

**The Cavendish High Academy
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year Ended

31 August 2017

Company Number 08789220

**The Cavendish High Academy
(A Company Limited by Guarantee)**

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The Cavendish High Academy (A Company Limited by Guarantee)

Reference and Administrative Details For the Year Ended 31 August 2017

Members

C A Howard
C Mills
D Gilligan

Trustees

C A Howard, Chair
E Haver, Principal
L McMillian, Vice Chair
G Price
G Burke (resigned 31 December 2016)
J Richmond
D Sadler
T Doyle (appointed 20 June 2017)

Senior Leadership Team (SLT)

E Haver, Principal
R Miles
J Bournes
J Munro
S Nokes (resigned 23 April 2017)

Company registered number

08789220

Company name

The Cavendish High Academy

Principal and registered office

The Cavendish High Academy, Lincoln Close, Runcorn, Cheshire, WA7 4YX

Independent auditor

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

Bankers

Lloyds Bank plc, Horsemarked Street, Warrington, WA1 1TP

Solicitors

Hill Dickinson LLP, No 1 St Paul's Square, Liverpool, L3 9SJ

The Cavendish High Academy (A Company Limited by Guarantee)

Trustees' Report For the Year Ended 31 August 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, strategic and a directors' report under company law.

The trust operates a special school academy for pupils aged 11 to 19 primarily serving the borough of Halton, Cheshire, though surrounding local authorities do commission individual pupil placements at the school. It has a pupil capacity of 90 and had a roll of 88 in the school census on January 2017.

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 The Cavendish High Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Cavendish High Academy. The trustees are also referred to as Governors and collectively the Governing Body of the School.

Details of the trustees/governors 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

Qualifying third party indemnity provision has been obtained by the academy for the benefit of the governors.

Method of Recruitment and Appointment or Election of Trustees

Should there be a resignation; The Governing Body Standing Orders will be used to recruit new trustees.

The structure of the Governing Body for 2016-2017 is:

- Principal Head Teacher (accounting officer)
- 1 x Staff representative member
- 1 x Parental representative members
- 4 x Community/business members

All future Governors shall be appointed or elected, as the case may be, under the Articles of Association and Funding Agreement. Internal recruitment for any staff and parent appointment will be undertaken using democratic voting procedures and election overseen by Clerk to the Governing Body.

Community governors will be sought via registration of interest through collaborative partners, local charitable organisations (in particular Special Needs) and governor support agencies.

Governors terms of office shall be 4 years. This time limit does not apply to the ex-officio governance role of the Principal Head Teacher. Subject to remaining eligible any governor may be re-appointed or re-elected.

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Trustees' Report (continued)

For the Year Ended 31 August 2017

The current structure of the governing body:

In general, the Academy Trust will have the following Governors:-

- Not less than three governors (not subject to a maximum)
- The members* may appoint up to 7 governors, subject to Article 50.
- Staff governors must not exceed more than 1/3rd of the total number of governors
- A staff Governor will only hold office for so long as they continue to be employed at the Academy.

** 2016-2017 Academic year the members of the Trust entitled to nominate or appoint one or more governors were Carole Howard, Carol Mills & Diane Gilligan. Please note that sadly both Carol and Diane passed away in the 2016-2017 academic year.*

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Governors will depend upon their existing experience and consequently induction tends to be tailored specifically to the individual. It would always include a tour of the Academy, and a chance to meet staff and students. As per legislation that came into force 18th March 2016 all Governors are subject to a mandatory Enhanced DBS check. All Governors are provided with online access to documents and information that they will need to undertake their role as a Governor. There is also a package of local training and support available for governors from the Local Authority (Halton). Further information, advice and general support is provided by the Academy through membership of the highly valued 'Key for School Governors' and the NGA.

The governing body has elected a member to oversee Governor Training.

Organisational Structure

Subject to the mandates imposed by the Companies Act 2006, the articles of Association ensure that the activities of the Academy Trust are managed by the Governors who exercise all the powers of the Academy trust with very few exceptions reserved to the Members.

The Full Governing Body meets once per term. The Business Continuity & Premises and Teaching & Learning Sub-committee meeting also takes place once per term.

The following decisions are reserved to the Full Governing Body meetings: considerations of proposals for changes in states to the academy and its committee structure; to appoint/remove the Chair/Vice Chair; to appoint the Principal Head Teacher; to approve the annual School Improvement Plan; to review the SEF and approve the budget.

Trustees make joint decisions with the SLT on appointment of teachers and the senior leadership team. The SLT may appoint teaching assistants and support staff.

Structure; to appoint/remove the Chair/Vice Chair; to appoint the Principal Head Teacher; to approve the annual School Improvement Plan; to review the SEF and approve the budget.

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The Governors devolve responsibility for the day to day operational control and management of the Academy to the Principal Head Teacher and Senior Leadership Team including the Deputy Head Teachers and Chief Finance Officer. The SLT also makes recommendations to the Governing body regarding the strategic direction of the school.

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Trustees' Report (continued) For the Year Ended 31 August 2017

The Academy's financial control group comprises the Principal Head Teacher, Chief Finance Officer and the Chair of Governors who collectively assesses the schools financial position and formulates the recommendations to the governors on Staffing, Finance, Health and Safety and premises Committees as part of the budget setting, monitoring and planning process.

Accounting Officer	Mrs E Haver Principal Head Teacher
Chief Finance Officer	Ms S Rogers
Responsible Officer	Mr Tom Doyle

Governors Responsibilities 2016-2017

Name	Position	Category	Responsibilities
Carole Howard	Member Chair Trustee / Director	Community Co-opted	Safeguarding Safer Recruitment Key Skills (Literacy & Numeracy)
Lisa McMillan	Vice Chair Trustee / Director	Community Co-opted	Children in Care Special Educational Needs
Tom Doyle	Trustee/Director	Community Co-opted	Responsible Officer Joined governing body June 20th 2017
Janet Richmond	Trustee/Director	Community Co-opted	ICT
Gill Price	Trustee/Director	Parent	Educations Visits and Learning Outside the Classroom. SMSC.
Gareth Burke Resigned Dec 2016	Trustee/Director	Staff	Training
Donna Sadler	Trustee/Director	Staff	Health & Safety
Elaine Haver	Trustee/Director	Ex officio Principal	Accounting Officer. Child Protection
Rick Miles		Officer Deputy Head	Reporting on Health & Safety Behaviour
John Munro		Officer Assistant head	Reporting on Progress Data - Achievement & Accreditation. Subject Curriculum.
Joanna Bournes		Officer Deputy head	Reporting on Children in Care Non-subject specific curriculum
Wendy McDonnell		Officer TLR	Reporting on Safeguarding

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of the academy key management personnel is agreed by the Board following referral to: the Academy Pay & Appraisal Policy, feedback from the Principal Head Teacher regarding performance management reviews for teaching staff and SLT which in turn refer to the Teachers Standards and for the Finance Officer with referral to the non-statutory NASBM professional standards framework for school business managers.

Pay & remuneration of the Principal Head Teacher is considered & agreed by a minimum of 2 members following performance management review by the external School Improvement Partner and referring to the Pay & Appraisal Policy as well as the National standards of excellence for headteachers.

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Trustees' Report (continued)

For the Year Ended 31 August 2017

Related Parties and other Connected Charities and Organisations

The Friends of Cavendish (Charitable Number: 510906) - This is a charity set up to advance the education of the pupils of the school by providing and assisting in the provision of facilities and equipment for education and enrichment at the school (not formally provided by the Local Education Authority).

The Academy is a member of, and contributes to, a range of networks, consortia and alliances both locally and regionally including; Merseyside SLD Schools, Halton Secondary Heads (HASH), Halton Special Schools, Merseyside Special Teaching School Alliance (MSTSA) Palmerston Teaching School Alliance, the Heath Teaching School Alliance and Tor View Special Initial Teacher Education Group. We have played a key role in the development and delivery of ITT training as part of the Palmerston Teaching Alliance. We also work with a range of external organisations to help train and develop educators of the future, including Chester, Liverpool Hope, Bangor & Manchester Metropolitan universities, to support ITT students on PGCE, BEd & BA with QTS courses.

Objectives and Activities

The Trust operates as The Cavendish High Academy: a special school academy, for pupils aged 11 to 19 years, with 89 students on roll 2016-2017. The school is designated for 90 pupils who have a Statement of Education Need or Education, Health and Care Plan, for the following SEN criteria: Profound & Multiple Learning Difficulties, Severe Learning Difficulties, and Autistic Spectrum Disability with Severe Learning Difficulties. 37% of the students are female and 63% are male. The school serves students from Halton and its neighbouring authorities; currently educating 5 'out of borough' students from Warrington, Knowsley and St Helens. Ofsted noted that the school is "held in high regard by parents, the local authority, external agencies and other schools" and that "Parents clamour to secure places at The Cavendish High Academy for their children".

All students have or are currently undergoing conversion to an Education Health & Care Plan. It is envisaged that by March 2018 100% students will have an EHCP. A majority of students have Severe Learning Difficulties (51%), ASC (36%), a minority has profound and multiple learning difficulties (4%) or SLCN (7%) and a very small minority have SEMH (1%) as their primary SEN. Most have secondary special educational needs including Autism, ADHD, FAS, SEMH, and SLCN. Approximately 55% of students are entitled to FSM. 6% (5 students) are Children in Care. Approximately 66% of students are entitled to pupil premium.

Objects and aims

The Cavendish High Academy is a converter special school academy providing specialist education for students aged 11-19 years. It is a well-established inclusive and supportive learning community where pupils learn together in a safe and caring environment, where their very differing educational needs are met. The curricula are flexible and responsive; our teaching community is committed to revising and reinventing them to ensure they can effectively meet the increasingly complex needs of our pupils. Creativity is core to outstanding teaching and learning and we strive to break down the barriers between subjects to ensure deep and meaningful learning can take place for our students.

The trust's object is to provide our pupils with an exceptional education through a range of curricula that are differentiated to meet their very specific educational needs.

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Trustees' Report (continued) For the Year Ended 31 August 2017

Objectives, Strategies and Activities

The academy undertook self-evaluation activities to identify objectives for the School Improvement Plan:

Our curriculum is reviewed annually and will continue to evolve with the aim of matching student's needs. In conjunction with this is the need to develop our assessment processes in line with recommendations of the Rochford Review (Sept 16).

Activities: Planned professional dialogue days with teachers throughout 2016-2017 academic year to develop curriculum and assessment.

MAT membership - we are currently researching various models of MAT with particular interest in forming a Special School MAT.

Activities: PHT attending EQUALS MAT conference Oct 2016 and MAT conference Feb 2017. Discussions with Merseyside SLD schools colleagues.

We are actively exploring opportunities to expand the available space on the current school site to either provide increased specialist classrooms / increase the size of the Sixth form or potentially offer residential provision for students with SLD/ASD complex needs.

Activities: Meet with architects to consider current site. Have plans drawn up of current site and request report on current use of space alongside ESFA guidelines. Meet with architects to discuss report and potential for the current site.

Free School - research possibility of opening a free school to meet local demand for SLD/ASD complex need placements.

Explore possibility of relocation/expansion/satellite site to provide education for 19-25 yr. olds.

Activities: Meet with local authority and engage with SEND strategy meetings to discuss and consider potential current and future demand for places. Gather student and parental feedback.

Public Benefit

The Academy has complied with its duty to have due regard to the guidance on public benefit, published by the Charity Commission, in exercising its powers or duties. FRS 102: 'an entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members'.

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Trustees' Report (continued) **For the Year Ended 31 August 2017**

Strategic Report

Achievements and Performance

October 2016 Cavendish awarded the Achievement for All Quality Mark Award 2016-2017. The Quality Mark Award recognises the impressive work being done by the school to improve progress in reading, writing and maths for all students. This national accolade for quality has been awarded to us in recognition of the work we do improving the well-being, resilience and self-esteem of our students who are vulnerable to underachievement. Garath Jackson, Regional Lead at Achievement for All, said: "We are thrilled to present The Cavendish High Academy with this much-deserved award. They have shown a high quality of leadership and teamwork, and most importantly, the target groups have made more than expected progress and are closing the gap with their peers. Our programmes are designed to be a whole school improvement tool and The Cavendish High Academy has shown a continued commitment and success in improving outcomes for their children." (4.1)

November 2016 Cavendish acknowledged and recognised as an ASDAN Centre of Excellence, in recognition of our outstanding practice in running ASDAN courses during 2015-2016. Cavendish is also now an Ascentis centre.

School rigorously monitors and evaluates pupil progress & celebrates achievement. Outcomes over time are excellent both at end of key stage and from starting point on entry to leaving the school. Termly progress assessments identify any students not yet on target and ensure interventions are timely. Year on year data fluctuated as expected when changing from PIVATS to B Squared as an assessment tool (providers consulted with stated this would be evident as we base-lined on a new system and is a similar picture nationally). Sept 2016 to June 2017 data supports the view that students across the school continued to make outstanding progress. Cavendish adopted B squared expectation of progress guidance and using this comparative cohort data the majority of our KS3 students do generally make more progress than the national expectation as do the vast majority of students in KS4 & KS5: English whole school a vast majority, 76%, of students are making expected progress or above with 43% students making exceptional progress. English listening has improved at KS3 and this cohort is now performing on a par with other groups within the school. Math's whole school 79% of students are achieving or exceeding expectations and 37% making exceptional progress. This demonstrates a +5% and +3% rise on the previous year's attainment.

Highlights include KS3 Math's with 84% of pupils making expected and above progress, and 35% making exceptional progress, KS4 Math's with 91% of pupils making expected and above progress and 45% making exceptional progress. Female Math's with 81% of pupils making expected and above progress and 44% making exceptional progress and FSM 80% of pupils making expected and above progress and 41% making exceptional progress. LAC pupils are the exception with 100% of pupils making good or exceptional progress.

In English 100% of LAC make or exceed expected progress with 67% of LAC making exceptional progress. KS3 Math's 84% making expected or above with 35% making exceptional progress. At KS5 69% of students are making expected or above progress in Math's while 33% make exceptional progress a decrease on the previous year and 64% expected or above progress in English with 36% achieving exceptional progress.

The nature of the classes and the delivery of the curriculum in a creative, thematic and cross-curricular manner have had a very positive impact in KS4 and has been shown to aid progress across the strands of the English & Maths. The curriculum design has had a very positive effect and we have adopted a similar delivery model within KS3 to see if the same impact on teaching and learning can be replicated. "You and your staff are not afraid to make changes when you see that things are not as effective as you would like. You have used evidence-based research recently from neuroscience to improve outcomes for pupils. You have launched a thematic curriculum which succeeds in meeting the wide-ranging needs of your pupils. You and your staff have reorganised teaching so that pupils spend most of their time in one class with the same teacher. Your own assessment and tracking data evidences the positive difference these changes have made." Ofsted 2017.

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Trustees' Report (continued)

For the Year Ended 31 August 2017

Phonics is not an effective intervention for a number of our students: as well as staffs own observations a variety of educational research supports this opinion. Cavendish engaged Dr Marion Long to conduct action research in partnership with the school using Rhythm for Reading with a number of student cohorts across the school. The report was published in June 2017, the outcomes from the analysis both of school data and research data are as follows; 'the upward trend in attainment indicated that in spite of the within group differences, the RFR programme had benefited the reading-related skills of these students. The students who made large gains such as **** and ***, appeared to have benefited from at least two of three possible drivers of their progress:(i) improved auditory processing (e.g. phonological discrimination (ii) improved visual processing (e.g. visual discrimination) (iii) improved rhythmical processing (e.g. chunking / organisation)

Overall, these data showed improvements in the average (mean) group score for reading comprehension: words and sentences (19 months), single letter / word reading (7 months), phonological elision (4 months) and phonological blending (9 months). Whilst success was evident amongst some pupils the impact in terms of the whole group requires further analysis and the project to run for another academic year to assess year on year impact. The school has benefitted enormously from engaging in this research and it has raised the profile of the school nationally and on a global footing with the data to be shared with schools in the Far East and America. Dr Long has also stated that the nature of our young people has thrown up some unique and challenging questions to her own practice and knowledge of the diversity of Special School populations and the problems these populations can pose. We have agreed to extend the research project for the 2017-2018 academic year. March 2017 Ofsted stated "You and your staff involve yourselves in academic research. You recognise the value of working with academics who are leaders in their fields. Your pupils reap the benefits of the school's engagement in research projects such as 'Rhythm for Reading'. You encourage your staff to be professionally inquisitive. You make sure that your teachers keep up to date with developments in education through frequent 'professional dialogue days'. Consequently, The Cavendish High Academy is an exciting place to be, whether as a pupil or member of staff."

A small cohort of 'hard to reach' students who have significant communication difficulties had not made as much progress with their communication as we had hoped through use of visuals and regular speech and language therapy support. In response to this the school and in particular the SaLT team trialled Gemini last year with 2 students. Based on the positive results and engagement from these two students we invested in a 12 month subscription. There are currently 12 students using the program, all delivered to the pupils by their class teams except for one child who accesses the program with SaLT.

For students identified as being least able to make progress whilst using P Levels/B squared as an assessment tool (e.g. students with PMLD, ASD with severe challenging behaviour) there are very well established alternative assessment systems in place; Quest, AFLS & ABLLS-r. Progress in terms of behaviour support is also monitored in school and in some cases by external agencies such as the Positive Behaviour Support Service: "I am stunned by the boys progress, we really appreciate your commitment to placing our interventions in the classroom" Behaviour Analyst.

Key Performance Indicators

2016-2017 Halton Local Authority categorised The Cavendish High Academy as a category A school: High Performing/Outstanding schools. The descriptor for this category states 'Universal offer and may also be providing the capacity to support other schools'.

Ofsted visited the school on 7th March 2017 and stated that Cavendish continues to be outstanding.

Attendance is excellent. Whole School attendance for 2016-2017 is 92.8% . This is an improvement of + 0.7% on the previous year. Special Schools National Average is 91.4% (DfE March 2016). "Pupils enjoy coming to school. The overwhelming majority of pupils are in school on time every day. School staff follow up assiduously on any pupil absence. If any pupil is absent without good reason, the school attendance officer makes a home visit. The school is quick to help any parents who are struggling to get their children to school." Ofsted 2017.

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Trustees' Report (continued)

For the Year Ended 31 August 2017

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. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The Academy receives funding from two principal sources: The Education and Skills Funding Agency and Halton Local Authority.

The General Annual Grant (GAG) received from the Education Funding Agency is place funding and is paid on a monthly basis. ESG has been reduced significantly but has been supported by a protection factor. We anticipate this is being phased out over the next couple of academic years.

Top up funding is received from the Local Authority's High Needs Funding Block and is currently paid on a termly basis. Top up funding levels were reduced significantly (over £70,000 from Halton alone) by the LA going above the MFG in April 2016. Although top up levels weren't reduced by the local authority in April 2017 they did not take into account inflation or increases in staff pay so in real terms we had another cut to our top up funding. Top up funding banding levels are not equal across the special schools. If they were then the academy would have gained funding but this would be at the expense of two other maintained special schools. Therefore, the Cavendish High Academy, along with another maintained special school, is losing out financially overall and could also be considered to be financially supporting two other maintained special schools in the borough.

Breakdown of academic year 2016-2017 School Allocation

Education Services grant	£33,000
ESG Protection	£2,000
High Needs Placement Funding	£920,000
16 – 19 Student Support Services (Bursary)	£9,000
Total Allocation from ESFA	£966,000
Pupil Premium (yr. 7-11)	£36,000
Yr. 7 Catch Up Premium	£6,000
Total income	£1,972,000

The grants received during the year ended 31st August 2017 and associated expenditure are shown as restricted general funds in the Statement of Financial Activities.

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Trustees' Report (continued) For the Year Ended 31 August 2017

Local authority top up funding was not reduced mid-academic and financial year for the academy.

2016-2017 Education Services Grant (ESG) was decreased:

Academic Year	Education Services Grant inc ESG Protection	Decrease each academic year	Cumulative decrease
2014 - 2015	£54,740	-	-
2015 - 2016	£44,992	£9,748	£9,748
2016 - 2017	£30,107 ESG £2,882 protection	£12,003	£21,858
2017 - 2018	£0 ESG £22,626 protection	£10,255	£32,114

During the year ended 31st August 2017, total expenditure of £2,130,000 was covered by grant funding from the DfE combined with the Top up funding from the Local Authority and other incoming resources such as Pupil Premium. The excess of income over expenditure for the period (excluding fixed asset funds and pension reserve) and including carry forward from previous years was £686,000 (see cashflow statement).

We regularly reassess our 5 year projected budget. Our carry forward is currently so high as we suspended all significant building work and projects we had earmarked funds for, for the summer of 2017, as we are aware that over the next 5 years we face increasing in-year deficits and are likely to face true deficit in approximately 4 years. By negotiation we also received some additional funding (approx. £28,000) from the local authority for our Pathways Department to ensure we could maintain placements for a number of students who would have had to be placed in out of borough provision otherwise. Our greatest asset and most significant cost is our staff. For health and safety reasons we need to maintain staffing levels in classrooms. This level of staffing is threatened by rapidly reducing budgets and increasingly unavoidable in year deficits. Band 3 funding (for students who require intensive 1:1 support) from the local authority does not cover the cost of a single 1:1 TA, let alone the additional pro-rata share of school running costs. We continue to be very prudent as we anticipate, from the Schools Forum agenda and minutes, that the local authority intends to cut top up funding again in April 2018 due to significant shortfalls in their high needs funding budget.

The local authority pays top up funding on a termly basis for a financial year. There has been no set schedule for these payments. Therefore our overall bank balance reduces significantly (approx. £130,000 a month due to staff salary payments and SLA commitments) from the last payment of the academic year in the summer to the following payment in the autumn term – as there is no payment schedule then it could be September, October or November when payment is made. We need to maintain a minimum balance of approximately £150,000 in the current account to ensure we do not go overdrawn. Given our current projections this is likely to be unavoidable by the 2020-2021 academic year at the latest. However, any further cuts to the budget in 2017-2018 will bring this date forward. To mitigate this risk we are currently working on scenario planning and potential staff restructuring.

At August 2017, the net book value of fixed assets was £2,531,000 and movements in tangible fixed assets are shown in Note 13 to the financial statements. The assets were used exclusively for providing education and associated support services to the pupils of the academy.

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Trustees' Report (continued)

For the Year Ended 31 August 2017

Reserves Policy

A key objective of the Academy is to maintain a structure of prudent financial management. The aims of the Academy's reserves policy are that the level of reserves should:

- mitigate the termly cashflow issues associated with lagged local authority top up funding
- ensure fluctuations in income (e.g. top up funding leaves with students or reduced student numbers) or unexpected expenditure (e.g. urgent maintenance work, significant supply costs due to staff illness that is not covered by insurance) are managed effectively
- enable a robust programme for the renewal and replacement of school assets to be developed and maintained (e.g. school minibus or ICT equipment)
- to provide for unexpected emergencies
- provide sufficient working capital for future expansion and/or building

The Governors will be mindful that existing students are not disadvantaged through the retention of excessive reserves. To this end the Governors 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 the reserves. The Governors will keep the level of reserves under review. A Capital & Reserves policy is now in place. At 31st August 2017 the balance of the Academy's Unrestricted Funds was £386,000 and the balance of its Restricted General Funds was £(295,000).

Investment Policy

In the current financial climate of ongoing uncertainty and continued low interest rates, the Academy's policy continues to be to maximise liquidity and minimise risk. This is kept under review.

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Trustees' Report (continued) **For the Year Ended 31 August 2017**

Principal Risks and Uncertainties

The Academy has undertaken work during the period to establish the system of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation. The most significant risks are identified below:

Local authority High Needs Block Top Up Funding being reduced significantly mid-academic and financial year for the Academy presents significant issues for budget setting and management. It has meant that we have been extremely cautious when spending over the past academic year as at present we do not know what reduction we may face in March 2018.

April 2014 – March 2015	1.5% reduction (MFG)
April 2015 - March 2016	1.5% reduction (MFG)
April 2016 - March 2017	7% reduction (no MFG)
April 2017 - March 2018	banding figures remained same – no inflation so real terms cut reduction
April 2018 - March 2019	tbc by LA Spring 2017

All 4 Halton Special school heads to attend meeting with the LA operational director on 13th December 2017 to discuss budgets. There is significant risk that we face cuts to top up funding for April 2018. This will increase expected in year deficit for 2017-2018 and depending on the size of the cut could have the significant impact of bringing forward the anticipated year of true deficit.

Underlying rate of inflation and staffing costs:

The Academy is mindful of inflation. Teaching staff pay rates were increased by 1% for Leadership and UPS and SEN allowances for teachers and 2% for teachers on the MPS from 1st September 2017 as per national agreements and support staff pay rates were also increased by 1% as of 1st April 2017 in-line with government policy on public sector pay. The Academy is mindful that progression within salary grades due to successful appraisal increases costs. Recruitment and retention of skilled SEN staff also increases costs.

We are very aware that we need to be very prudent in the coming financial years ensuring we carefully monitor our finances as we need to ensure we have reserves to maintain staffing in the classrooms to support the pupils in future years and ensure the budget does not go into overall deficit as opposed to the current in year deficits. This could potentially affect plans to form a MAT. Going forward we will have to restructure staffing.

It will become increasingly difficult to continue to provide some of the additional services that we do not have to provide as they are actually health or social care services and not strictly education: for example we have reduced the number of trained speech and language therapists as they are non-classroom based staff.

Cashflow is affected by the local authority top up funding being paid termly. We have to ensure that we have enough money to pay the staff salaries and ongoing monthly costs for a number of months at a time thereby reducing overall potential spending capacity. We need to have approximately £150,000 a month in the bank.

Plans for Future Periods

To consider forming a Mat or joining a MAT. Consider the different MAT models including associate membership of a MAT. Consider if joining a MAT would increase or decrease our in year and ultimately true deficit.

Transfer to alternative software for finance (e.g. HCSS) to reduce risk of human error and ensure most effective 5 year planning forecasts.

Hold an extraordinary Governors meeting to discuss premises and the most effective and least risk use of reserves to ensure future provision for students remains as effective as possible for as long as possible.

Restructure staffing in consideration of future anticipated decreases in funding as we cannot recoup the significant losses we will continue to incur from ever decreasing top up funding and loss of ESG through procurement.

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**Trustees' Report (continued)
For the Year Ended 31 August 2017**

Review the school population and consider future placement capacity taking into account reduced funding, reduced staffing and therefore also health and safety considerations.

Auditor

Insofar as the trustees are aware:

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

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

C A Howard
Chair of Trustees

A large, bold, handwritten signature in black ink, appearing to read 'C A Howard'.

15.12.2017

The Cavendish High Academy

(A Company Limited by Guarantee)

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Cavendish High 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 Governing Body has delegated the day-to-day responsibility to the Principal Head Teacher (Elaine Haver), 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 The Cavendish High 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 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
C Howard (member, chair of trustees)	3	3
E Haver (principal / accounting officer)	3	3
L McMillian (vice chair)	3	3
G Price (parent trustee)	3	3
G Burke (staff trustee - resigned - Dec 2016)	1	1
J Richmond (trustee)	0	3
D Sadler (staff trustee appointed)	2	3
T Doyle (trustee - responsible officer)	1	1

It has been a challenge to recruit for trustees, let alone those with an appropriate skill set. We are actively recruiting governors using, for example, SGOSS – Governors for schools. We did appoint an additional community governor in June 2017 who, following governor training, will act as responsible officer in future.

Terms of reference for each of the committees are reviewed annually.

Ofsted met with 2 governors during their inspection on 7th March 2017 and in their letter following the visit stated that:

“Governors are passionate about their school. Despite facing some challenges along the way, they were unwavering in their determination to appoint the best possible person as their new headteacher. Governors have risen to the challenge of running an academy, not shying away from some difficult decisions, but know that there is more they need to do. They have made some progress in recruiting governors with the specialist skills and expertise required, but gaps still remain. Governors acknowledge that they rely heavily on the headteacher to do some of the governing body's and board's work. They recognise that they must step up to the mark as members and trustees so that the headteacher can focus fully on her own responsibilities.”

“Next steps for the school:

Those responsible for governance should ensure that:

- they have the skills, experience and expertise to provide the highly effective, strategic leadership required to maintain the school's outstanding provision. “

The Cavendish High Academy

(A Company Limited by Guarantee)

Governance Statement (continued)

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to manage and monitor the academy finances: Providing financial oversight, scrutinizing the budget, to ensure value for money, providing an opportunity for detailed discussion and consideration of financial matters, with regular reporting to the full management committee. It may be given delegated authority for some financial decision-making, but the Full Governing Body as a whole remains accountable and must still remain actively engaged in financial matters.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
C A Howard, Chair	3	3
E Haver, Principal	3	3
L McMillian, Vice Chair	3	3
J Richmond	0	3
G Price	3	3
G Burke	1	1
D Sadler	1	3

Review of Value for Money

As Accounting Officer, the Principal Head Teacher (Elaine Haver) has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Reviewing SLA contracts and decreasing overall costs
- Reducing resources costs
- Replacing lighting in drama studio with energy efficient bulbs for long term savings
- Reduction in out of class staffing costs to facilitate increased number of support staff in class.
- Negotiations with LA regarding TUF for specific pupils and for premises work that needed to be completed to enable us to take a specific cohort of pupils in September 2017.
- Financial benchmarking is now available for special schools but it has been difficult to reconcile figures used in this data with our own figures.
- The accounting officer continues to read through a number of local authorities school forum minutes and special academy trustee reports from previous years as an additional method of benchmarking financially with special schools.

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 de-signed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Cavendish High Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

The Cavendish High Academy

(A Company Limited by Guarantee)

Governance Statement (continued)

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

The Risk and Control Framework

The academy'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 General Purposes 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:

- not to appoint an internal auditor. However the trustees have appointed the Continuity and Finance Committee as responsible officer.

The Continuity and Finance Committee role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The Principal Head Teacher and Chair of Governors receive monthly cash flow statements from the Academy's Finance Officer. A budget report is provided on a termly basis (3 x annually) to the board of trustees, through the Business & Continuity and Finance Committee, as well as reports 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 Head Teacher (Elaine Haver) 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 committee;
- 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 General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**The Cavendish High Academy
(A Company Limited by Guarantee)**

Governance Statement (continued)

Approved by order of the members of the board of trustees on **5/12/17** and signed on their behalf, by:

C A Howard
Chair of Trustees

A large, bold, handwritten signature in black ink, appearing to read 'C A Howard'.

E Haver
Accounting Officer

A large, bold, handwritten signature in black ink, appearing to read 'E Haver'.

**The Cavendish High Academy
(A Company Limited by Guarantee)**

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Cavendish High Academy I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

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 ESFA.



**E Haver, Principal Head Teacher
Accounting Officer**

The Cavendish High Academy

(A Company Limited by Guarantee)

Statement of Trustees' Responsibilities **For the Year Ended 31 August 2017**

The Trustees (who act as governors of The Cavendish High Academy 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 and Skills 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 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the 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 on 16/12/17 and signed on its behalf by:



C A Howard
Chair of Trustees

The Cavendish High Academy

(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of The Cavendish High Academy

Opinion

We have audited the financial statements of The Cavendish High Academy ("the Academy") for the year ended 31 August 2017 which comprise the statement of financial activities (incorporating income and expenditure account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2016 to 2017 (SORP 2015) issued by the Education and Skills Funding Agency ("the ESFA").

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2016 to 2017 (SORP 2015) issued by the ESFA.

Basis for opinion

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

Conclusions relating to going concern

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

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

The Cavendish High Academy

(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of The Cavendish High Academy

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Cavendish High Academy

(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of The Cavendish High Academy

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the Academy'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 Academy'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 Academy and the Academy's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Hamid Ghafoor (Senior Statutory Auditor)

for and on behalf of

BDO LLP

Manchester

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Cavendish High Academy

(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to The Cavendish High Academy and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 17 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in Part 9 of the Academies Accounts Direction 2016 to 2017 (SORP 2015), we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Cavendish High Academy during the year to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Cavendish High Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Cavendish High Academy funding agreement with the Secretary of State for Education dated 15 January 2013 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017 (SORP 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 year to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our work in accordance with the Academies Accounts Direction 2016 to 2017 (SORP 2015) issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes an assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified.

**The Cavendish High Academy
(A Company Limited by Guarantee)**

**Independent Reporting Accountant's Assurance Report on Regularity to The Cavendish High Academy
and the Education and Skills 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 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

BDO LLP

Reporting Accountant
Manchester

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Cavendish High Academy

(A Company Limited by Guarantee)

Statement of Financial Activities Incorporating Income and Expenditure Account For the Year Ended 31 August 2017

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Income from:						
Donations and capital grants	2	-	3	35	38	9
Charitable activities:	3					
Funding for the academy trust's educational operations		-	1,937	-	1,937	2,078
Other trading activities	4	3	-	-	3	16
Investments	5	-	-	-	-	1
Total income		3	1,940	35	1,978	2,104
Expenditure on:						
Academy trust educational operations		-	2,025	105	2,130	1,952
Total expenditure	6	-	2,025	105	2,130	1,952
Net (expenditure)/income		3	(85)	(70)	(152)	152
Transfers between Funds	16	-	(37)	37	-	-
Net(expenditure)/income before other recognised gains and losses		3	(122)	(33)	(152)	152
Actuarial gains/(losses) on defined benefit pension schemes	20	-	518	-	518	(452)
Net movement in funds		3	396	(33)	366	(300)
Reconciliation of funds:						
Total funds brought forward		383	(691)	2,564	2,256	2,556
Total funds carried forward		386	(295)	2,531	2,622	2,256

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

The notes on pages 28 to 45 form part of these financial statements.

The Cavendish High Academy
(A Company Limited by Guarantee)
Registered number: 08789220

Balance Sheet
As at 31 August 2017

	Note	£000	2017 £000	£000	2016 £000
Fixed assets					
Tangible assets	13		2,531		2,564
Current assets					
Debtors	14	64		46	
Cash at bank and in hand		714		686	
		<u>778</u>		<u>732</u>	
Creditors: amounts falling due within one year	15	(94)		(39)	
Net current assets			684		693
Total assets less current liabilities			<u>3,215</u>		<u>3,257</u>
Defined benefit pension scheme liability	20		(593)		(1,001)
Total net assets			<u><u>2,622</u></u>		<u><u>2,256</u></u>
Funds of the academy trust					
Restricted funds:					
Restricted income fund	16	298		310	
Fixed asset fund	16	2,531		2,564	
Restricted income funds excluding pension liability		<u>2,829</u>		<u>2,874</u>	
Pension reserve		(593)		(1,001)	
Total restricted funds			2,236		1,873
Unrestricted income funds	16		386		383
Total funds			<u><u>2,622</u></u>		<u><u>2,256</u></u>

The financial statements on pages 25 to 45 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

C A Howard
Chair of Trustees



The notes on pages 28 to 45 form part of these financial statements.

The Cavendish High Academy

(A Company Limited by Guarantee)

Statement of Cash Flows For the Year Ended 31 August 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	65	319
Cash flows from investing activities:			
Dividends, interest and rents from investments		-	1
Purchase of tangible fixed assets		(72)	(38)
Capital grants from DfE/ESFA		35	7
Net cash used in investing activities		(37)	(30)
Change in cash and cash equivalents in the year		28	289
Cash and cash equivalents brought forward		686	397
Cash and cash equivalents carried forward	19	714	686

The notes on pages 28 to 45 form part of these financial statements.

The Cavendish High Academy

(A Company Limited by Guarantee)

Notes to the Financial Statements **For the Year Ended 31 August 2017**

1. Statement of accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Cavendish High Academy constitutes a public benefit entity as defined by FRS 102.

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 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..

The Cavendish High Academy

(A Company Limited by Guarantee)

Notes to the Financial Statements

For the Year Ended 31 August 2017

1. Statement of accounting policies (continued)

1.3 Income

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

Grants are included in the Statement of Financial Activities 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.

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 receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable 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.

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 academy trust's policies.

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.

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

The Cavendish High Academy

(A Company Limited by Guarantee)

Notes to the Financial Statements **For the Year Ended 31 August 2017**

1. Statement of accounting policies (continued)

1.5 Tangible fixed assets

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold land and buildings	-	3% straight line
Fixtures, fittings and equipment	-	10% straight line
Computer equipment	-	33% straight line

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

1.6 Liabilities

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

1.7 Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8 Leased assets

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

The Cavendish High Academy

(A Company Limited by Guarantee)

Notes to the Financial Statements

For the Year Ended 31 August 2017

1. Statement of accounting policies (continued)

1.9 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 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.

1.11 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 20, 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.

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Notes to the Financial Statements **For the Year Ended 31 August 2017**

1. Statement of 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.

1.12 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.

The Cavendish High Academy

(A Company Limited by Guarantee)

Notes to the Financial Statements **For the Year Ended 31 August 2017**

1. Statement of accounting policies (continued)

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

Local Government Pension Scheme

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 20, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Critical areas of judgment:

In preparing these financial statements, the directors have made the following judgements:

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where is it a component of a larger cash generating unit, the viability and expected future performance of that unit.

The most important factor in determining the amount of GAG the school received each year is the number of pupils on roll. Regular reports are provided to members of the Finance Committee estimating the size of the School Budget. These are updated as and when changes take place with regards to intakes.

The Cavendish High Academy
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Notes to the Financial Statements
For the Year Ended 31 August 2017

2. Income from donations and capital grants

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Donations	-	3	-	3	2
Capital grants	-	-	35	35	7
	-	3	35	38	9
<i>Total 2016</i>	-	2	7	9	

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	970	970	973
Other DfE/ESFA grants	-	36	36	36
	-	1,006	1,006	1,009
Other government grants				
Local authority grants	-	913	913	1,049
	-	913	913	1,049
Other income from the academy trusts educational operations	-	18	18	20
	-	18	18	20
	-	1,937	1,937	2,078
<i>Total 2016</i>	-	2,078	2,078	

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Notes to the Financial Statements For the Year Ended 31 August 2017

4. Other trading activities

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Charity trading income				
Staff consultancy	3	-	3	14
Sales of goods and services	-	-	-	2
	<u>3</u>	<u>-</u>	<u>3</u>	<u>16</u>
Net income from other trading activities	<u>3</u>	<u>-</u>	<u>3</u>	<u>16</u>

5. Investment income

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Short term deposits	-	-	-	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
<i>Total 2016</i>	<u>1</u>	<u>-</u>	<u>1</u>	

6. Expenditure

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Academy's educational operations:					
Direct costs	1,371	95	95	1,561	1,510
Allocated support costs	303	128	138	569	442
	<u>1,674</u>	<u>223</u>	<u>233</u>	<u>2,130</u>	<u>1,952</u>
<i>Total 2016</i>	<u>1,510</u>	<u>263</u>	<u>179</u>	<u>1,952</u>	

Total expenditure was £2,130,000 (2016: £1,952,000) of which £Nil (2016: £Nil) was unrestricted, £2,025,000 restricted (2016: £1,814,000) and £105,000 restricted fixed assets (2016: £138,000).

7. Analysis of expenditure by activities

	Direct costs 2017 £000	Support costs 2017 £000	Total 2017 £000	Total 2016 £000
Charitable activities	1,561	569	2,130	1,952
	<u>1,561</u>	<u>569</u>	<u>2,130</u>	<u>1,952</u>

The Cavendish High Academy
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Notes to the Financial Statements
For the Year Ended 31 August 2017

8. Analysis of support costs

	Activities £000	Total 2017 £000	Total 2016 £000
Depreciation	5	5	5
Technology costs	4	4	9
Premises costs	123	123	165
Other support costs	112	112	87
Governance costs	22	22	23
Wages and salaries	188	188	98
National insurance	7	7	6
Pension cost	108	108	49
	<u>569</u>	<u>569</u>	<u>442</u>
<i>At 31 August 2016</i>	<u>442</u>	<u>442</u>	

9. Net income/(expenditure)

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the charity	105	98
Operating lease rentals	1	1
Auditor's remuneration - audit	11	10
Auditor's remuneration - other services	<u>8</u>	<u>8</u>

The Cavendish High Academy

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Notes to the Financial Statements For the Year Ended 31 August 2017

10. Staff costs

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	1,132	1,129
Social security costs	106	92
Operating costs of defined benefit pension schemes	286	217
	<u>1,524</u>	<u>1,438</u>
Supply teacher costs	150	67
Staff restructuring costs	-	5
	<u>1,674</u>	<u>1,510</u>
Staff restructuring costs comprise:		
Other restructuring costs	<u>-</u>	<u>5</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is one settlement payment of of £Nil (2016: £4,782) which was paid to a staff member.

Staff numbers

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

	2017 No.	2016 No.
Teachers	12	11
Administrations and support	35	35
Management	5	5
	<u>52</u>	<u>51</u>

Higher paid staff

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1

The above employees participated in the Teachers' Pension Scheme (TPS). During the year ended 31 August 2017 employer's pension contributions for these staff amounted to £30,000 (2016: £31,000).

The Cavendish High Academy

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Notes to the Financial Statements For the Year Ended 31 August 2017

10. Staff costs (continued)

Key management personnel

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 contribution and employer national insurance contribution) received by key management personnel for their services to the academy trust was £372,000 (2016: £385,000).

Disclosure of prior year key management personnel employee benefits has been restated to include employers national insurance contribution.

11. Related Party Transaction - 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:

		2017	2016
		£000	£000
E Haver	Remuneration	75-80	70-75
	Pension contributions paid	10-15	10-15
G Burke	Remuneration	5-10	25-30
	Pension contributions paid	0-5	0-5
G Price	Remuneration	0-5	0-5
	Pension contributions paid	0-5	0-5
D Sadler	Remuneration	20-25	10-15
	Pension contributions paid	0-5	0-5

G Burke resigned as a Trustee on 31 December 2016

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £Nil to Nil Trustees).

Other related party transactions involving the trustees are set out in note 23.

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000 on any one claim and the cost for the year ended 31 August 2017 was £5,994 (2016 - £26,000).

From 1 April 2017 the academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising when negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

The Cavendish High Academy

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Notes to the Financial Statements For the Year Ended 31 August 2017

13. Tangible fixed assets

	Leasehold land and buildings £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 September 2016	2,678	92	55	2,825
Additions	-	63	9	72
At 31 August 2017	2,678	155	64	2,897
Depreciation				
At 1 September 2016	205	20	36	261
Charge for the year	76	10	19	105
At 31 August 2017	281	30	55	366
Net book value				
At 31 August 2017	2,397	125	9	2,531
At 31 August 2016	2,473	72	19	2,564

The leasehold land and buildings were acquired on conversion, being a 125 year agreement between the Trust and the Local Authority for the land and building of the school.

14. Debtors

	2017 £000	2016 £000
Trade debtors	3	-
VAT recoverable	1	8
Prepayments and accrued income	60	38
	64	46

15. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Other creditors	2	-
Accruals and deferred income	92	39
	94	39

The Cavendish High Academy (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2017

16. Statement of funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains £000	Balance at 31 August 2017 £000
Unrestricted funds						
Unrestricted funds	383	3	-	-	-	386
Restricted funds						
General Annual Grant (GAG)	310	969	(944)	(37)	-	298
Pupil Premium	-	36	(36)	-	-	-
LA grants	-	913	(913)	-	-	-
Other restricted income	-	22	(22)	-	-	-
Pension reserve	(1,001)	-	(110)	-	518	(593)
	(691)	1,940	(2,025)	(37)	518	(295)
Restricted fixed asset funds						
On transfer from conversion	2,533	-	(62)	-	-	2,471
Capital expenditure from GAG	31	-	(8)	37	-	60
Dfe/ESFA capital grants	-	35	(35)	-	-	-
	2,564	35	(105)	37	-	2,531
Total restricted funds	1,873	1,975	(2,130)	-	518	2,236
Total of funds	2,256	1,978	(2,130)	-	518	2,622

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

Unrestricted funds

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.

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

Restricted general funds

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

The Cavendish High Academy

(A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2017

16. Statement of funds (continued)

Restricted fixed asset funds

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

17. Analysis of net assets between funds

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	2,531	2,531
Current assets	386	392	-	778
Creditors due within one year	-	(94)	-	(94)
Provisions for liabilities and charges	-	(593)	-	(593)
	<u>386</u>	<u>(295)</u>	<u>2,531</u>	<u>2,622</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £000	2016 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(152)	152
Adjustment for:		
Depreciation charges	105	98
(Increase)/decrease in debtors	(18)	17
Increase in creditors	55	10
Capital grants from DfE and other capital income	(35)	(7)
Interest receivable	-	(1)
Defined benefit pension scheme cost less contributions payable	89	31
Defined benefit pension scheme finance cost	21	19
Net cash provided by operating activities	<u>65</u>	<u>319</u>

19. Analysis of cash and cash equivalents

	2017 £000	2016 £000
Cash in hand	714	686
Total	<u>714</u>	<u>686</u>

The Cavendish High Academy

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Notes to the Financial Statements **For the Year Ended 31 August 2017**

20. 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 Hymans Robertson LLP. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 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, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

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Notes to the Financial Statements For the Year Ended 31 August 2017

20. Pension commitments (continued)

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

The employer's pension costs paid to TPS in the period amounted to £91,000 (2016 - £93,000).

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).

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 2017 was £137,000 (2016 - £122,000), of which employer's contributions totalled £106,000 (2016 - £94,000) and employees' contributions totalled £31,000 (2016 - £28,000). The agreed contribution rates for future years are £107,000 for employers. The agreed contribution rates for future years are 19.4 per cent for employers and 5.5 to 12.5 per cent 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.70 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Inflation assumption (CPI)	2.40 %	2.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2017	2016
Retiring today		
Males	22.3 years	22.3 years
Females	24.5 years	24.4 years
Retiring in 20 years		
Males	23.9 years	24.1 years
Females	26.5 years	26.7 years

	At 31 August 2017 £000	At 31 August 2016 £000
Sensitivity analysis		
0.5% decrease in Real Discount Rate	271	312
0.5% increase in the Salary Increase Rate	63	123
0.5% increase in the Pension Increase Rate	202	178
1 year increase in member life expectancy	3.5%	3.0%

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Notes to the Financial Statements For the Year Ended 31 August 2017

20. Pension commitments (continued)

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	797	730
Corporate bonds	654	537
Property	112	96
Cash and other liquid assets	32	14
	<hr/>	<hr/>
Total market value of assets	1,595	1,377
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was 10.9% (2016 - 19.2%).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2017 £000	2016 £000
Current service cost	(195)	(126)
Interest income	29	41
Interest cost	(50)	(60)
	<hr/>	<hr/>
Total	(216)	(145)
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £000	2016 £000
Opening defined benefit obligation	2,378	1,541
Current service cost	195	126
Interest cost	50	60
Employee contributions	31	28
Actuarial (gains)/losses	(443)	623
Benefits paid	(23)	-
	<hr/>	<hr/>
Closing defined benefit obligation	2,188	2,378
	<hr/> <hr/>	<hr/> <hr/>

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Notes to the Financial Statements For the Year Ended 31 August 2017

20. Pension commitments (continued)

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

	2017 £000	2016 £000
Opening fair value of scheme assets	1,377	1,042
Interest income	29	41
Actuarial gains	75	171
Employer contributions	106	95
Employee contributions	31	28
Benefits paid	(23)	-
	<hr/>	<hr/>
Closing fair value of scheme assets	<u>1,595</u>	<u>1,377</u>

21. Operating lease commitments

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

	2017 £000	2016 £000
Amounts payable:		
Within 1 year	1	1
Between 1 and 5 years	2	3
	<hr/>	<hr/>
Total	<u>3</u>	<u>4</u>

22. 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.

23. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

