

**MICHAELA COMMUNITY SCHOOL
FINANCIAL STATEMENTS
31 AUGUST 2016**

MICHAELA COMMUNITY SCHOOL

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MICHAELA COMMUNITY SCHOOL

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

Members

C Amidi
S Brittan
S Fernandes MP

Trustees

C Amadi
S Brittan
P Decarlucchi
M Drabu
S Fernandes MP, Chair
Y Zhang
P Hines
B Williams-Yale (resigned 31 August 2016)
K Ashford (appointed 10 December 2015)
J Foreman (appointed 10 December 2015)
I Fernandez (appointed 3 March 2015)
Rev D Ackerman

Company registered number

07645701

Company name

Michaela Community School

Principal and registered office

North End Road
Wembley
Middlesex
HA9 0UU

Senior management team

K Birbalsingh, Headmistress
K Ashford, Deputy Head
J Kirby, Deputy Head
B Smith, Deputy Head
B Williams-Yale, Deputy Head

Independent auditor

Blick Rothenberg Audit LLP
16 Great Queen Street
Covent Garden
London
WC2B 5AH

Bankers

Natwest Bank Plc
30 Tooting High Street
London
SW17 0RG

MICHAELA COMMUNITY SCHOOL

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

Advisers (continued)

Solicitors

Michelmores LLP
Woodwater House
Pynes Hill
Exeter
EX2 5WR

MICHAELA COMMUNITY SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of Michaela Community School (the charitable company or "academy") for the year 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Overview of the year

The school has been developing steadily since it opened in September 2014. We are currently full with 360 pupils, 120 in each year group, and we have a full body of staff. Eight new teachers joined in September 2015, and a number of support staff have been added over the course of the year. Results of the pupils are very pleasing in the interim before they take their GCSEs.

The trustees are really pleased with the progress that the school is making and look forward to future developments!

Structure, governance and management

a. Constitution

The academy is a charitable company limited by guarantee and an exempt charity. The charitable company's Articles of Association (dated 24 May 2011) is the primary governing document of the academy trust. The trustees of Michaela Community School are also the directors of the charitable company for the purpose of company law.

Details of the trustees who served during the are included in the reference and administrative details on page 1.

b. 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.

MICHAELA COMMUNITY SCHOOL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

c. Method of recruitment and appointment or election of trustees and governors

The management of the academy is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association.

The board of governors shall comprise the trustees (who are also directors of the charity for the purposes of the Companies Act) together with additional ex-officio governors.

The number of governors shall be not less than three but shall not be subject to any maximum.

The board of governors shall be comprised of:

- Those appointed by the members
- Staff governors, provided that the total number of staff governors (including the principal) does not exceed one third of the total number of governors
- Parent governors, who are appointed through an election process, acting as a voice for the parents
- The Principal

The term of office for any governor shall be four years, excepting the Principal.

d. Policies and procedures adopted for the induction and training of governors

The governors review the skills of the board regularly to ensure that the governing body has the necessary skills to contribute fully to the school's development. Where particular skills are missing they will seek to fill the gap through the knowledge and contacts made by existing governors and through approaches to the local community.

Whilst the training and induction of new governors will depend upon their existing experience, all new governors will have the opportunity to visit the school and meet with the principal and chair. Further support for governors is provided through membership of the National Governors' Association.

e. Pay policy for key management personnel

All staff are paid in accordance with national pay-scales and performance management criteria, as published by the Department for Education.

f. Organisational structure

The board of governors shall hold at least three meetings in every school year. Strategic decisions are taken by the board and day to day management is delegated to the principal and the senior leadership team.

g. Connected organisations, including related party relationships

Whilst the academy works with a number of individuals and organisations, none of these are connected to the academy.

The academy board understands that goods or services provided by individuals or organisations connected to the academy must be provided at 'no more than cost', on the basis of an open book agreement and supported by statements of assurance.

There were no related party transactions in the year, other than those detailed in note 23 to the financial statements.

MICHAELA COMMUNITY SCHOOL

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

h. Trustees' indemnities

The trustees shall be indemnified for any liabilities arising out of the affairs of the academy. The trust has £10,000,000 trustees' cover provided by the Department for Education's risk protection arrangement (RPA).

Objectives and Activities

a. Objects and aims

The academy trust's objects are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

b. Objectives, strategies and activities

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

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

c. Public benefit

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Details of how the academy has fulfilled its public benefit requirements are detailed below.

Achievements and performance

a. Key performance indicators

The academy trust established a financial budget at the start of the year and the board has monitored performance against that budget during the period. The trustees consider that the following are key performance indicators for the academy trust moving forward:

- Pupil numbers
- Staff numbers
- Staff costs (Including on-costs) as a percentage of total income
- Total expenditure per pupil
- Average salary

The board has a high expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future.

MICHAELA COMMUNITY SCHOOL

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

b. Review of activities

Data and Impact Report 2016

Intake on Entry

On entry, our pupils are below average in Maths and reading, with few pupils in the top percentiles in either subject. At least a third of pupils in each cohort read below their chronological age on entry.

Fig. 1: Intake statistics on entry

On Entry	First Cohort	Second Cohort	Third Cohort
% of pupils reading below their chronological age	37%	40%	38%
Average reading age	12y3m	11y3m	11y10m
% with reading age <10 years	18%	36%	23%
% with reading age >14 years	30%	13%	18%
% with reading age >16 years	8%	0%	3%
Average Maths SAS Score	96	99	98
Average Maths Percentile	43	50	46
% Maths SAS between 61-80	19%	8%	11%
% Maths SAS between 81-100	43%	45%	49%
% Maths SAS between 101-120	28%	41%	28%
% Maths SAS between 121-140	10%	6%	10%
Lowest SAS Maths	69	69	69
Highest SAS Maths	134	125	139

Within one year, however, we enable our pupils to make **Outstanding** progress.

- On average, pupils make **23 months reading progress** in their first year at Michaela, quickly catching up with their peers nationally.
- On average, pupils **read 1 year ahead** of national average after 1 year at Michaela.
- 94% of pupils have made at least **expected progress** in English.
- 95% of pupils have made at least **expected progress** in Maths.
- **Disadvantaged** pupils have made the **same progress** as their peers in English and Maths.
- 34% of **disadvantaged** pupils have made **significantly above** expected progress in Maths.
- 32% of **disadvantaged** pupils have made **significantly above** expected progress in English.
- **SEN** pupils have made more progress than other groups in English and Maths.
- 65% of **SEN** pupils have made **above expected progress in English**.
- 71% of **SEN** pupils have made **above expected progress in Maths**.
- 63% of **all pupils** have made **above expected progress in Maths**.
- 54% of **all pupils** have made **above expected progress in English**.

MICHAELA COMMUNITY SCHOOL

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

Note: only 54% of all pupils were able to make above expected progress in English due to the ceiling effect of the test. Many reached the top score but this is not highlighted in scores relating to progress. These national tests provide us with an annual sense check, which tells us whether our internal assessments are accurate and whether our teachers' instincts are right. We use biannual internal exam data, and weekly quiz data to inform our week-to-week interventions and action points. Teachers are acutely aware of the pupils who have the most work to do to catch up, or the biggest gaps in their knowledge.

Pupils make Outstanding progress across the curriculum according to internally assessed exams.

- In **Science** and **Maths**, girls attain as well as boys, bucking national trends.
- There is **no attainment gap** between disadvantaged and non-disadvantaged pupils in **Science, Maths** and **Humanities**.
- Pupils with **English as an Additional Language** consistently outperform all pupils in **Humanities, Science, French, Music** and **Art**.
- There is **no gap between boys and girls'** attainment in English.
- **Able** pupils score more than 85% on average in **French** and **Music**, and consistently achieve above national expectations across all subjects.

Strong monitoring and intervention for underachieving pupils

Using biannual internal assessments, and weekly quiz data, we gain frequent, accurate insights into every pupil's progress and attainment. This enables teachers to differentiate appropriately and support those struggling to catch up with their peers, ensuring that no child is left behind.

To support these pupils, the school leadership team and governors ensure that:

- All teachers and teaching fellows know who these pupils are, and how to support them;
- Additional **intervention** sessions support pupils to make greater progress;
- **Homework club** supports pupils to complete all work;
- Teachers use live, weekly **quiz data** to diagnose specific issues for each pupil;
- Teachers use **probing questions** and **support** focus pupils in lessons;
- **Form tutors and co-tutors** check in on homework, attendance and behaviour regularly, and contact **parents** to discuss support mechanisms;
- **Co-tutors** run brief, daily catch up sessions with each underachieving pupil, quizzing them in vital knowledge and motivating them to work harder.

Tracking underachieving pupils

The Senior Team and all teachers are aware of the pupils who are falling behind. Weekly quiz scores are recorded on simple spreadsheets for high visibility and clarity. Tutors and co-tutors then target individual pupils, supporting them to complete homework, revise more effectively and improve attainment.

MICHAELA COMMUNITY SCHOOL

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

Example data tracker:

Name	TG	Autumn Term 1	All Subject Average	Number of 100%	Maths	Science	English	Humanities	French	Music	Art
8D	68%	70%	2	75%	67%	100%	100%	50%	50%	50%	
8D	66%	75%	3	75%	83%	100%	67%	0%	100%	100%	
8D	79%	67%	2	100%	67%	67%	83%	100%	50%	0%	
8D	81%	45%	2	50%	67%	100%	100%	0%	0%	0%	
8D	40%	47%	0	75%	33%	25%	50%	50%	#DIV/0!	#DIV/0!	
8D	84%	90%	4	100%	100%	100%	100%	50%	50%	#DIV/0!	
8D	90%	79%	3	100%	100%	88%	67%	50%	100%	50%	
8D	86%	86%	6	100%	100%	100%	100%	100%	100%	0%	
8D	75%	60%	2	50%	67%	50%	100%	100%	0%	50%	
8D	66%	88%	5	100%	67%	100%	100%	50%	100%	100%	
8D	90%	96%	5	100%	83%	88%	100%	100%	100%	100%	
8P	94%	88%	5	100%	100%	100%	100%	63%	100%	50%	
8P	73%	98%	6	100%	100%	88%	100%	100%	100%	100%	
8P	88%	98%	6	100%	100%	88%	100%	100%	100%	100%	
8P	85%	87%	4	100%	100%	75%	83%	100%	50%	100%	
8P	93%	70%	3	100%	100%	88%	100%	50%	0%	50%	
8P	75%	77%	3	100%	100%	75%	100%	63%	50%	50%	
8P	79%	63%	2	88%	100%	88%	100%	63%	0%	0%	
8P	65%	92%	5	100%	100%	75%	67%	100%	100%	100%	
8P	62%	93%	5	100%	100%	75%	100%	75%	100%	100%	
8P	87%	75%	2	88%	100%	75%	100%	63%	50%	50%	
8P	64%	84%	3	100%	75%	75%	100%	88%	100%	50%	
8P	86%	82%	4	100%	88%	100%	100%	38%	100%	50%	

Internal Exams

Internal exams are held in all subjects twice a year, in January and June. Set by Heads of Department, the purpose of these exams is twofold. Firstly, and most importantly, we want to know how well pupils have learned the curriculum they have been taught. The data gained from these exams informs interventions. Secondly, we use this data to inform parents about how their child is doing across the curriculum. Exams in English, Maths and Science have been externally moderated by Outstanding Schools (Mossbourne Academy, Oasis Academy Southbank and Burlington Danes Academy). In all cases, moderators agreed with our judgements. Moderators also commented on the impressive level of complexity and challenge demanded of our pupils at KS3.

Our most recent round of Internal Exams (July 2016) reveal that:

- Overall, pupils at Michaela are working **above national expectations**. External moderation of exam scripts in science and maths shows that our marking is accurate.
- **PP pupils make progress in line or above that of their non-PP peers** across the curriculum.
- Pupils have made **significant progress in maths** thanks to structural changes to interventions in the maths department.
- In year 8, we have **narrowed the gap between SEN pupils and non-SEN pupils**, particularly in English.
- The **gap between boys and girls in English has narrowed significantly**. In year 8, boys now make the same progress as girls.

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

Fig.3 Detailed breakdown of data (July 2016)

	Year 8							
	All Subjects	English	Maths	Humanities	Science	Art	French	Music
All pupils	69	62	79	65	66	76	82	69
Boys	67	60	79	63	65	73	79	67
Girls	71	65	79	67	66	80	85	72
SEN	45	44	53	46	45	61	66	72
PP	67	60	77	63	65	79	85	71
EAL	74	67	83	69	69	85	85	76
Able	81	68	96	78	76	79	85	86

	Year 9							
	All Subjects	English	Maths	Humanities	Science	Art	French	Music
All pupils	71	66	81	66	65	74	76	73
Boys	69	65	81	65	64	72	74	71
Girls	72	67	82	68	65	76	78	76
SEN	60	57	57	58	57	78	80	61
PP	71	66	80	65	65	75	77	73
EAL	72	68	85	68	66	73	77	74
Able	85	86	94	83	76	80	92	85

Subject Grade Equivalences

Internal Exams at Michaela are rigorous and are based on GCSE-style questions.

In English, Maths and Science, a score of 60% or more is approximately equivalent to a Grade 5 at GCSE. This has been moderated with three outstanding schools (Mossbourne Academy, Oasis Southbank Academy, and Burlington Danes Academy).

This data enables us to see whether our pupils are on track to succeed at GCSE.

Outstanding Progress for Disadvantaged Pupils

Our judicious use of the Pupil Premium Grant (PPG) has enabled us to close the gap between disadvantaged pupils at Michaela and disadvantaged pupils nationally. A report compiled by the Sutton Trust¹ in 2015 notes that there is a 30% attainment gap between disadvantaged pupils and their peers. At Michaela, we have dramatically narrowed this gap.

In nationally standardised tests:

- Disadvantaged pupils make the same progress as their non-disadvantaged peers in national tests.
- In internal exams set by individual departments, we have narrowed the gap in all subjects.

¹ 2015 Pupil Premium: Next Steps. Sutton Trust <http://www.suttontrust.com/wp-content/uploads/2015/06/Pupil-Premium-Summit-Report-FINAL-EDIT.pdf>

MICHAELA COMMUNITY SCHOOL

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

Fig. 3 Comparison of progress made by disadvantaged and Non-disadvantaged pupils in English and Maths, based on nationally standardised tests.

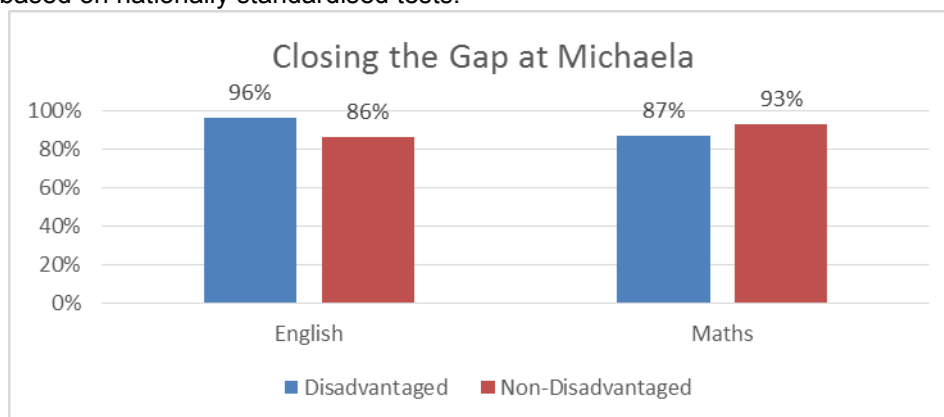
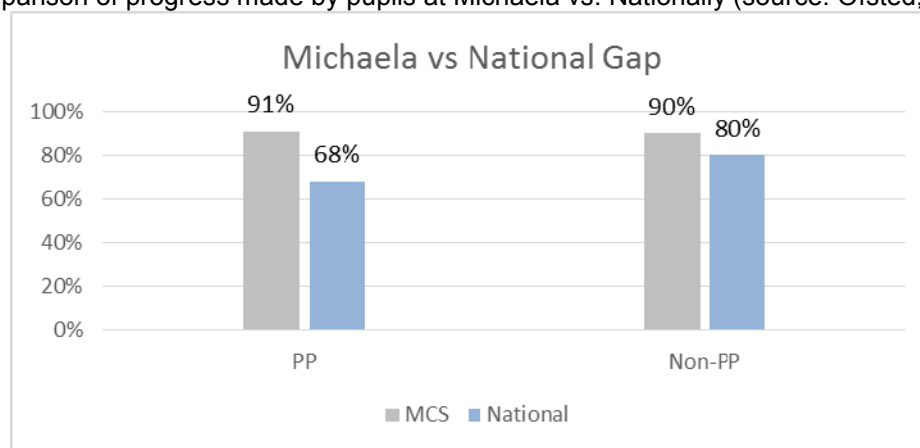


Fig. 4 Comparison of progress made by pupils at Michaela vs. Nationally (source: Ofsted, 2015)



Case Study: Disadvantaged Pupils

Pupil K arrived at Michaela with a reading age of 7 years and 3 months. He achieved a level 3c in KS2 English, and a 3c in KS2 maths. He is on the Child Protection register and his family was on a Child Protection Plan until 2013. There is a history of domestic violence in the home and the family were nearly made homeless. Pupil K was frequently in trouble in primary school. On one occasion, he was excluded for grabbing a child by the neck and pushing him up against the wall. Within one year, he has transformed. Within 2 years, his reading age has increased to 12 years and 11 months, and he behaves well in class and is making significant progress across the curriculum.

MICHAELA COMMUNITY SCHOOL

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

Pupil Spending and Impact 2015/2016

Number of pupils eligible for Pupil Premium funding: 111

Amount allocated per pupil: £935.00

Total allocation for 2015/2016 academic year: £100,785.00

How are we spending the Pupil Premium?

We draw on research evidence (such as the Sutton Trust toolkit) and evidence from our own experience to allocate funding to activities that are most likely to maximize achievement. We evaluated spending in 2014/2015 and have decided to continue and increase the interventions that had the biggest impact on pupil progress. We never confuse eligibility for the Pupil Premium with low attainment, and focus on supporting our disadvantaged pupils to achieve the highest levels of progress. We intensify support in year 7 so that pupils begin year 8 at a level in line with, or exceeding, national expectations, enabling them to access the curriculum.

Purchase	Total cost	Impact Measure	Nov 2015 Impact	Feb 2016 Impact	May 2016 Impact	July 2016 Impact
IXL maths	£450.00	% Pupils making 3 or more sublevels progress against baseline in maths	N/A	70%	70%	85%
Ruth Miskin Staff Training	£230.00	% Pupils making at least 10 months progress in reading.	12%	70%	80%	90%
Ruth Miskin Resources	£3000.00	% Pupils making at least 10 months progress in reading.	12%	70%	80%	90%
Class Reader Programme	£20,000.00	% Pupils making at least 10 months progress in reading.	12%	70%	80%	90%
Reading Club books	£4000.00	% Pupils making at least 10 months progress in reading.	12%	12%	80%	90%
Books for able readers	£6000.00	% Pupils read at age 16 or above.	14%	17%	22%	25%
Corrective Mathematics	£4,300.00	% Pupils making 3 or more sublevels progress against baseline in maths	N/A	50%	70%	85%
Home Visits	£10,000.00	% Pupils making 3 or more sublevels progress against baseline in English	N/A	45%	60%	68%
Teaching Fellows and Additional Teaching Staff	£ 57,805.00	% Pupils making 3 or more sublevels progress against baseline in English	N/A	55%	60%	68%
Total spend	£100,785.00					

MICHAELA COMMUNITY SCHOOL

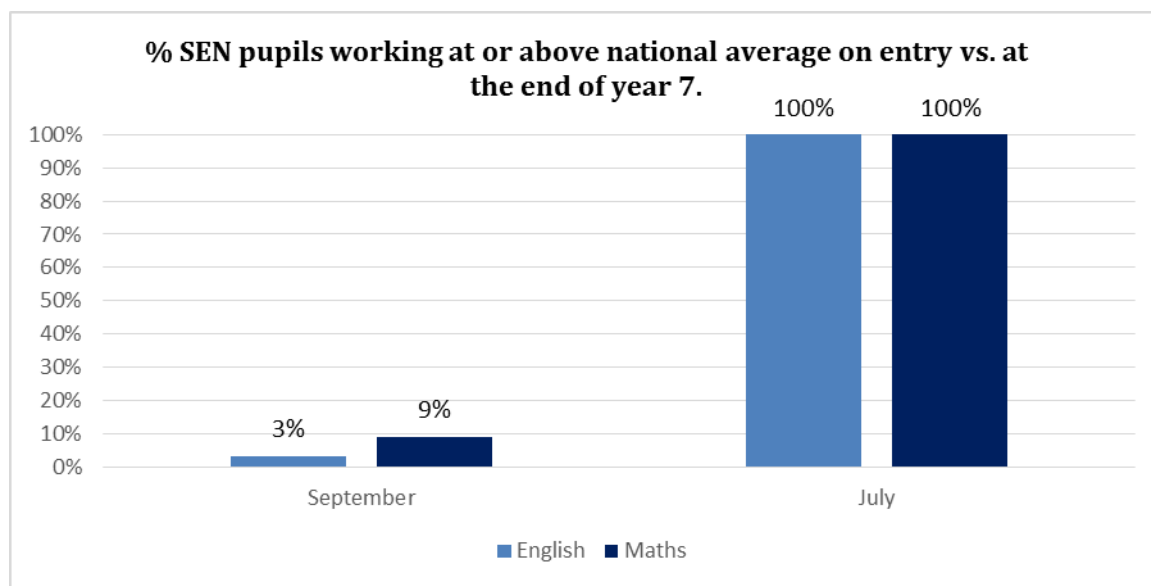
TRUSTEE REPORT *(continued)* FOR THE YEAR ENDED 31 AUGUST 2016

Outstanding Progress for Pupils with Special Educational Needs (SEN)

In nationally standardised tests:

- 92% of SEN pupils make at least expected progress in English.
- 100% of SEN pupils make at least expected progress in Maths.
- The average SEN pupil made 19 months progress in reading.
- 65% of SEN pupils made above expected progress in English, significantly narrowing the attainment gap between SEN and non-SEN pupils.
- 71% of SEN pupils made above expected progress in Maths, significantly narrowing the attainment gap between SEN and non-SEN pupils.
- 32% of SEN pupils made significantly above expected progress in both English and Maths.

Fig. 5 demonstrates the impact of SEN provision on attainment in English and Maths at Michaela. On entry, only 3% of SEN pupils were working at national expectations in English, and only 9% of SEN pupils were working at national expectations in mathematics. By July 2015, 100% of SEN pupils were working at national expectations in both English and Maths.



Case Study: SEN pupil

Pupil F arrived in September 2014 with a reading age of 8 years and 4 months and a hatred of reading. In primary school, he was a frequent absentee and struggled with his confidence in reading, writing and arithmetic. His English level was a 3b and his maths level was below a level 2. He could barely construct a sentence and became extremely frustrated and demotivated whenever he came across numbers. He would cry when asked to practise single-digit addition or multiplication sums in one to one sessions with his form tutor. In two years, he has made dramatic progress: his reading age reached a staggering 15 years and 10 months in July 2016. He can multiply and divide fractions confidently and is working on complex algebraic sums in maths. He can write accurately and regularly makes profound contributions in English lessons. His attendance has improved beyond recognition, from 89% in year 7 to 91% in year 8, to 100% so far in year 9. He is no longer on the SEN register and now loves to read.

MICHAELA COMMUNITY SCHOOL

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

Outstanding Progress for High Attaining Pupils

- On arrival, high attaining pupils at Michaela read at a level 21 months above their chronological age; after 1 year, they read at 32 months above their chronological age on average.
- High Attaining Pupils have made 6 standardised age score points progress on average.
- On arrival, only 6% of high attaining pupils had a reading age of 17 years. Now, 51% of high attaining pupils have a reading age of 17.

Fig 6. Outlines progress made by able pupils in both cohort 1 and cohort 2.

	Whole School (90 high attainers)		
	On Arrival	Now	Progress
Average Reading age	13 years 4 months	15 years 6 months	+2 years 2 months
Average difference between reading age and chronological age	+21 months	+32 months	+11 months
Average SAS score in maths (100 being national average)	108	114	+6
% reading at or above their chronological age	82%	90%	+8%
% reading age of 14 years +	45% (40 pupils)	78% (70 pupils)	+33% (+30 pupils)
% reading age of 15 years+	30% (27 pupils)	66% (59 pupils)	+36% (+32 pupils)
% reading age of 17 years+ (maximum score)	4% (4 pupils)	35% (31 pupils)	+31% (+27 pupils)

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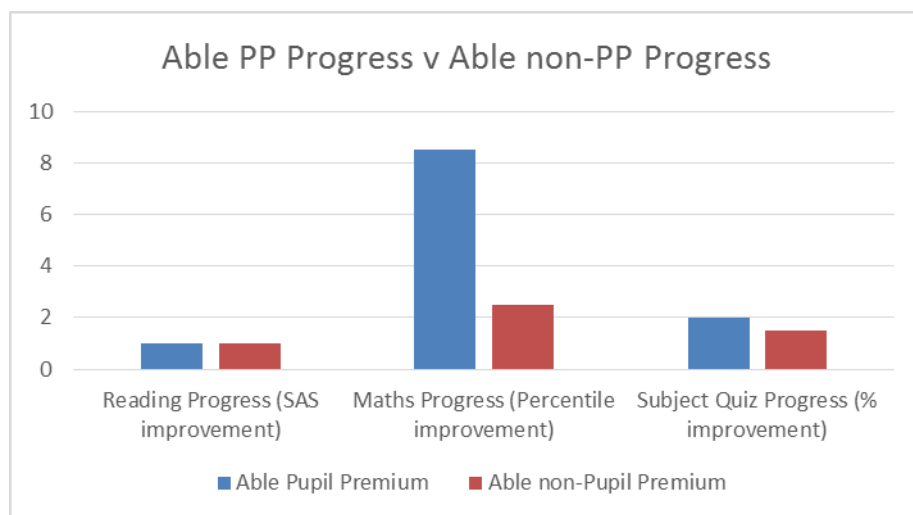
TRUSTEE REPORT *(continued)* FOR THE YEAR ENDED 31 AUGUST 2016

Progress for Able Disadvantaged Pupils

Studies have shown that 'able' pupils from disadvantaged homes do not make the same progress as their non-disadvantaged peers. We have paid close attentions to these pupils to ensure they are successful.

- Reading: According to a nationally standardised test, able pupil premium (PP) pupils made the same progress as able non-PP pupils (see fig. 1).
- Maths: According to a nationally standardised test, on entry, PP able pupils were considerably weaker than their non-PP able counterparts. PP able pupils have made **more progress** than non-PP pupils and have therefore completely **closed the attainment gap** in maths and now score slightly higher than the non-PP able pupils. (see fig. 1).
- Subject Quizzes: able PP pupils, while still scoring slightly less than able non-PP pupils, have made a greater improvement in their average scores- again **closing the gap**. (see fig.1).

Fig 1:



Case Study: Able Disadvantaged Pupil

Pupil H joined Michaela in our first cohort in September 2014. He was a high-achieving pupil but his behaviour and complacency was limiting his progress. He was in the top 1% in the country for maths on arrival but his writing skills were not as strong. He would regularly not complete his homework assignments and exhibit a poor attitude in class. Senior leaders at the school spent time one-on-one to encourage pupil H to consider how his complacency was stopping him reaching his potential. This has resulted in a turnaround for pupil H. He is now no longer complacent and teachers are encouraging him to focus on his goal of studying maths at either MIT or Oxford University. At the end of last year he had maintained his position in the top 1% for maths in the country but is now also in the top 1% for writing as well. He completes his homework to a high standard and is often rewarded for completing the most maths problems as part of his homework. He has also been given a place on the rhetoric programme to recognise the progress he has made.

MICHAELA COMMUNITY SCHOOL

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

Attendance 2015/2016

Attendance at Michaela is outstanding because average attendance is ahead of national average for the whole school as well as many sub-groups of pupils. Female, Male, Year 7, EAL and FSM children all have a higher attendance rate at Michaela than the national average.

- Michaela pupils attend on average 1.2% more than the national average (95.9%)
- Females attend on average 1.2% more than the national average (94.6%)
- Males attend on average 1.2% more than the national average (94.8%)
- Year 7 attend on average 1.2% more than the national average (95.7%)
- EAL pupils attend on average 2.2% more than the national average (95.4%)
- Pupils eligible for FSM attend on average 2.9% more than the national average (91.5%)

Fig. 8 Attendance for 2015/2016²

Group	National Attendance	Michaela Attendance	Auth. Absent	Unauth. Absent
All Students	94.70%	95.9%	2.7%	1.4%
Female	94.60%	95.8%	2.9%	1.3%
Male	94.80%	96.0%	2.5%	1.5%
Year 7	95.70%	96.9%	2.4%	0.7%
Year 8	95%	94.8%	3.0%	2.2%
EAL	95.40%	97.6%	2.0%	0.4%
FSM	91.50%	94.4%	2.8%	2.8%
SEN	92.50%	86.5%	3.5%	10.0%
PP	N/A	95.4%	2.7%	1.9%
Able	N/A	97.3%	2.3%	0.4%

Note: The only categories in which Michaela is behind the national average is in SEN and Year 8. This is due, in large part, to one particular pupil (Child A) who has not been attending since December 2015. The school is currently collaborating with Brent to resolve this issue. The table below shows the difference when this pupil is taken out of the statistics. Again, Michaela is well ahead of the national average when this anomaly is removed.

SEN	86.5%	3.5%	10.0%
SEN (without Child A)	96.6%	3.1%	0.2%

When Child A and Child B (A pupil who refused to attend and ultimately left the school) are removed from Year 8 attendance goes up to 95.8%- above the national average.

Year 8	94.8%	3.0%	2.2%
Year 8 (without Child A and Child B)	95.4%	3.1%	1.5%

² National average for 2014/15. Statistics available: <https://www.gov.uk/government/statistics/pupil-absence-in-schools-in-england-2014-to-2015>

MICHAELA COMMUNITY SCHOOL

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

Safeguarding Updates

- Safeguarding Policy has been updated in line with the new 'Keeping Children Safe in Education' guidance released in September 2016.
- All safeguarding training is up to date.
- All 'Prevent' (anti-radicalisation) training is up to date.
- In both areas, staff are now aware of:
 - Relevant legislation
 - Signs of abuse
 - Reporting procedures including reporting to LADO
 - Personnel involved in safeguarding protocol
 - Children most at risk and how to support them
- We have recently reviewed our safeguarding procedures. Staff must now fill in a confidential safeguarding record form and hand it to the Designated Safeguarding Lead if they have a concern about a child.
- All records show a clear chronology of events and actions. The DSL records all updates as they occur so that they are centralised, clear and comprehensive.
- We work closely with external agencies to ensure knowledge of cases is shared and acted on appropriately.

Looked After Children

- We currently have 1 looked after child on roll. This child is monitored closely by the school and local authority using a model known as an 'EPEP'. This involves frequent meetings and thorough record checks.

Fair Access Panel

- The Local Authority runs a programme known as the 'Fair Access Panel' for all permanently excluded children in the borough. Leaders of all schools in Brent discuss pupils brought to the panel and determine their next school placement. These are distributed evenly among schools in the area, taking into account the family's preferences and the child's needs. Since joining the FAP in January, we have taken 2 pupils, both of whom have been permanently excluded for serious behaviour incidents in their previous school. Both placements have been hugely successful and both pupils have really turned their lives around. This is a result of our high expectations and demand for 100% support from parents.

Exclusions

- We have excluded one child since opening.

MICHAELA COMMUNITY SCHOOL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

a. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

b. Principal risks and uncertainties

The Board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The Board considers that these arrangements have been effective throughout the period being reported.

At the time of reporting, the trust's identified key risks are:

- the risk of GCSE exam results being below expectations because of the nature of the exams
- being able to recruit staff of the right calibre and approach
- the impact of changes to funding regulations
- loss of personal and sensitive information
- disgruntled members of staff bringing the school into disrepute
- detractors from the outside harassing staff on social media
- teachers being harmed by pupils from other schools while out in the street

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

c. Reserves policy

The policy of the trustees is to establish and maintain a level of reserves that will be adequate to provide a stable basis for the continuing operation of the trust whilst ensuring that excessive funds are not accumulated.

At the end of the financial year the school had unrestricted reserves of £95,573 and restricted general reserves of £539,468. The trustees wish to maintain the current level of reserves to ensure a sufficient cushion to meet potential shortfalls in income and to build reserves to enhance the school building.

d. Risk Management

The trustees have assessed the major risks to which the school is exposed. The trustees have implemented a number of systems to assess risks that the school faces. They have introduced operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

MICHAELA COMMUNITY SCHOOL

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

Plans for future periods

The main focus for the school continues to be recruiting the best possible staff for the future.

Next year, the academy will be hiring a number of Teaching Fellows with the hope of training them to become teachers.

Our strict stance and expectation of parents, pupils and families will remain the same.

The academy will continue to externally test pupils as we have been doing, when they arrive and then every year after this.

The Trustees plan to apply to the Department for Education to open an all-through Michaela school in the next few years.

Disclosure of information to auditor

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report was approved by order of the board of trustees as the company directors, on 8 December 2016 and signed on its behalf by:

S Fernandes
Chair of Trustees

MICHAELA COMMUNITY SCHOOL

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Michaela Community School and the Secretary of State for Education. The Principal is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met three 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 Amadi	3	3
S Brittan	2	3
P Decarlucchi	3	3
M Drabu	3	3
S Fernandes MP, Chair	3	3
Y Zhang	3	3
P Hines	1	3
B Williams-Yale	2	3
K Ashford	3	3
J Foreman	3	3
I Fernandez	2	2
Rev D Ackerman	1	3

The trust continues to monitor the skills needed to undertake its activities.

Sub-committees were established in the 2014 autumn term to support the effective management of the school. The following committees are in place:

- Finance and Risk (M Drabu, Y Zhang and C Amadi): its purpose is to ensure sound management of the school's finances.

- Safeguarding nominated governor: P Decarlucchi.

Review of Value for money

As Accounting Officer, the Principal has responsibility for ensuring that the academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy'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.

MICHAELA COMMUNITY SCHOOL

GOVERNANCE STATEMENT (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Michaela Community School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the trust 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 has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Blick Rothenberg Audit LLP, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the auditor will report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Three reviews took place during the year. The recommendations made are being implemented.

MICHAELA COMMUNITY SCHOOL

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

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

Approved by order of the members of the board of trustees on 8 December 2016

S Fernandes
Chair of Trustees

K Birbalsingh
Accounting Officer

MICHAELA COMMUNITY SCHOOL

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

K. Birbalsingh
Accounting Officer

Date: 8 December 2016

MICHAELA COMMUNITY SCHOOL

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

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

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

S Fernandes
Chair of Trustees

Date: 8 December 2016

MICHAELA COMMUNITY SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MICHAELA COMMUNITY SCHOOL FOR THE YEAR ENDED 31 AUGUST 2016

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

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

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

MICHAELA COMMUNITY SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MICHAELA COMMUNITY SCHOOL FOR THE YEAR ENDED 31 AUGUST 2016

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

In respect solely of the limitation of work referred to above:

- we have not received all the information and explanations we require for our audit
- we have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
 - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
 - the financial statements are not in agreement with the accounting records and returns; or
 - certain disclosures of trustees' remuneration specified by law are not made; or
 - the trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report

Mark Hart (senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 16 December 2016

MICHAELA COMMUNITY SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MICHAELA COMMUNITY SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 8 November 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Michaela Community School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Michaela Community School's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Michaela Community School's funding agreement with the Secretary of State for Education dated February 2014, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO MICHAELA COMMUNITY SCHOOL AND THE EDUCATION FUNDING AGENCY
(continued)**

Conclusion

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

Mark Hart

Reporting Accountant

for and on behalf of

Blick Rothenberg Audit LLP

16 Great Queen Street
Covent Garden
London
WC2B 5AH

16 December 2016

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income from:						
Donations and capital grants	2	66,620	28,614	-	95,234	2,791
Charitable activities	3	-	2,066,838	94,805	2,161,643	4,443,829
Other trading activities	4	32,580	1,433	-	34,013	2,551
Investments	5	449	-	-	449	-
Total income		99,649	2,096,885	94,805	2,291,339	4,449,171
Expenditure on:						
Raising funds		6,917	66,486	-	73,403	60,981
Charitable activities		(1,440)	1,554,451	463,267	2,016,278	1,570,177
Total expenditure	6	5,477	1,620,937	463,267	2,089,681	1,631,158
Net income / (expenditure) before transfers		94,172	475,948	(368,462)	201,658	2,818,013
Transfers between Funds	17	-	(24,035)	24,035	-	-
Net income / (expenditure) before other recognised gains and losses		94,172	451,913	(344,427)	201,658	2,818,013
Actuarial losses on defined benefit pension schemes	21	-	(43,000)	-	(43,000)	(3,000)
Net movement in funds		94,172	408,913	(344,427)	158,658	2,815,013
Reconciliation of funds:						
Total funds brought forward		1,401	130,555	15,217,316	15,349,272	12,534,259
Total funds carried forward		95,573	539,468	14,872,889	15,507,930	15,349,272

**BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	13		14,872,889		15,226,556
Current assets					
Stocks	14	7,053		6,501	
Debtors	15	88,443		362,401	
Cash at bank and in hand		664,105		244,718	
			<u>759,601</u>	<u>613,620</u>	
Creditors: amounts falling due within one year	16	(101,560)		(490,904)	
			<u>658,041</u>	<u>122,716</u>	
Net current assets					
Total assets less current liabilities			15,530,930		15,349,272
Defined benefit pension scheme liability	21		(23,000)		-
Net assets including pension scheme liabilities			<u>15,507,930</u>		<u>15,349,272</u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	17	562,468		130,555	
Restricted fixed asset funds	17	14,872,889		15,217,316	
Restricted income funds excluding pension liability		15,435,357		15,347,871	
Pension reserve	18	(23,000)		-	
Total restricted income funds			15,412,357		15,347,871
Unrestricted income funds	17		95,573		1,401
Total funds			<u>15,507,930</u>		<u>15,349,272</u>

The financial statements were approved by the trustees, and authorised for issue, on 8 December 2016 and are signed on their behalf, by:

S Fernandes, Chair
Trustee

MICHAELA COMMUNITY SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>434,182</u>	<u>623,466</u>
Capital expenditure and financial investment		<u>(14,795)</u>	<u>(545,398)</u>
Net cash used in investing activities		<u>(14,795)</u>	<u>(545,398)</u>
Change in cash and cash equivalents in the year		<u>419,387</u>	<u>78,068</u>
Cash and cash equivalents brought forward		<u>244,718</u>	<u>166,650</u>
Cash and cash equivalents carried forward		<u><u>664,105</u></u>	<u><u>244,718</u></u>

MICHAELA COMMUNITY SCHOOL

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

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The trustees assess 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 approval of the financial statements. The trustees have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and therefore the going concern basis of accounting remains appropriate.

1.3 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 Education Funding Agency.

MICHAELA COMMUNITY SCHOOL

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

1. Accounting policies (continued)

1.4 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 receivable are included in the statement of financial activities for the year to which they relate. The balance of income received for specific purposes but not expended during the period is carried forward on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable.

1.5 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 comprise direct 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.

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

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

All resources expended are inclusive of irrecoverable VAT.

MICHAELA COMMUNITY SCHOOL

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

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

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

Freehold property	-	straight line 2%
Property improvements	-	straight line 7%
Fixtures and fittings	-	straight line 20%
Computer equipment	-	straight line 33%

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably.

1.8 Stocks

Uniform stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 Debtors

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

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less.

1.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

MICHAELA COMMUNITY SCHOOL

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

1. Accounting policies (continued)

1.12 Financial instruments

The only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.13 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.

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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 current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

MICHAELA COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting policies (continued)

1.15 Critical accounting estimates and areas of judgement

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

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to accounting for the 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	65,700	-	-	65,700	2,215
Government grants	-	28,614	-	28,614	-
Other incoming resources	920	-	-	920	576
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	66,620	28,614	-	95,234	2,791
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from donations and capital grants, £2,791 was to unrestricted funds and £ NIL was to restricted funds

MICHAELA COMMUNITY SCHOOL

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

3. Funding for the academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Fund	-	1,987,559	1,987,559	964,598
Project Development Grant	-	-	-	182,999
Capital Grant	-	94,805	94,805	3,234,458
Other Government grants	-	-	-	13,753
	<u>-</u>	<u>2,082,364</u>	<u>2,082,364</u>	<u>4,395,808</u>
Other funding				
Catering income	-	79,279	79,279	48,021
	<u>-</u>	<u>79,279</u>	<u>79,279</u>	<u>48,021</u>
	<u>-</u>	<u>2,161,643</u>	<u>2,161,643</u>	<u>4,443,829</u>

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and £4,443,829 was to restricted funds.

4. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other miscellaneous income	4,666	-	4,666	-
Lettings income	9,897	-	9,897	-
Uniform sales income	12,999	-	12,999	2,551
Activities for generating funds	5,018	-	5,018	-
Music income	-	1,433	1,433	-
	<u>32,580</u>	<u>1,433</u>	<u>34,013</u>	<u>2,551</u>

In 2015, of the total income from other trading activities, £2,551 was to unrestricted funds and £ *NIL* was to restricted funds.

MICHAELA COMMUNITY SCHOOL

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

5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	449	-	449	-

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

6. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	-	-	73,403	73,403	60,981
Educational operations:					
Direct costs	999,907	-	600,078	1,599,985	1,260,190
Support costs	126,786	-	289,507	416,293	309,987
	<u>1,126,693</u>	<u>-</u>	<u>962,988</u>	<u>2,089,681</u>	<u>1,631,158</u>

In 2016, of the total expenditure, £5,477 (2015 - £30,000) was to unrestricted funds and £2,084,204 (2015 - £1,549,196) was to restricted funds.

7. Direct costs

	Educational operations £	Total 2016 £	Total 2015 £
Educational supplies	93,319	93,319	81,871
Examination fees	763	763	-
Staff development	5,498	5,498	2,741
Educational consultancy	-	-	2,850
Other direct costs	11,714	11,714	11,038
Technology costs	13,583	13,583	13,222
Recruitment and support	11,934	11,934	11,122
Wages and salaries	812,057	812,057	489,685
National insurance	70,529	70,529	40,230
Pension cost	117,321	117,321	64,694
Depreciation	463,267	463,267	542,737
	<u>1,599,985</u>	<u>1,599,985</u>	<u>1,260,190</u>

MICHAELA COMMUNITY SCHOOL

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

8. Support costs

	Educational operations £	Total 2016 £	Total 2015 £
Educational consultancy	11,296	11,296	12,897
Recruitment and support	551	551	1,300
Maintenance of premises and equipment	22,181	22,181	15,275
Cleaning	42,740	42,740	23,552
Property costs	68,939	68,939	60,828
Energy costs	65,341	65,341	42,616
Insurance	6,000	6,000	22,272
Bank interest and charges	2,652	2,652	812
Other support costs	29,643	29,643	15,521
Legal and professional fees	40,164	40,164	35,260
Wages and salaries	120,134	120,134	67,996
National insurance	8,064	8,064	4,480
Pension cost	(1,412)	(1,412)	7,178
	<u>416,293</u>	<u>416,293</u>	<u>309,987</u>

During the year ended 31 August 2016, the academy incurred the following Governance costs:

£23,434 (2015 - £24,297) included within the table above in respect of educational operations.

9. Auditor's remuneration

	2016 £	2015 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	9,500	9,000
Fees payable to the academy's auditor and its associates in respect of:		
All taxation advisory services not included above	1,500	-
Internal audit services	2,400	2,400
	<u>1,500</u>	<u>2,400</u>

MICHAELA COMMUNITY SCHOOL

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

10. Staff costs

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	932,191	557,681
Social security costs	78,593	44,710
Pension costs	115,909	71,872
	<u>1,126,693</u>	<u>674,263</u>

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

	2016	2015
	No.	No.
Teachers	14	8
Teaching support	7	4
Catering	6	3
Administrative	7	4
	<u>34</u>	<u>19</u>

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

	2016	2015
	No.	No.
In the band £80,001 - £90,000	1	1

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £280,721 (2015: £219,892)

MICHAELA COMMUNITY SCHOOL

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

11. Trustees' remuneration and expenses

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

		2016 £	2015 £
K Ashford (Staff Trustee)	Remuneration	40,000-45,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
K Birbalsingh (Principal)	Remuneration	85,000-90,000	85,000-90,000
	Pension contributions paid	10,000-15,000	10,000-15,000

During the year, no trustees received any benefits in kind (2015 - £NIL).

During the year, no trustees received any reimbursement of expenses (2015 - £NIL).

12. Trustees' and Officers' Insurance

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 from 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.

13. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	14,819,357	525,531	424,405	15,769,293
Additions	-	25,872	83,728	109,600
At 31 August 2016	14,819,357	551,403	508,133	15,878,893
Depreciation				
At 1 September 2015	385,951	55,853	100,933	542,737
Charge for the year	169,185	110,281	183,801	463,267
At 31 August 2016	555,136	166,134	284,734	1,006,004
Net book value				
At 31 August 2016	14,264,221	385,269	223,399	14,872,889
At 31 August 2015	14,433,406	469,678	323,472	15,226,556

MICHAELA COMMUNITY SCHOOL

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

13. Tangible fixed assets (continued)

Included in land and buildings is freehold land at valuation of £6,360,130 (2015: £6,360,130) which is not depreciated.

14. Stocks

	2016 £	2015 £
School uniform	<u>7,053</u>	<u>6,501</u>

15. Debtors

	2016 £	2015 £
Trade debtors	2,641	15,326
Other debtors	73,767	57,546
Prepayments and accrued income	12,035	289,529
	<u>88,443</u>	<u>362,401</u>

16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	21,871	441,237
Other taxation and social security	40,934	14,153
Other creditors	302	-
Accruals and deferred income	38,453	35,514
	<u>101,560</u>	<u>490,904</u>

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	16,129	20,000
Resources deferred during the year	29,453	16,129
Amounts released from previous years	(16,129)	(20,000)
Deferred income at 31 August 2016	<u>29,453</u>	<u>16,129</u>

Deferred income at the reporting date represents government grant funding received during the year for spending in the academic year commencing 1 September 2016.

MICHAELA COMMUNITY SCHOOL

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

17. Statement of funds

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Designated funds						
Designated Funds - all funds	-	50,000	-	-	-	50,000
General funds						
General funds - all funds	1,401	48,216	(5,477)	-	-	44,140
Other General funds	-	1,433	-	-	-	1,433
	<u>1,401</u>	<u>49,649</u>	<u>(5,477)</u>	<u>-</u>	<u>-</u>	<u>45,573</u>
Total Unrestricted funds	<u>1,401</u>	<u>99,649</u>	<u>(5,477)</u>	<u>-</u>	<u>-</u>	<u>95,573</u>
Restricted funds						
Restricted Funds	130,555	2,021,318	(1,563,937)	(24,035)	-	563,901
Pension reserve	-	77,000	(57,000)	-	(43,000)	(23,000)
Other Restricted funds	-	(1,433)	-	-	-	(1,433)
	<u>130,555</u>	<u>2,096,885</u>	<u>(1,620,937)</u>	<u>(24,035)</u>	<u>(43,000)</u>	<u>539,468</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - EFA capital grant	15,217,316	94,805	(463,267)	24,035	-	14,872,889
Total restricted funds	<u>15,347,871</u>	<u>2,191,690</u>	<u>(2,084,204)</u>	<u>-</u>	<u>(43,000)</u>	<u>15,412,357</u>
Total of funds	<u><u>15,349,272</u></u>	<u><u>2,291,339</u></u>	<u><u>(2,089,681)</u></u>	<u><u>-</u></u>	<u><u>(43,000)</u></u>	<u><u>15,507,930</u></u>

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

Designated funds relate to a donation received which the academy intends to use in the construction of an external toilet block.

Restricted funds represent revenue grants received from the EFA for the running of the academy during the year. Included within restricted funds is the Project Development Grant provided by the EFA for setting up the academy. This grant was fully utilised at 31 August 2016 (the balance represents the surplus GAG carried forward).

The Capital Grant represents funds provided by the EFA for the purchase and fit out of the academy building.

MICHAELA COMMUNITY SCHOOL

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

17. Statement of funds (continued)

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

18. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	14,872,889	14,872,889	15,226,556
Current assets	94,140	665,461	-	759,601	613,620
Creditors due within one year	-	(101,560)	-	(101,560)	(490,904)
Provisions for liabilities and charges	-	(23,000)	-	(23,000)	-
Difference	1,433	(1,433)	-	-	-
	<u>95,573</u>	<u>539,468</u>	<u>14,872,889</u>	<u>15,507,930</u>	<u>15,349,272</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	201,658	2,818,013
Adjustment for:		
Depreciation charges	463,267	542,737
Increase in stocks	(552)	(6,501)
Decrease in debtors	273,958	1,477,831
Decrease in creditors	(389,344)	(971,156)
Capital grants from DfE and other capital income	(94,805)	(3,234,458)
Defined benefit pension scheme adjustments	(20,000)	(3,000)
Net cash provided by operating activities	<u>434,182</u>	<u>623,466</u>

20. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	664,105	244,718
Total	<u>664,105</u>	<u>244,718</u>

MICHAELA COMMUNITY SCHOOL

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

21. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Brent Council. 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, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £117,231 (2015 - £49,500).

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).

MICHAELA COMMUNITY SCHOOL

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

21. Pension commitments (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £52,000 (2015 - £36,000), of which employer's contributions totalled £39,000 (2015 - £27,000) and employees' contributions totalled £13,000 (2015 - £9,000). The agreed contribution rates for future years are 28.4 - 30.0% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.70 %
Expected return on scheme assets at 31 August	2.10 %	3.70 %
Rate of increase in salaries	3.90 %	4.00 %
Rate of increase for pensions in payment / inflation	2.10 %	2.30 %

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

	2016	2015
Retiring today		
Males	22.0	22.0
Females	24.3	24.3
Retiring in 20 years		
Males	24.4	24.4
Females	26.8	26.8

MICHAELA COMMUNITY SCHOOL

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

21. Pension commitments (continued)

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

	Fair value at 31 August 2016 £
Equities	61,000
Debt instruments	25,000
Property	9,000
Cash	5,000
	<hr/>
Total market value of assets	100,000 <hr/> <hr/>

The actual return on scheme assets was £10,000 (2015 - £1,000).

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

	2016 £	2015 £
Opening defined benefit obligation	33,000	-
Contributions by employees	13,000	9,000
Actuarial losses	43,000	-
Interest cost	2,000	1,000
Current service cost	32,000	23,000
	<hr/>	<hr/>
Closing defined benefit obligation	123,000 <hr/> <hr/>	33,000 <hr/> <hr/>

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

	2016 £	2015 £
Opening fair value of scheme assets	33,000	-
Return on plan assets (excluding net interest on the net defined pension liability)	10,000	-
Interest income	5,000	-
Actuarial gains and (losses)	-	(3,000)
Contributions by employer	39,000	27,000
Contributions by employees	13,000	9,000
	<hr/>	<hr/>
Closing fair value of scheme assets	100,000 <hr/> <hr/>	33,000 <hr/> <hr/>

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.

MICHAELA COMMUNITY SCHOOL

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

23. Related party transactions

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

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

24. First time adoption of FRS 102

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

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

25. Controlling party

The board of trustees is the controlling party.