Staff costs as a percentage of government grants - 77%.
- Staff costs as a percentage of all expenditure - 77%

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 the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

The academy's income is obtained from the DfE via the 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 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The added value activities are additional incomes that are shown as unrestricted funds.

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 trustees have determined that the appropriate level of free cash reserves should be approximately £200,000. The reason for this is to provide sufficient working capital to cover for funding of additional pupils the LA say we have to admit. On top of this, a further £200,000 would be sufficient for delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, replacement disability equipment. With the makeup of funding streams changing and the banding alterations from the LA reserves need to be held, the new Principal will further investigate this and work with the LA.

Investment policy and powers

The academy is enquiring, for the future, to be able to transfer surplus funds on a regular basis into a high interest account.

Principal risks and uncertainties

The trustees have assessed the major risks to which the academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover which is a policy to ensure we can fund supply staffing to ensure our children are cared for.

The trustees examine the financial health formally at least twice a term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full trustees' and finance and personnel committee meetings.

At the year end, the academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The board of trustees recognises that the defined benefit scheme deficit (local government pension scheme), which is set out in note 17 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.

The principal risks and uncertainties facing the academy are as follows:-

- The academy relies on continued government funding through the EFA. We rely on 100% funding otherwise the academy will not exist. The academy'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.
- 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 on 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. The Autumn Term will see the introduction of The Prevent Strategy.
- Fraud and mismanagement of funds. The academy has appointed Tracey Mullinder to carry out checks on financial systems and records as required by the academy financial handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.
- The academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Plans for future periods

The academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The academy will continue to work with Mary Webb School, Tickwood and Shrewsbury College to improve the educational opportunities for students in the wider community.

The academy will welcome its second cohort of 16-25 year old students in September 2015 with an intake of around 12 students anticipated.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Clerk to the Trustees.

Funds held as custodian trustee on behalf of others

The academy and its trustees do not act as the custodian trustees of any other charity.

Auditor

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.

A resolution proposing that Dyke Yaxley Limited be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 30.11.15 and signed on its behalf by:

L.M.Hough

Mrs Linda M Hough
Chair

SEVERNDALE SPECIALIST ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

Scope of responsibility

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

The board of trustees 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 Severndale Specialist Academy and the Secretary of State for Education. He is 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mrs Linda M Hough (Chair)	6	6
Mrs Caroline J Trevor	4	6
Mr Christopher Davies (Accounting Officer) (Retired 31 August 2015)	2	6
Mrs Amelia L Harvey-Scholes	4	6
Mr Clifford R C Howard (Vice Chair)	4	6
Mrs Angela J O Lloyd	3	6
Mrs Winifred J Humphreys	6	6
Mr Jeremy M Lloyd	2	6

The finance and personnel committee is a sub-committee of the main board of trustees. Its purpose is to:

Meet twice a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements, receiving reports from the responsible officer and drafting the annual budget. It considers and monitors the staffing establishment, appointment procedures, performance management, pay policies and staff salaries. In addition it undertakes the principal's performance management.

Key issues that arose during the year were as follows:

- The building of the Futures building at SCAT.
- The re-roofing of the main school building.
- The retirement through ill-health of the Principal.
- Redundancy of the Outreach worker.

The audit function is included within the terms of reference for the Finance and Personnel Committee. The audit function provides assurance over the suitability of, and compliance with, the Academies financial systems and controls.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs Linda M Hough (Chair)	5	5
Mr Christopher Davies (Accounting Officer) (Retired 31 August 2015)	2	5
Mrs Amelia L Harvey-Scholes	3	5
Mr Clifford R C Howard (Vice Chair)	4	5
Mrs Angela J O Lloyd	3	5
Mrs Winifred J Humphreys	5	5
Mr Jeremy M Lloyd	4	5

Review of value for money

During the year Severndale Specialist Academy strived to attain best value for money whilst ensuring that the highest standards of education and learning met the needs of students.

Value for money has been demonstrated, despite the challenges faced with reduced funding and capital development of the academy.

Specifically value for money has been shown in the following –

- Improving educational outcomes

  Targeted Improvement – As a specialist setting, the academy trust is effective in meeting the needs of children with a wide range of special educational requirements. Each child has their own needs and these are met with the correct level of support, equipment and facilities to enable each child to be the best they can.

- Focus on individual pupils

  Because of the nature of the academy trust there is a high level of one to one support. Pupil premium funding is carefully monitored to ensure resources are targeted appropriately. It is allocated to students on Free School Meals and Looked After Children in order to raise their attainment levels so that they are more in line with their peers. In the same way the 16-19 bursary funding is awarded to certain students so that they can access education more easily.

- New initiatives

  The opening of Futures, our new facility for 16-25 year olds, on the site of Shrewsbury College of Arts and Technology in 2014 demonstrates the academy trust's promise to students while maintaining the best value for money. Futures is also an additional source of revenue through the café and social enterprises income.

- Collaboration

  The academy trust seeks advice from experts in a number of areas, to ensure the best value for money. We buy services from Telford and Wrekin Council as well as Shropshire Council. We work in collaboration with Wilfred Owen Primary School, Shrewsbury College of Arts and Technology and Mary Webb Secondary School, sharing ideas and resources wherever possible. We are also involved in teaching and learning moderation within the Cheshire Consortium.

- Purchasing

  The continued initiative to drive down costs through more effective purchasing has proven successful during the year, enabling us to use funds on pupil related activities, such as Futures and the new indoor / outdoor area in Early Years. A tendering process is in place, with a purchase order needed for all spending and heads of departments becoming more accountable for their own expenditure. Bulk purchasing is used whenever possible to keep costs low.

  Best value is not always the lowest price. Due to the specialist nature of some items of equipment and services, there is not always a range of suppliers to choose from. Quality, durability, suitability and the need of the child must be taken into consideration along with price.

- Areas for development

  During the coming year we will be focusing on reducing costs further while maintaining our excellent level of education and support for students. We also plan to embark on a benchmarking exercise with similar academies.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Severndale Specialist Academy for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and accounts.

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 period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and personnel 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.

The board of trustees has considered the need for a specific internal audit function and has decided:

- to incorporate the internal audit function within the Finance and Personnel Committee with L. Harvey-Scholes as chair.

The audit function includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the committee reports to the board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

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 audit function;
- the work of the external auditor;
- 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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 20-11-15 and signed on its behalf by:

L.M. Hough

Mrs Linda M Hough
Chair

Mr Andrew Turner
Acting Accounting Officer (Appointed 1 September 2015)

SEVERNDALE SPECIALIST ACADEMY

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2015

As accounting officer of Severndale Specialist Academy 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's 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.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and EFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA:

- Although a competitive tendering policy is in place it was not always applied as the retired Principal waivered the procedures on several occasions. The governors challenged this at a Finance Committee meeting and recent checks have shown that the procedures are now properly followed.

- The governors set up a timetable for internal audit checks to be carried out during the year. Due to unforeseen circumstances which were prolonged illnesses and two deaths of close family the governor responsible for this was only available to perform an audit on purchases and payments. In retrospect the Finance Committee should have picked this up and nominated a replacement governor to continue the checks. Payroll procedures were also reviewed by the finance staff during the year as a result of transition from one payroll provider to another. Other than this no further internal audit work was carried out. However, governors on the finance committee are rigorous in checking that procedures are applied at their meetings, eg see above where tendering procedures were challenged. A new timetable has been set for the current year, to ensure sufficient checks are made of financial controls, systems, transactions and risks for 2015/16.

Approved on 20/11/15 and signed by:

Mr Andrew Turner
Acting Accounting Officer (Appointed 1 September 2015)

SEVERNDALE SPECIALIST ACADEMY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who also act as governors for Severndale Specialist Academy and are also the directors of Severndale Specialist Academy for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts 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 accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 20-11-15 and signed on its behalf by:

L M Hough

Mrs Linda M Hough
Chair

SEVERNDALE SPECIALIST ACADEMY

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEVERNDALE SPECIALIST ACADEMY

We have audited the accounts of Severndale Specialist Academy for the year ended 31 August 2015 set out on pages 17 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the EFA.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees, who are also the directors of Severndale Specialist Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company'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 accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts 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 accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 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 in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SEVERNDALE SPECIALIST ACADEMY

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 accounts 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.

Mrs Helen Thomas (Senior Statutory Auditor)
Dyke Yaxley Limited

Chartered Accountants
Statutory Auditor
1 Brassey Road
Old Potts Way
Shrewsbury
Shropshire
SY3 7FA

Dated: 23 November 2015

SEVERNDALE SPECIALIST ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SEVERNDALE SPECIALIST ACADEMY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Severndale Specialist Academy during the period 1 September 2014 to 31 August 2015 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 Severndale Specialist Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Severndale Specialist Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Severndale Specialist Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Severndale Specialist Academy's funding agreement with the Secretary of State for Education dated 19 December 2013 and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 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 2014 to 2015 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 us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

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 of the financial statements and included analytical review and detailed substantive testing of transactions, where appropriate.

SEVERNDALE SPECIALIST ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SEVERNDALE SPECIALIST ACADEMY AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- Although a competitive tendering policy is in place it was not always applied as the retired Principal waivered the procedures on several occasions. The governors challenged this at a Finance Committee meeting and recent checks have shown that the procedures are now properly followed.

- The governors set up a timetable for internal audit checks to be carried out during the year. Due to unforeseen circumstances which were prolonged illnesses and two deaths of close family the governor responsible for this was only available to perform an audit on purchases and payments. In retrospect the Finance Committee should have picked this up and nominated a replacement governor to continue the checks. Payroll procedures were also reviewed by the finance staff during the year as a result of transition from one payroll provider to another. Other than this no further internal audit work was carried out. However, governors on the finance committee are rigorous in checking that procedures are applied at their meetings, eg see above where tendering procedures were challenged. A new timetable has been set for the current year, to ensure sufficient checks are made of financial controls, systems, transactions and risks for 2015/16.

.....

Mrs Helen Thomas
Reporting Accountant
Dyke Yaxley Limited

Dated: 23 November 2015

SEVERNDALE SPECIALIST ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	Unrestricted funds	Restricted funds	Fixed Asset funds	Total 2015	Total 2014 (8 months)
Incoming resources		£	£	£	£	£
Resources from generated funds						
- Voluntary income	2	4,539	68,166	-	72,705	44,506
- Inherited on conversion		-	-	-	-	11,412,541
- Activities for generating funds	3	22,447	39,297	-	61,744	40,992
- Investment income	4	59	2,274	-	2,333	1,394
Resources from charitable activities						
- Funding for educational operations	5	3,617	7,553,244	515,809	8,072,670	5,354,236
Total incoming resources		30,662	7,662,981	515,809	8,209,452	16,853,669
Resources expended						
Costs of generating funds						
- Relating to voluntary income	6	1,916	-	-	1,916	9,372
Charitable activities						
- Educational operations	7	34,203	7,582,934	329,023	7,946,160	4,609,183
Governance costs	8	-	13,437	-	13,437	11,000
Total resources expended	6	36,119	7,596,371	329,023	7,961,513	4,629,555
Net incoming/(outgoing) resources before transfers		(5,457)	66,610	186,786	247,939	12,224,114
Gross transfers between funds		-	(238,927)	238,927	-	-
Net income/(expenditure) for the year		(5,457)	(172,317)	425,713	247,939	12,224,114
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension scheme	17	-	(173,000)	-	(173,000)	(613,000)
Net movement in funds		(5,457)	(345,317)	425,713	74,939	11,611,114
Fund balances at 1 September 2014		85,339	(2,459,726)	13,985,501	11,611,114	-
Fund balances at 31 August 2015		79,882	(2,805,043)	14,411,214	11,686,053	11,611,114

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the two financial periods above.

SEVERNDALE SPECIALIST ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2015

	Notes	2015 £	2015 £	2014 (8 months) £	2014 (8 months) £
Fixed assets					
Tangible assets	11		14,411,214		13,814,115
Current assets					
Debtors	12	131,121		213,432	
Cash at bank and in hand		1,675,710		2,647,093	
		1,806,831		2,860,525	
Current liabilities					
Creditors: amounts falling due within one year	13	(385,992)		(1,282,526)	
Net current assets			1,420,839		1,577,999
Net assets excluding pension liability			15,832,053		15,392,114
Defined benefit pension liability	17		(4,146,000)		(3,781,000)
Net assets			11,686,053		11,611,114
Funds of the academy trust:					
Restricted funds	15				
- Fixed asset funds			14,411,214		13,985,501
- General funds			1,340,957		1,321,274
- Pension reserve			(4,146,000)		(3,781,000)
Total restricted funds			11,606,171		11,525,775
Unrestricted income funds	15		79,882		85,339
Total funds			11,686,053		11,611,114

The accounts were approved by order of the board of trustees and authorised for issue on 20-11-15

L.M. Hough

Mrs Linda M Hough
Chair

Company Number 08738846

SEVERNDALE SPECIALIST ACADEMY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

	Notes		2015 £		2014 (8 months) £
Net cash inflow/(outflow) from operating activities	18		(563,403)		2,533,365
Cash funds transferred on conversion			-		46,391
Returns on investments and servicing of finance					
Investment income		2,333		1,394	
Net cash inflow/(outflow) from returns on investments and servicing of finance			2,333		1,394
			(561,070)		2,581,150
Capital expenditure and financial investments					
Capital grants received		515,809		515,036	
Payments to acquire tangible fixed assets		(926,122)		(449,093)	
Net cash flow from capital activities			(410,313)		65,943
Increase/(decrease) in cash	19		(971,383)		2,647,093

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 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 company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the accounts.

1.3 Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and the value of the donation is measurable.

Donations

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

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

1 Accounting policies **(Continued)**

1.4 Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

These are costs incurred on the academy trust's educational operations.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings leasehold	2% Straight Line
Plant & machinery	20% Straight Line
Computer equipment	20% Straight Line
Fixtures, fittings & equipment	20% Straight Line
Motor vehicles	20% Straight Line

No depreciation is provided in respect of leasehold land.

1.6 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 Accounting policies **(Continued)**

1.7 Pensions benefits

Retirement benefits to employees of the academy trust 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 trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.8 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and Department for Education.

1.9 Employee involvement and employment of disabled persons

The Academy is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The Academy considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Academy continues. The Academy's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by Senior Leaders and Governors.

2 Voluntary income

	Unrestricted funds	Restricted funds	Total 2015	Total 2014 (8 months)
	£	£	£	£
Other donations	4,539	68,166	72,705	44,506

The restricted voluntary income consists of income received from Shrewsbury College of Arts and Technology (SCAT) for the provision of education for the 19-25 years olds at the college premises who are funded as SCAT students by Department of Education.

3 Activities for generating funds

	Unrestricted funds	Restricted funds	Total 2015	Total 2014 (8 months)
	£	£	£	£
Hire of facilities	512	-	512	9,719
Parental contributions	3,093	-	3,093	4,362
Other income	18,842	39,297	58,139	26,911
	22,447	39,297	61,744	40,992

4 Investment income

	Unrestricted funds	Restricted funds	Total 2015	Total 2014 (8 months)
	£	£	£	£
Short term deposits	59	2,274	2,333	1,394

5 Funding for the academy trust's educational operations

	Unrestricted funds	Restricted funds	Total 2015	Total 2014 (8 months)
	£	£	£	£
DfE / EFA grants				
General annual grant (GAG)	-	4,224,670	4,224,670	2,661,082
Capital grants	-	515,809	515,809	515,036
Other DfE / EFA grants	-	382,347	382,347	108,509
	-	5,122,826	5,122,826	3,284,627
Other government grants				
Local authority grants	-	2,831,416	2,831,416	2,001,286
Other grants	-	-	-	1,526
	-	2,831,416	2,831,416	2,002,812
Other funds				
Other incoming resources	3,617	114,811	118,428	66,797
Total funding	3,617	8,069,053	8,072,670	5,354,236

6 Resources expended

	Staff costs	Premises & equipment	Other costs	Total 2015	Total 2014 (8 months)
	£	£	£	£	£
Academy's educational operations					
- Direct costs	5,219,213	-	441,158	5,660,371	3,502,003
- Allocated support costs	901,807	657,124	726,858	2,285,789	1,107,180
	6,121,020	657,124	1,168,016	7,946,160	4,609,183
Other expenditure					
Costs of generating voluntary income	-	-	1,916	1,916	9,372
Governance costs	-	-	13,437	13,437	11,000
	-	-	15,353	15,353	20,372
Total expenditure	6,121,020	657,124	1,183,369	7,961,513	4,629,555

6 Resources expended **(Continued)**

Net income/(expenditure) for the year includes:	2015	2014 (8 months)
	£	£
Fees payable to auditor		
- Audit	10,825	11,000

7 Charitable activities

	Unrestricted funds	Restricted funds	Total 2015	Total 2014 (8 months)
	£	£	£	£
Direct costs				
Teaching and educational support staff costs	-	5,181,082	5,181,082	3,187,742
Technology costs	-	50,642	50,642	13,553
Educational supplies and services	205	240,220	240,425	183,982
Examination fees	-	1,595	1,595	1,153
Staff development	-	38,131	38,131	14,422
Educational consultancy	-	39,500	39,500	13,217
Other direct costs	2,704	106,292	108,996	87,934
	2,909	5,657,462	5,660,371	3,502,003
Allocated support costs				
Support staff costs	-	901,807	901,807	519,501
Depreciation	-	329,023	329,023	180,246
Technology costs	-	41,144	41,144	6,307
Maintenance of premises and equipment	-	328,101	328,101	39,606
Cleaning	-	33,144	33,144	10,699
Energy costs	-	83,156	83,156	42,382
Rent and rates	25,009	15,581	40,590	12,270
Insurance	-	170,345	170,345	109,888
Security and transport	-	9,589	9,589	4,919
Catering	-	83,857	83,857	34,823
Interest and finance costs	-	139,000	139,000	98,000
Other support costs	6,285	119,748	126,033	48,539
	31,294	2,254,495	2,285,789	1,107,180
Total costs	34,203	7,911,957	7,946,160	4,609,183

8 Governance costs

	Unrestricted funds	Restricted funds	Total 2015	Total 2014 (8 months)
	£	£	£	£
Legal and professional fees	-	2,612	2,612	-
Auditor's remuneration				
- Audit of financial statements	-	10,825	10,825	11,000
	-	13,437	13,437	11,000

9 Staff costs

	2015	2014 (8 months)
	£	£
Wages and salaries	4,764,000	2,928,616
Social security costs	291,627	176,504
Other pension costs	768,434	415,647
	5,824,061	3,520,767
Supply teacher costs	258,828	186,476
Staff development and other staff costs	38,131	14,422
Total staff costs	6,121,020	3,721,665

The average number of persons (including senior management team) employed by the academy trust during the year expressed as full time equivalents was as follows:

	2015	2014 (8 months)
	Number	Number
Teachers	60	55
Administration and support	212	211
Management	5	2
	277	268

9 Staff costs **(Continued)**

The number of employees whose annual remuneration was £60,000 or more was:

	2015 Number	2014 (8 months) Number
£70,001 - £80,000	1	2
£80,001 - £90,000	2	-
£130,001 - £140,000	-	1
£200,001 - £210,000	1	-

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

		2015	2014 (8 months)
Teachers' Pension Scheme	Numbers	3	3
	£	38,137	26,776
Local Government Pension Scheme	Numbers	1	-
	£	9,535	-

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £74,500 (2014: £Nil). Individually, the payments were: £44,500 and £30,000.

10 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £284 (2014: £243) were reimbursed to the principal only.

The value of trustees' remuneration was as follows:

Mr C Davies (principal) Remuneration £205,000 - £210,000 (2014: £85,000 - £90,000)
Employer's pension contributions £15,000 - £20,000 (2014: £10,000 - £15,000)

Mr Davies' employment was terminated on 31 August 2015 due to long term illness. His remuneration includes a term's pay in lieu of notice plus a settlement payment.

Other related party transactions involving the trustees are set out within the related parties note.

Trustees' and officers' insurance
In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,572 (2014: £1,484).

11 Tangible fixed assets

	Land and buildings leasehold	Plant & machinery	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2014	13,750,917	10,000	13,000	57,544	162,900	13,994,361
Additions	722,839	42,422	65,156	92,205	3,500	926,122
At 31 August 2015	14,473,756	52,422	78,156	149,749	166,400	14,920,483
Depreciation						
At 1 September 2014	152,761	1,333	1,733	2,699	21,720	180,246
Charge for the year	247,178	8,383	13,399	26,783	33,280	329,023
At 31 August 2015	399,939	9,716	15,132	29,482	55,000	509,269
Net book value						
At 31 August 2015	14,073,817	42,706	63,024	120,267	111,400	14,411,214
At 31 August 2014	13,598,156	8,667	11,267	54,845	141,180	13,814,115

Land and buildings are based on the valuation provided by the Educational Funding Agency at 31st March 2014. This valuation understated the square metres of the site and the valuation has been increased proportionately up to the size given by Shropshire Council, at 1st January 2014. An independent valuer has confirmed that the size given by Shropshire Council was appropriate.

12 Debtors

	2015	2014 (8 months)
	£	£
Trade debtors	14,921	11,447
VAT recoverable	24,900	51,706
Prepayments and accrued income	91,300	150,279
	131,121	213,432

13 Creditors: amounts falling due within one year

	2015	2014 (8 months)
	£	£
Trade creditors	116,501	341,542
Taxes and social security costs	185,109	119,169
Other creditors	-	767,500
Accruals	46,717	54,315
Deferred income	37,665	-
	385,992	1,282,526

14 Deferred income

	2015	2014 (8 months)
	£	£
Deferred income is included within:		
Creditors due within one year	37,665	-
Total deferred income at 1 September 2014	-	-
Amounts credited to the statement of financial activities	-	-
Amounts deferred in the year	37,665	-
Total deferred income at 31 August 2015	37,665	-

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals of £11,982 and Pupil Premium of £25,683.

15 Funds

	Balance at 1 September 2014	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2015
	£	£	£	£	£
Restricted general funds					
General Annual Grant	491,813	4,224,670	(3,997,642)	-	718,841
Other DfE / EFA grants	19,299	382,347	(353,039)	-	48,607
Other government grants	-	2,831,416	(2,831,416)	-	-
Other restricted funds	810,162	224,548	(222,274)	(238,927)	573,509
Funds excluding pensions	1,321,274	7,662,981	(7,404,371)	(238,927)	1,340,957
Pension reserve	(3,781,000)	-	(192,000)	(173,000)	(4,146,000)
	(2,459,726)	7,662,981	(7,596,371)	(411,927)	(2,805,043)
Restricted fixed asset funds					
DfE / EFA capital grants	515,036	515,809	(21,941)	(718)	1,008,186
Inherited fixed asset fund	13,415,620	-	(275,872)	(1,936)	13,137,812
Capital expenditure from GAG or other funds	54,845	-	(31,210)	241,581	265,216
	13,985,501	515,809	(329,023)	238,927	14,411,214
Total restricted funds	11,525,775	8,178,790	(7,925,394)	(173,000)	11,606,171
Unrestricted funds					
General funds	85,339	30,662	(36,119)	-	79,882
Total funds	11,611,114	8,209,452	(7,961,513)	(173,000)	11,686,053

15 Funds **(Continued)**

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

Restricted General Funds:
In relation to GAG funds, under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Other DfE/EFA grants

- Pupil Premium - Income relates to funding provided by the Educational Funding Agency for the school to provide additional support to pupils from low income families.
- Year 7 Catch-Up Premium - Income relates to funding provided by the Educational Funding Agency to support year 7 pupils who did not achieve at least a level 4 in reading and /or maths at the end of Key Stage 2 (KS2).
- P E & Sport Grant - Income relates to funding provided by the Educational Funding Agency to improve physical education (PE) and sport.
- Free School Meals - Income relates to funding provided by the Educational Funding Agency to provide free school meals to pupils from low income households.
- Universal Infant Free School Meals - Income relates to free school meals for all infants provided by the Educational Funding Agency.
- Capital Maintenance Funding - Income relates to funding provided by the Educational Funding Agency for the replacement of defective roof covering and replacement of life expired softwood casement and metal windows. In accordance with normal accounting principles this has been treated as a revenue expense and not included within restricted fixed asset funds.

Other Restricted Funds

- Outreach Service - Income relates to amounts received for supporting mainstream schools with pupils who have complex learning difficulties.

Pension Reserve
This represents the academy's share of the assets and liabilities in the local Government Pension Scheme.

Restricted Fixed Asset Funds:

- Inherited Fixed Assets Fund - this represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.
- Capital Expenditure from GAG or Other Funds - this represents capital assets purchased from GAG or other restricted funds.

DfE/EFA Capital Grants

- Devolved Formula Capital Funding - are restricted grants relating to funding provided by the Educational Funding Agency for the school to use for the purchase or maintenance of fixed assets.
- Demographic Capital Growth Funding - are restricted grants relating to funding provided by the Educational Funding Agency for the build of the Futures Project.

Transfers Between Funds:
The transfers between the restricted funds and restricted fixed asset funds represent the transfer of capital expenditure from the restricted funds.

Specific Funds to Carry Forward:

- Included within other restricted funds is a nominal figure of £200,000 to allow for in year place students, for example, the need to have a new class room, for additional staffing and/ or specialist equipment, eg chairs, standing frames, etc.
- Also included within other restricted funds is a figure of £200,000 for delays between spending and receipt of grants.
- Also included within other restricted funds is an amount set aside for the Futures Project of £Nil (2014: £275,000).

16 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Fixed asset funds	Total funds
	£	£	£	£
Fund balances at 31 August 2015 are represented by:				
Tangible fixed assets	-	-	14,411,214	14,411,214
Current assets	80,152	1,726,679	-	1,806,831
Creditors falling due within one year	(270)	(385,722)	-	(385,992)
Defined benefit pension liability	-	(4,146,000)	-	(4,146,000)
	79,882	(2,805,043)	14,411,214	11,686,053

17 Pensions and similar obligations

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

Contributions amounting to £76,019 (2014: £42,898) were payable to the schemes at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

17 Pensions and similar obligations (Continued)

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%

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

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are per cent for employers and per cent for employees. The estimated value of employer contributions for the forthcoming year is £433,000.

On conversion to an academy trust the scheme was in deficit. The entity has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels. Monthly payments of £9,775 (31 March 2014: £9,392) have been agreed up to 31 March 2016.

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.

Contributions made	**2015**	**2014 (8 months)**
	£	**£**
Employer's contributions	429,000	254,000
Employees' contributions	133,000	76,000
Total contributions	562,000	330,000

17 **Pensions and similar obligations** **(Continued)**

Principal actuarial assumptions	**2015**	**2014 (8 months)**
	%	**%**
Rate of increase in salaries	3.8	3.7
Rate of increase for pensions in payment	2.3	2.2
Discount rate for scheme liabilities	4.0	4.0
Inflation assumption (CPI)	2.3	2.2

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

	2015	**2014 (8 months)**
	Years	**Years**
Retiring today		
- Males	26.1	23.8
- Females	29.1	26.1
Retiring in 20 years		
- Males	23.9	26
- Females	26.3	29

17 Pensions and similar obligations **(Continued)**

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

	2015 Expected return %	2015 Fair value £	2014 (8 months) Expected return %	2014 (8 months) Fair value £
Equities	6.5	1,242,000	7.0	1,001,000
Government bonds	2.5	248,000	2.9	-
Other bonds	3.6	333,000	3.8	441,000
Cash/liquidity	0.5	61,000	0.5	23,000
Property	6.1	106,000	6.2	70,000
Other assets	6.5	371,000	7.0	264,000
Total market value of assets		2,361,000		1,799,000
Present value of scheme liabilities - funded		(6,507,000)		(5,580,000)
Net pension asset / (liability)		(4,146,000)		(3,781,000)

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date. As at 31 August 2015 this yield was 2.5% p.a.

The expected investment return on corporate bonds is based on market yields at the relevant date, less a reduction to reflect a risk of default in the corporate bond yield. This means that the expected return on corporate bond investments is lower than the discount rate used in the calculations. As at 31 August 2015 we have taken the expected return as 3.6% p.a, which implies a reduction for the risk of default of 0.2% p.a. when compared with the corporate bond yield/discount rate appropriate to the "mature" deviation profile for example.

It is generally accepted that the yield on equity investments will contain an "equity risk premium" in addition to the yield on Government bonds, which are perceived as the "least risk" investment class, in order to compensate investors for the additional risk of holding this type of investment. Historical excess equity returns over more than 100 years have been approximately 4% p.a. on average. However, the level of equity risk premium can vary from time to time dependent on market levels and expectations for future returns. We have taken the overall expected return on equities as at 31 August 2015 as 6.5% p.a, implying an equity risk premium on equities of 4% p.a. over and above the gilt yield of 2.5% p.a.

Assumed returns on property are based on the expected long term returns on cash investments, plus a risk premium to allow for expected out-performance of property over cash, and an adjustment for the impact of the expected volatility of the returns

17 Pensions and similar obligations (Continued)

Amounts recognised in the statement of financial activities

	2015	2014 (8 months)
	£	£
Operating costs/(income)		
Current service cost (net of employee contributions)	482,000	232,000
Past service cost	-	-
Total operating charge	482,000	232,000
Finance costs/(income)		
Expected return on pension scheme assets	(96,000)	(48,000)
Interest on pension liabilities	235,000	146,000
Net finance costs/(income)	139,000	98,000
Total charge/(income)	621,000	330,000

Actuarial gains and losses recognised in the statement of financial activities

	2015	2014 (8 months)
	£	£
Actuarial (gains)/losses on assets: actual return less expected	25,000	(53,000)
Experience (gains)/losses on liabilities	148,000	-
(Gains)/losses arising from changes in assumptions	-	666,000
Total (gains)/losses	173,000	613,000
Cumulative (gains)/losses to date	173,000	-

Movements in the present value of defined benefit obligations

	2015	2014 (8 months)
	£	£
Obligations at 1 September 2014	(5,580,000)	-
Obligations acquired on conversion	-	(4,472,000)
Current service cost	(482,000)	(232,000)
Interest cost	(235,000)	(146,000)
Contributions by employees	(133,000)	(76,000)
Actuarial gains/(losses)	(148,000)	(666,000)
Benefits paid	71,000	12,000
At 31 August 2015	(6,507,000)	(5,580,000)

17 **Pensions and similar obligations** **(Continued)**

Movements in the fair value of scheme assets

	2015	2014 (8 months)
	£	£
Assets at 1 September 2014	1,799,000	-
Assets acquired on conversion	-	1,380,000
Expected return on assets	96,000	48,000
Actuarial gains/(losses)	(25,000)	53,000
Contributions by employers	429,000	254,000
Contributions by employees	133,000	76,000
Benefits paid	(71,000)	(12,000)
At 31 August 2015	2,361,000	1,799,000

History of experience gains and losses

	2015	2014
	£	£
Present value of defined benefit obligations	(6,507,000)	(5,580,000)
Fair value of share of scheme assets	2,361,000	1,799,000
Surplus / (deficit)	(4,146,000)	(3,781,000)
Experience adjustment on scheme assets	(25,000)	53,000
Experience adjustment on scheme liabilities	(148,000)	-

18 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2015	2014 (8 months)
	£	£
Net income	247,939	12,224,114
Capital grants and similar income	(515,809)	(515,036)
Net deficit/(surplus) transferred on conversion	-	(11,412,541)
Investment income	(2,333)	(1,394)
Defined benefit pension costs less contributions payable	53,000	(22,000)
Defined benefit pension finance costs/(income)	139,000	98,000
Depreciation of tangible fixed assets	329,023	180,246
(Increase)/decrease in debtors	82,311	(213,432)
Increase/(decrease) in creditors	(896,534)	1,282,526
Stocks, debtors and creditors transferred on conversion	-	912,882
Net cash inflow/(outflow) from operating activities	(563,403)	2,533,365

19 Reconciliation of net cash flow to movement in net funds

	2015	2014 (8 months)
	£	£
Increase/(decrease) in cash	(971,383)	2,647,093
Net funds at 1 September 2014	2,647,093	-
Net funds at 31 August 2015	1,675,710	2,647,093

20 Analysis of net funds

	At 1 September 2014	Cash flows	Non-cash changes	At 31 August 2015
	£	£	£	£
Cash at bank and in hand	2,647,093	(971,383)	-	1,675,710

21 Capital commitments

	2015	2014 (8 months)
	£	£
At 31 August 2015 the company had capital commitments as follows:		
Expenditure contracted for but not provided in the accounts	-	883,451

22 Related parties

No related party transactions took place in the period of account.

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

SEVERNDALE SPECIALIST ACADEMY

SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2015

	Total 2015 £	Total 2014 (8 months) £
Income		
General Annual Grant (GAG)	4,224,670	2,661,082
Other DfE / EFA grants	382,347	108,509
Other government grants	2,831,416	2,002,812
Capital income	515,809	515,036
Inherited on conversion	-	911,374
Other income	255,210	153,689
Total operating income	8,209,452	6,352,502
Expenditure		
General Annual Grant (GAG) related expenditure	3,997,642	2,169,269
Other DfE / EFA grants related expenditure	353,039	89,210
Other government grant related expenditure	2,831,416	2,002,812
General funds - restricted	222,274	93,708
General funds - unrestricted	36,119	18,310
LGPS expenditure	192,000	76,000
Depreciation	329,023	180,246
Total expenditure	7,961,513	4,629,555
Net operating income/(expenditure)	247,939	1,722,947
LGPS actuarial gains/(losses)	(173,000)	(613,000)
LGPS and fixed assets inherited on conversion	-	10,501,167
Total surplus/(deficit) for the period	74,939	11,611,114
Funds brought forward	11,611,114	-
Funds carried forward	11,686,053	11,611,114

This page does not form part of the statutory accounts