

THE THOMAS DEACON ACADEMY

(A Company Limited by Guarantee and Having Charitable Status)

Report and Financial Statements

For the Year Ended

31 AUGUST 2016

*Company Limited by Guarantee
Registration Number:
05090788 (England and Wales)*

THE THOMAS DEACON ACADEMY

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THE THOMAS DEACON ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISORS

Directors (Trustees)

Dr Richard Barnes* (Chairman)
Mr J A Peach (Local Authority)
Mr C J Woolhouse* (The Deacon's School Trust)
Mrs DL Augustine (Parent)
Mrs AJ Wilson (Caterpillar Inc)
Mr P Clegg* (Caterpillar Inc.) (Responsible Officer)
Mr RJ Wade (Parent)
Mrs J Taylor* (CEO & Principal)
Mr I Clarkson* (Co-opted)
Mrs K Bretten* (Co-opted)
Mr J Lewis (Co-opted)
(resigned 22 October 2015)
Miss LS Faulkner (Parent) (resigned 02 December 2015)
Rev I C Black (Deacons School Trust)
Mr MJ Gross*

*members of the Business Resources Committee

Secretary

Mr S J Smith (appointed 15th February 2016)
Mr D J F Brooks (resigned 15th February 2016)

Directorate

CEO/Principal

Mrs J Taylor

Vice Principal - Business

Mr S J Smith (appointed 15th February 2016)

Mr D J F Brooks (retired 26th February 2016)

Vice Principal - Education

Mr G Walls

Principal and Registered Office

Queen's Gardens
Peterborough, Cambs. PE1 2UW
01733 426060

Company Registration Number

05090788 (England and Wales)

Auditors

Peters, Elworthy & Moore
Chartered Accountants and Statutory Auditors
Salisbury House
Station Road, Cambridge CB1 2LA

Bankers

Lloyds Bank
65 High Street
Stamford
PE9 2AT

Solicitors

Greenwoods Solicitors
Monkstone House
City Road
Peterborough
PE1 1JE

THE THOMAS DEACON ACADEMY

REPORT OF THE BOARD OF DIRECTORS 31 August 2016

The Board of Directors present their report together with the financial statements of the charitable company for the year ended 31 August 2016.

The financial statements have been prepared in accordance with the accounting policies on pages 22 to 26 of the attached financial statements, and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Charities Act 2011 and the Academies Accounts Direction issued by the EFA.

The trust operates an academy for pupils aged 7-19 serving a catchment area in Peterborough, Cambridgeshire. It has a pupil capacity of 2,530 and had a roll of 2,258 in the school census in October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee with no share capital (registration no. 05090788). The charitable company's Articles of Association are the primary governing documents of the Academy. Members of the charitable company are nominated by either the Secretary of State for Education and Skills or by Caterpillar Inc. or the Deacon's School Trust, the main sponsors of the Academy. The Articles of Association require the members of the charitable company to appoint at least four Directors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

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.

Directors' Indemnities

As disclosed in note 11 professional indemnity insurance is paid on behalf of the directors and officers of the Academy.

Board of Directors

The Board of Directors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

Directors are not subject to retirement by rotation. They are appointed for fixed periods and are eligible for re-election at the meeting at which they retire.

The Directors, who were in office at 31 August 2016, and served throughout the year, except where shown, are listed on page 1.

During the year under review the Board of Directors held 6 regular meetings.

New Directors

Under the terms of the Academy's funding agreement and articles Directors are appointed as follows;

- The two principal sponsors each appoint two directors
- The LA appoints a Director
- At least two parent Directors are appointed following a vote by the parents of registered students at the Academy
- The Board retains the right to appoint other Directors as it deems fit dependent on need. Any new co-opted member of the Board of Directors must be confirmed at a full meeting of the board.

All Directors receive continual training to ensure their understanding of the issues involved.

Induction training for new members of the Board of Directors is provided on charity, educational, legal and financial matters.

THE THOMAS DEACON ACADEMY

REPORT OF THE BOARD OF DIRECTORS 31 August 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Structure

The structure of the Academy consists of three senior levels: the Board of Directors including the CEO/Principal, the Directorate and the Academy Leadership Team. An aim of the management structure is to distribute responsibility and encourage involvement in decision making at all levels.

The Board of Directors is responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Directorate are the CEO/Principal and those other senior managers shown on page 1. These managers control the Academy at an executive level, implementing the policies laid down by the Board of Directors and reporting back to them. As a group, the Directorate are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Academy Leadership Team often contain a Director. Some spending control is devolved to members of the Academy Leadership Team, with limits above which a member of the Directorate must countersign.

The Academy Leadership Team consists of the CEO/Principal, the Vice Principal, four Deputy Vice Principals and the head of each Support Service for the Academy. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The Academy operates a pay policy that outlines the approach of pay progression for all staff. Pay for the CEO/Principal is recommended by the Principal's Pay Review Group and agreed by the Pay Committee, while other members of the Directorate are recommended by the CEO/Principal and approved by the Business Resources Committee. For the Academy Leadership Team, any salary progression is recommended by the appropriate Vice Principal and escalated to Business Resources Committee for approval.

Subsidiary company

The Academy owns 100% of the issued ordinary shares of TDA Developments Ltd., a company incorporated in England (registration no. 06435213). In the year to 31 August 2016 the subsidiary achieved a profit of £20,855 all of which was gifted under covenant to the Academy. Further details regarding the subsidiary company are given in note 13 to the financial statements.

Connected organisations

Caterpillar Inc. and the Deacon's School Trust are sponsors to The Thomas Deacon Academy and since the Academy's founding have donated £2 million to assist the Academy in achieving its objectives.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The principal object and activity of the charitable company is the operation of The Thomas Deacon Academy to provide education for pupils of different abilities between the ages of 7 and 19 with an emphasis on STEM – Science, Technology, Engineering and Maths.

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science and technology and their practical applications.

THE THOMAS DEACON ACADEMY

REPORT OF THE BOARD OF DIRECTORS 31 August 2016

OBJECTIVES AND ACTIVITIES (continued)

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

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

Strategies and activities

The Academy's main strategy is encompassed in its mission statement which is to raise aspirations, lead innovation, inspire excellence and broaden horizons. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- staff & student placements with industrial and commercial partners;
- a programme of sporting and after school enrichment activities for all students;
- a system of after school clubs to allow students to explore STEM in a practical and project oriented way;
- a careers advisory service to help students obtain employment or move on to higher education.

Public Benefit

In setting objectives and planning activities, the Board of Directors have paid due regard to the published guidance from the Charity Commission on the operation of the Public Benefit requirement under the Charities Act 2011.

Equal opportunities policy

The Directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

This reporting period represents the Academy's tenth year of operation and it continues to set strategic goals related to achievement, progress, engagement, destinations and its provision. These goals are monitored closely by the Board of Directors. Total main school students in the year ended 31 August 2016 numbered 1,646 with each year group at, or near, capacity. In August 2016 the 6th form held 346 students.

In September 2014, the Academy opened its Junior section: a three form entry primary provision for children aged 7-11 years. Year 3 students moved up to the new Year 4 in September 2015 and 92 have been taken on roll into Year 5 in September 2016. The Junior School will be fully open in September 2017.

THE THOMAS DEACON ACADEMY

REPORT OF THE BOARD OF DIRECTORS 31 August 2016

ACHIEVEMENTS AND PERFORMANCE (continued)

Examination results for 2016 show continued improvement at Post 16. In A levels a 99% pass rate was maintained and 11% increase in A*-B grades (48%). BTEC performed very well at Level 3 with over 90% of candidates achieving a Distinction or Distinction*. At AS level 33% achieved A-B and there was a 4 % increase in A-E grades (95.7%), maintaining the upward trend from last year.

At GCSE the proportion of students gaining good grades in both English and Maths stands at 52% and the proportion of students making expected progress increased by 1% in English (69%) with Maths remaining broadly the same (58%). The Progress 8 figure for Year 11 students stands at -0.26. Whilst national data sets are in their infancy, with no comparable outcomes available at this stage, it is difficult to ascertain what this Progress 8 figure means in terms of national expected value added performance. The 2016/ 2017 Academy Improvement plan has fixed an ambitious Progress 8 target of 0.0 which, if achieved, would likely place the school significantly above national average in terms of value added.

INSPECTION AND EXTERNAL VALIDATION

The Academy's most recent Section 5 OFSTED inspection took place in July 2015. The overall judgement was 'Good' and this was in line with senior leaders' own assessment as detailed in the Academy Self Evaluation Summary (ASES). The report highlighted effective leadership as a strength and noted that the Academy was well placed to improve further.

More recently, the Academy was visited by Mike Phipps, from the Regional Schools Commissioner's (RSC) office. In the RSC report, the further improvements made in the culture, ethos, progress and performance of students were highlighted as follows:

"...students' attitudes to learning are very positive."

"Students behave well in class, they participate in lessons with enthusiasm and their relationships with teachers are warm and respectful."

"Students' conduct as they move around the academy is calm and orderly. They are proud of their impressive academy buildings, and there are no signs of litter, damage or graffiti."

"Lively and engaging teaching, including some effective intervention work to support the literacy of younger students."

"Lively learning in Year 3 classes very high quality of marking carried out by teachers in Key Stage 2....it would be very beneficial for this excellent practice to be shared with colleagues in the senior academy."

"Students from Year 11...were confident, friendly and articulate...they would recommend the academy to others."

"They [students] find staff and students friendly, and they appreciate the excellent facilities and the range of enrichment opportunities available to them."

"They [students] said they learn well in the academy because lessons are well structured and interesting, and because teachers' explanations are clear."

"They [students] feel very well supported as they get closer to their GCSE examinations. They are clear on their target grades, their current performance and what they need to do to succeed."

"More able students are well supported to achieve well."

"Behaviour around the academy is good, and that bullying and racism are almost unknown."

It is anticipated that Thomas Deacon Academy will be subject to a full Section 5 inspection by the end of the 2016/2017 academic year and the senior leadership are continuing to raise standards in order to maintain the 'Good' Ofsted rating under the new, revised Ofsted framework.

THE THOMAS DEACON ACADEMY

REPORT OF THE BOARD OF DIRECTORS 31 August 2016

Re-organisation

A staff reorganisation across the Academy took place during 2014/15 with full implementation from September 2015. New leadership and management structures have now been successfully embedded leading to greater accountability across all staff. A review of the restructure, which included feedback from staff involved, was considered by the Board during the year. This included some recommended changes to the original proposal where they offered more benefit to the Academy. It was further reported that the restructure delivered the efficiencies and savings as initially planned.

Going Concern

After making appropriate enquiries, the Board of Directors have 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 Statement of Accounting Policies.

FINANCIAL REVIEW

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the EFA and its sponsors, Caterpillar Inc., and The Deacon's School Trust. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The Academy held fund balances at 31 August 2016 of £31,362,000 comprising £36,778,000 of restricted funds, a surplus of £718,000 of unrestricted general funds and a pension reserve deficit of £6,134,000.

During the year ended 31 August 2016, total expenditure of £13,024,000 was fully covered by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £18,000 of which £298,000 was directly attributable to FRS 17 adjustments and £326,000 contribution by income funds to meet the shortfall in capital funding.

At 31 August 2016 the net book value of fixed assets was £35,576,000 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy has obtained a full actuarial valuation of the pension liability under FRS17 in respect of its administrative staff pension scheme. During the year the Academy incurred an increase of its pension liability of £2,819,000 resulting in an overall deficit of £6,134,000.

Reserves policy

The Directors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be equivalent to 2 weeks' expenditure, approximately £680,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is a surplus of £718,000 which is in line with that needed.

THE THOMAS DEACON ACADEMY

REPORT OF THE BOARD OF DIRECTORS 31 August 2016

ACHIEVEMENTS AND PERFORMANCE (continued)

Investment Policy

The Academy has an improved investment policy which covers the appropriate use of surplus funds. The Principal and Board have overall responsibility for the security and management of funds. The day-to-day management of the treasury function is controlled by the Vice Principal - Business.

The Vice Principal - Business will liaise with the Principal and the Business Resources Committee in relation to strategy, status and market conditions.

The Chair of Business Resources will liaise with the Board for approval of any changes to strategy and to provide an update on investments.

The Academy has a guiding principle for ethical investments.

The Academy will operate an interest bearing current account with a bank or building society approved by the Board and maintain a balance in that account of £680,000, immediate and forthcoming financial commitments and sufficient contingency for unexpected payments.

Monies surplus to the working requirements shall be invested in a number of accounts in the name of the Academy with the approved institutions authorised by the Board. These may be higher interest bearing accounts operated by the same bank that the Academy operates its current account with, or an alternative approved institution. The Vice Principal - Business will ensure that funds are invested in fixed term blocks to ensure the maximum return whilst maintaining the necessary working capital. The Vice Principal - Business is not permitted to make more than four (4) transfers per calendar month without the approval of the Business Resources Committee.

Principal Risks and Uncertainties

The Board of Directors have a comprehensive risk management process to identify and monitor the risks faced by the Academy. The key areas identified are; Strategic and Reputational, Operational, Compliance, Financial, Curriculum and IT and Property related. A point scoring mechanism is in place with greater emphasis directed towards those identified higher risk areas. The Board believe that the major risks that the Academy is currently facing are funding issues with regards to the introduction of the national funding formula and uncertainty around the government's plans for changes to the curriculum model, as well as resource allocations as the Academy moves to Multi Academy Trust status.

Risk management

The Directors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Funds in deficit

The Academy's share of the LGPS valuation, as determined by the actuary, is a deficit of £6,134,000. The Academy continues to pay the recommended contribution to the scheme, as detailed in note 25. The scheme does not give rise to an immediate liability.

THE THOMAS DEACON ACADEMY

REPORT OF THE BOARD OF DIRECTORS 31 August 2016

PLANS FOR FUTURE PERIODS

Thomas Deacon Academy will continue to strive to ensure that all students make expected or better than expected progress irrespective of their starting point. It will continue its efforts to ensure all students go on to further and higher education, apprenticeships or employment.

The Academy aims to provide the opportunity for enhanced maths and science education for all its students and the wider community. It also deems its work in pursuit of community cohesion to be a core part of its activity. To achieve this, it has drawn up a community development plan, based on an identification and analysis of need. It is extending its international work in order to truly prepare students to be global citizens.

During 2016/17, Thomas Deacon Academy will be moving to Multi Academy Trust (MAT) status. TDA Education Trust will be established and Thomas Deacon Academy will form part of this. As a result, the governance arrangements will change for the Academy. The current Board of Directors will change with overall governance control moving to a new MAT Board, who will be the Board of Directors for the MAT. Support and Governance at a local school level will be carried out by a Local Governing Body, who will work closely with the Principal to ensure high educational standards in the school are maintained.

Under this new arrangement, Business Services will be centralised. All professional support services will be delivered on behalf of all schools within the Trust. It is anticipated that the quality and level of these services will not be affected in the transitioning months.

AUDITORS

The Board of Directors confirms that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The auditors, Peters, Elworthy & Moore are willing to continue in office and a resolution to appoint them will be considered by the Members of the Trust.

The report of the Directors was approved by the Directors on 14 December 2016 and signed on their behalf by:



Mr P. Clegg
(Chair Business Resources Committee)
Dated



Mrs J. Taylor
(CEO/Principal)
Dated

THE THOMAS DEACON ACADEMY

GOVERNANCE STATEMENT 31 August 2016

Scope of Responsibility

As the Board of Directors, we acknowledge we have overall responsibility for ensuring that The Thomas Deacon 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. We are also responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time the financial position of the Academy and enable us to ensure that the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that: -

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

The Board of Directors have delegated the day-to-day responsibility to the CEO/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 The Thomas Deacon Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Board of Directors and in the Directors' Responsibilities Statement. The Board of Directors has formally met six times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Name	Board Attendance	Out of a possible
Richard Barnes (Chair)	5	6
Julie Taylor	6	6
John Peach	5	6
Jane Wilson	5	6
Chris Woolhouse	6	6
Paul Clegg	5	6
Donna Augustine	5	6
Richard Wade	6	6
Ian Clarkson	4	6
Katrina Bretten*	2	6
Mike Gross	4	6
Ian Black	3	6

* Lower attendance due to maternity

THE THOMAS DEACON ACADEMY

GOVERNANCE STATEMENT 31 August 2016

The Business Resources Committee is a subcommittee of the main Board of Directors. Its purpose is to oversee finance, personnel, premises, health and safety and ICT strategy. Attendance of this meeting was as follows:

Name	BRC Attendance	Out of a possible
Richard Barnes	5	5
Julie Taylor	5	5
Chris Woolhouse	5	5
Paul Clegg (Chair)	4	5
Ian Clarkson	3	5
Katrina Bretten*	1	5
Mike Gross	4	5
Simon Smith ^	4	4
David Brooks ^	2	2

* Lower attendance due to maternity

^ David Brooks left on 26th February 2016, replaced by Simon Smith

Evaluation

The Board of Directors carry out continual self evaluation and training. Training is carried out by both specialist staff within the Academy and external providers to ensure the Directors are fully briefed on all issues affecting the performance of their duties.

Review of Value for Money

As accounting officer, the CEO/Principal has responsibility and accountability for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands the guide to academy value for money statements published by the Education Funding Agency and that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer has ensured that the academy trust's use of its resources has provided good value for money during the academic year.

Improving educational results: Examination results have continued to improve year on year

Targeted improvement: Staffing has been re-structured to ensure that staffing is deployed to support an improved curriculum. Full accountability and responsibility is built into this structure.

Focus on individual pupils: Outcomes have improved for students on Free School Meals, Pupil Premium and those with English as an additional language

Collaboration: The trust has engaged with other educational providers and experts to share delivery or good practice, and to drive up standards for the least cost. This includes working with a range of schools across the Peterborough Partnership of Secondary Schools; a mix of Local Authority maintained schools and academies, including academy chains. A small number of consultants were used to further support improvement in key areas of literacy and numeracy across the year groups.

New initiatives: Additional funding was made available by the trust to support rapid improvement in outcomes at GCSE level in English and Maths.

Quantifying improvements: Evidence shown above demonstrates the effectiveness of the improvements made. Student attendance remains above national average.

Better purchasing: A register of all services and contracts been developed and all contracts are appraised or renegotiated in a timely manner to get the best mix of quality and effectiveness. Three year contracts have been entered to ensure reduced cost where it was felt that this would benefit the trust. Some services have been terminated with external providers as the expertise is now available in the academy.

THE THOMAS DEACON ACADEMY

GOVERNANCE STATEMENT 31 August 2016

The Academy benchmarks itself against other comparative organisations using information supplied by the Education Funding Agency.

Options appraisal: The Board of Directors and Directorate apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the school.
- the targeting of resources to best improve standards and the quality of provision.
- the use of resources to best support the various educational needs of all pupils.

The trust has developed procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time, and cost. Measures in place include:

- competitive tendering procedures
- procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship)
- procedures which minimise office time by the purchase of goods or services under £1000 direct from known, reliable suppliers (e.g. stationery, small equipment).

Economies of scale: The trust regularly takes opportunities to work collaboratively with others to reduce and share administration and procurement costs. The School Sports Coordinator is based at the school and provides support to a number of primary schools through a service level agreement. When applicable, joint tenders have been carried out to ensure value for money across several schools.

Better income generation: Opportunities have been taken to explore and generate additional and reliable revenue streams. This includes the above mentioned use of current resources to provide services for primary schools. Additional income is generated by releasing the Principal and Vice Principal to undertake school improvement work. We continue to explore funding opportunities to expand specific curriculum projects.

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 the Academy's 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 Thomas Deacon Academy for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors have 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 Directors are 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 ending 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 Directors.

THE THOMAS DEACON ACADEMY

GOVERNANCE STATEMENT 31 August 2016

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

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Board of Directors has appointed Mr P Clegg, a member of the Board of Directors, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The function of the range of checks is devolved to the external auditors. On a regular basis, the RO reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Director's financial responsibilities based on reports from the external auditors. There are no material control issues arising as a result of these reviews.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

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:

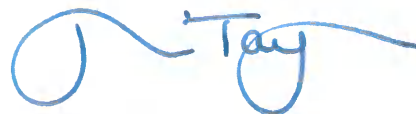
- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Directorate within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Business Resources 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 Directors on 14 December 2016 and signed on their behalf, by:



Mr P. Clegg
(Chair Business Resources Committee)
Dated 14 December 2016



Mrs J Taylor
(CEO/Principal)
Dated 14 December 2016

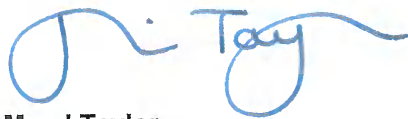
THE THOMAS DEACON ACADEMY

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE 31 August 2016

As Accounting Officer of the Thomas Deacon Academy I have considered my responsibility to notify the Academy Board of Directors 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Board of Directors 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's funding agreement and the Academies Financial Handbook.

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



Mrs J Taylor
Accounting Officer

14 December 2016

THE THOMAS DEACON ACADEMY

STATEMENT OF DIRECTORS' RESPONSIBILITIES 31 August 2016

Company law requires the Board of Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year. In preparing financial statements giving a true and fair view, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Board of Directors is 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors are responsible for ensuring that in its conduct and operation the charitable company and the group 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 Board of Directors is responsible for the maintenance and integrity of the charitable group'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 Directors on 14 December 2016 and signed on its behalf by:



Mr P. Clegg
(Chair Business Resources Committee)

Dated 14 December 2016



Mrs J Taylor
(CEO/Principal)

Dated 14 December 2016

THE THOMAS DEACON ACADEMY

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE THOMAS DEACON ACADEMY

We have audited the financial statements of The Thomas Deacon Academy for the year ended 31 August 2016, which comprise the Consolidated Statement of Financial Activities, the Group and Parent Academy Balance Sheet, the Consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under accounting policies set out therein. 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 Annual Accounts Direction 2015/16 issued by the Education Funding Agency.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Responsibilities of the Board of Directors, the directors (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 (APB'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 group's and the parent academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board of Directors 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 group's and the parent academy's affairs as at 31 August 2016, and of the group's 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 2015/16 issued by the Education Funding Agency.

THE THOMAS DEACON ACADEMY

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE THOMAS DEACON ACADEMY

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board of Directors, 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

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



Laragh Jeanroy (Senior Statutory Auditor)
For and on behalf of
Peters Elworthy & Moore
Chartered Accountants and Statutory Auditor
Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 19/12/2016

THE THOMAS DEACON ACADEMY

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

In accordance with the terms of our engagement letter dated 31 August 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 the Academy 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 the Board of Directors and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Board of Directors and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and the EFA, for our work, for this report, or for the opinion we have formed.

Respective responsibilities of the Thomas Deacon Academy's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of The Thomas Deacon Academy's funding agreement with the Secretary of State for Education dated 4 April 2006 and the Academies Financial Handbook extant 1 September 2015, for ensuring that expenditure disbursed and income received is applied to 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.

The work undertaken to draw to our conclusions includes:

- Review of the general control environment and governance arrangements
- Review of the Trust's activities and minutes of meetings
- Review of the register of interests and related party transactions ensuring compliance with the Financial Handbook
- For a sample of expenditure testing it has been properly authorised and complies with the approved procurement rules and policies
- Review of transactions and events to ensure compliance with delegations and freedoms as described in the Financial Handbook.

THE THOMAS DEACON ACADEMY

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE THOMAS DEACON ACADEMY AND THE EDUCATION FUNDING AGENCY**

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.



Laragh Jeanroy (Senior Statutory Auditor)
for and on behalf of

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA
Date: 19/12/2016

THE THOMAS DEACON ACADEMY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating Income and Expenditure Account) for the year ended 31 August 2016

	Note	Unrestricted General Funds £000s	Restricted General Funds £000s	Other Restricted Funds £000s	Pension Funds £000s	Restricted Fixed Asset Funds £000s	Total 2016 £000s	Total 2015 £000s
Income from:								
Donations and capital grants	2	-	-	-	-	82	82	92
Charitable activities	5	-	13,440	-	-	-	13,440	13,510
Other trading activities	3	821	62	-	-	-	883	729
Investments	4	25	-	-	-	-	25	27
Total income		<u>846</u>	<u>13,502</u>	<u>-</u>	<u>-</u>	<u>82</u>	<u>14,430</u>	<u>14,358</u>
Expenditure on:								
Raising funds		718	-	-	-	-	718	685
Charitable activities		-	13,024	-	298	2,989	16,311	17,100
Total expenditure	6	<u>718</u>	<u>13,024</u>	<u>-</u>	<u>298</u>	<u>2,989</u>	<u>17,029</u>	<u>17,785</u>
Net income/(expenditure) before transfers		128	478	-	(298)	(2,907)	(2,599)	(3,427)
Gross transfers between funds	17	-	(316)	(10)	-	326	-	-
Net income/(expenditure) before other recognised gains and losses		128	162	(10)	(298)	(2,581)	(2,599)	(3,427)
Actuarial (losses) gains on defined benefit pension schemes	25	-	-	-	(2,521)	-	(2,521)	(238)
Net movement in funds		<u>128</u>	<u>162</u>	<u>(10)</u>	<u>(2,819)</u>	<u>(2,581)</u>	<u>(5,120)</u>	<u>(3,665)</u>
Total funds brought forward at 1 September 2015		<u>590</u>	<u>971</u>	<u>79</u>	<u>(3,315)</u>	<u>38,157</u>	<u>36,482</u>	<u>40,147</u>
Total funds carried forward at 31 August 2016		<u>718</u>	<u>1,133</u>	<u>69</u>	<u>(6,134)</u>	<u>35,576</u>	<u>31,362</u>	<u>36,482</u>

The above results are derived from continuing operations of the group.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The attached notes form part of these financial statements.

THE THOMAS DEACON ACADEMY

BALANCE SHEET at 31 August 2016
(registered company number 05090788)

	Note	Group 2016 £000s	Charity 2016 £000s	Group 2015 £000s	Charity 2015 £000s
Fixed assets					
Tangible assets	12	35,576	35,576	38,157	38,157
Investments	13	-	1	-	1
		<u>35,576</u>	<u>35,577</u>	<u>38,157</u>	<u>38,158</u>
Current assets					
Stock	14	97	97	65	65
Debtors	15	371	380	329	315
Cash at bank and in hand		2,742	2,701	2,397	2,379
		<u>3,210</u>	<u>3,178</u>	<u>2,791</u>	<u>2,759</u>
Current liabilities					
Creditors: Amounts falling due within one year	16	(1,290)	(1,259)	(1,151)	(1,120)
Net current assets		<u>1,920</u>	<u>1,919</u>	<u>1,640</u>	<u>1,639</u>
Total assets less current liabilities					
		<u>37,496</u>	<u>37,496</u>	<u>39,797</u>	<u>39,797</u>
Pension scheme liability	25	(6,134)	(6,134)	(3,315)	(3,315)
Net assets including pension liability		<u>31,362</u>	<u>31,362</u>	<u>36,482</u>	<u>36,482</u>
Funds					
Restricted funds					
. Restricted fixed asset fund	17	35,576	35,576	38,157	38,157
. Restricted general fund	17	1,133	1,133	971	971
. Other restricted fund	17	69	69	79	79
. Pension reserve	25	(6,134)	(6,134)	(3,315)	(3,315)
		<u>30,644</u>	<u>30,644</u>	<u>35,892</u>	<u>35,892</u>
Unrestricted funds					
. General fund	17	718	718	590	590
		<u>31,362</u>	<u>31,362</u>	<u>36,482</u>	<u>36,482</u>

The financial statements were approved by the Directors and authorised for issue on 14 December 2016 and signed on their behalf by:


 Paul Clegg
 Chair Business Resources
 Committee


 Julie Taylor
 CEO/Principal

The attached notes form part of these financial statements

THE THOMAS DEACON ACADEMY

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 August 2016

	Notes	2016 £000s	2015 £000s
Net cash inflow from operating activities	21	647	114
Cash flows from investing activities	22	(302)	(699)
Change in cash and cash equivalents	23	<u>345</u>	<u>(585)</u>
Cash and cash equivalents at 1 September 2015		2,397	2,982
Cash and cash equivalents at 31 August 2016	23	<u>2,742</u>	<u>2,397</u>

The attached notes form part of these financial statements

THE THOMAS DEACON ACADEMY

PRINCIPAL ACCOUNTING POLICIES 31 August 2016

Format of financial statements

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.

Basis of preparation of financial statements

The financial statements of the Academy, 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.

The Thomas Deacon Academy constitutes a public benefit entity as defined by FRS 102.

The group financial statements include the results of the company TDA Developments Ltd. TDA Developments Ltd is a wholly owned subsidiary under the control of the directors. In accordance with section 408 of the Companies Act 2006 no income and expenditure account is presented for the company itself.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

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

Going concern

The Board of Directors 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 Board of Directors 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Fund accounting

General unrestricted funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the Directors.

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

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

THE THOMAS DEACON ACADEMY

PRINCIPAL ACCOUNTING POLICIES 31 August 2016

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

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

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

Other income

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.

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.

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

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

All resources expended are inclusive of irrecoverable VAT.

THE THOMAS DEACON ACADEMY

PRINCIPAL ACCOUNTING POLICIES 31 August 2016

Tangible fixed assets

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets transferred from the Local Authority have been valued at cost and will be depreciated in accordance with the Academy's accounting policies set out below. These assets are depreciated once the assets are brought into use. The related donation is shown as voluntary income in the statement of financial activities.

Assets costing less than £500 are written off in the year of acquisition. All other assets are capitalised.

Assets in course of construction are included at cost.

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.

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. During the year the Directors reviewed the Academy's depreciation rates and changed them to a more appropriate rate. The principal annual rates used for other assets are:

Long leasehold property	2%- 3.33%
Furnishings and Fittings	10%
Furniture and equipment	20%
Computer equipment and software	33.33%

Investments

The Academy's shareholding in the wholly owned subsidiary, TDA Developments Limited, is included in the balance sheet at the cost of the share capital owned.

Stock

Unused stock is stated at the lower of cost or net realisable value.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

THE THOMAS DEACON ACADEMY

PRINCIPAL ACCOUNTING POLICIES 31 August 2016

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.

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.

Cash at bank and in hand

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

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.

Pensions

Academy staff are members of one of two pension schemes, both of which are defined benefit schemes. More details of the schemes are given in note 25.

Defined Benefit Schemes

Teachers' Pension Scheme

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 15, 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 THOMAS DEACON ACADEMY

PRINCIPAL ACCOUNTING POLICIES 31 August 2016

Local Government Pension Scheme

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - depreciation is charged annually based on management's estimate of economic useful life of the asset per the accounting policies above.

Agency arrangements

The Academy acts as agent for administering the 16-19 Bursary funds from the EFA. Transactions are excluded from the Statement of Financial Activities with any unspent funds carried forwards in creditors.

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

1 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2016.

2 DONATIONS AND CAPITAL GRANTS	2016 £000s	2015 £000s
DfE/EFA capital grants	40	40
Other government grants	42	52
	<u>82</u>	<u>92</u>

In 2015, all income from donations and capital grants was attributable to restricted funds.

3 ACTIVITIES FOR RAISING FUNDS	2016 £000s	2015 £000s
Sales from Academy shop	106	102
School trips	120	78
Catering	419	385
Subsidiary trading	66	85
Other	172	80
	<u>883</u>	<u>729</u>

In 2015, all income from activities for raising funds was attributable to unrestricted funds.

4 INVESTMENT INCOME	2016 £000s	2015 £000s
Bank Interest	25	27
	<u>25</u>	<u>27</u>

In 2015, of the total investment income, £1,000 was attributable to restricted funds and £26,000 was attributable to unrestricted funds.

5 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	2016 £000s	2015 £000s
EFA grants		
· General Annual Grant (GAG) (note 1)	12,803	12,950
· Other	279	92
	<u>13,082</u>	<u>13,042</u>
Other Government grants		
· Other	358	468
	<u>358</u>	<u>468</u>
	<u>13,440</u>	<u>13,510</u>

In 2015, all income from charitable activities was attributable to restricted funds.

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

6 EXPENDITURE	Staff costs £000s	Depreciation £000s	Other costs £000s	Total 2016 £000s	Total 2015 £000s
Expenditure on raising funds	274		444	718	685
Academy's educational operations					
. Direct costs	8,335	2,989	784	12,108	12,928
. Allocated support costs	2,343	-	1,562	3,905	3,858
. Additional pension costs	298	-	-	298	314
	10,976	2,989	2,346	16,311	17,100
	11,250	2,989	2,790	17,029	17,785

In 2015, all expenditure on educational operations was attributable to restricted funds.

The method used for the apportionment of support costs is disclosed in the accounting policies.

Income/(expenditure) for the year include:

	2016 £000s	2015 £000s
Operating leases	70	54
Auditors' remuneration - audit services	17	17
- other services	5	6

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

7 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	2016 £000s	2015 £000s
<i>DIRECT COSTS</i>		
Teaching and educational support staff costs	8,335	8,408
Pay Re-organisation costs	-	258
Depreciation	2,989	3,441
Books, apparatus and stationery	179	209
Examination fees	195	198
Staff development	65	55
Educational consultancy	268	180
Other direct costs	77	179
	<u>12,108</u>	<u>12,928</u>
<i>ALLOCATED SUPPORT AND GOVERNANCE COSTS</i>		
<i>Support costs</i>		
Support staff costs	2,305	2,454
Pay Re-organisation costs	38	92
Maintenance of premises and equipment	218	172
Cleaning	42	57
Rent and rates	109	109
Heat and light	238	253
Insurance	74	70
Security	16	20
Transport	65	38
Catering	111	106
Technology costs	208	230
Additional pension costs	298	314
Other support costs	445	193
	<u>4,167</u>	<u>4,108</u>
<i>Governance costs</i>		
Support costs	6	6
Legal and professional fees	8	4
Legal and professional fees re-organisation	-	31
Audit fees	22	23
	<u>36</u>	<u>64</u>
	<u>4,203</u>	<u>4,172</u>

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

9 STAFF COSTS

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2016 expressed as full time equivalents was as follows:

	2016	2015
	No.	No.
Charitable Activities		
Teachers	140	163
Administration and support	187	190
Management	3	3
	<u>330</u>	<u>356</u>

Staff costs comprise:	2016	2015
	£000s	£000s
Wages and salaries	8,887	9,500
Social security costs	672	656
Other pension costs	1,691	1,535
	<u>11,250</u>	<u>11,691</u>

8 employees earned more than £60,000 in the period (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2016. The total number of these employees by banding was:

	2016	2015
	No.	No.
£60,001 - £70,000	6	3
£80,001 - £90,000	1	2
£120,001 - £130,000	-	1
£130,000 - £140,000	1	-
	<u>8</u>	<u>6</u>

The employees earning more than £60,000 per annum participated in either the Teachers' Pension Scheme or Local Government Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £100,937.

The key management personnel of the Academy comprise the trustees and the Directorate team listed on page 1. The total employee benefits (including pension contributions) received for their services to the Academy was £870,808 (2015: £562,237).

10 DIRECTORS' REMUNERATION AND EXPENSES

The Principal only receives remuneration in respect of services provided in undertaking the roles of Principal and not in respect of services as director/trustee. Other directors did not receive any payments, other than expenses, from the Academy in respect of their role as directors. The value of remuneration was as follows:

Mrs J Taylor
 Remuneration £130,000 - £135,000 (2015: £120,000 - £125,000)
 Employers pension contributions paid £20,000 - £25,000 (2015: £15,000 - £20,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £75 (2015 - £NIL) were reimbursed to Directors.

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

11 DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 aggregate during the period of insurance. This insurance policy forms part of the whole Education insurance package (2015 - £876).

12 TANGIBLE FIXED ASSETS

Group & Academy	Long Leasehold Land and Buildings £000s	Furnishings & Fittings £000s	Furniture & Equipment £000s	Computer Equipment £000s	Assets under construction £000s	Total £000s
Cost						
At 1 September 2015	35,957	15,618	2,769	3,837	-	58,181
Additions	-	-	32	213	164	409
Disposals	-	-	(2)	(235)	-	(237)
At 31 August 2016	35,957	15,618	2,799	3,815	164	58,353
Depreciation						
At 1 September 2015	7,797	6,522	2,280	3,425	-	20,024
Charged in year	1,010	1,562	104	311	3	2,990
Disposals	-	-	(2)	(235)	-	(237)
At 31 August 2016	8,807	8,084	2,382	3,501	3	22,777
Net book values						
At 31 August 2016	27,150	7,534	417	314	161	35,576
At 31 August 2015	28,160	9,096	489	412	-	38,157

All funds are used for direct charitable purposes and the provision of education.

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

13 INVESTMENTS

	2016 £	2015 £
Investment in wholly owned subsidiary company at cost	<u>1,000</u>	<u>1,000</u>

The Academy owns 100% of the issued ordinary shares of TDA Developments Limited, a company incorporated in England (registration number 06435213). The principal business activity of TDA Developments Limited is the rental of facilities, provision of IT and consultancy services.

A summary of the results for the year ended 31 August 2016 and the balance sheet position at 31 August 2016 is shown below:

	2016 £	2015 £
Profit and loss account		
Turnover	65,536	85,311
Expenditure	<u>(46,971)</u>	<u>(77,694)</u>
Profit on ordinary activities before Gift Aid payment	18,565	7,617
Gift Aid payment to the Academy	<u>(18,565)</u>	<u>(7,617)</u>
Profit on ordinary activities after Gift Aid payment	-	-
Retained profits brought forward at 1 September 2015	<u>-</u>	<u>-</u>
Retained profits carried forward at 31 August 2016	<u>-</u>	<u>-</u>
Balance sheet		
Current assets	59,382	40,752
Current liabilities	<u>(58,382)</u>	<u>(39,752)</u>
	1,000	1,000
Called up share capital	-	-
Profit and loss account	<u>1,000</u>	<u>1,000</u>
Shareholder's funds	<u>1,000</u>	<u>1,000</u>

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

14 STOCK

	Group 2016 £000s	Charity 2016 £000s	Group 2015 £000s	Charity 2015 £000s
Stationery	6	6	7	7
Catering	10	10	11	11
Uniforms	68	68	36	36
Goods for resale	13	13	11	11
	<u>97</u>	<u>97</u>	<u>65</u>	<u>65</u>

15 DEBTORS

	Group 2016 £000s	Charity 2016 £000s	Group 2015 £000s	Charity 2015 £000s
Trade debtors	19	1	37	5
Prepayments	242	242	244	244
Sundry debtors	110	110	48	49
Amount due from subsidiary undertaking	-	27	-	17
	<u>371</u>	<u>380</u>	<u>329</u>	<u>315</u>

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2016 £000s	Charity 2016 £000s	Group 2015 £000s	Charity 2015 £000s
Trade creditors	455	454	276	265
Taxation and social security	197	197	178	178
Sundry creditors	73	73	72	72
Deferred Income	83	83	40	40
Accruals	482	452	585	565
	<u>1,290</u>	<u>1,259</u>	<u>1,151</u>	<u>1,120</u>

Deferred income

	2016 £000s
Deferred Income at 1 September 2015	40
Resources deferred in the year	83
Amounts released from previous years	(40)
Deferred Income at 31 August 2016	<u>83</u>

Deferred income comprises capital funds of £40k and start up grants of £43k.

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

17 FUNDS	Balance at 1 September 2015 £000s	Income £000s	Expenditure £000s	Gains, (Losses) and Transfers £000s	Balance at 31 August 2016 £000s
Restricted general funds					
General Annual Grant (GAG)	971	13,502	(13,024)	(316)	1,133
Other	79	-	-	(10)	69
Pension reserve	(3,315)	-	(298)	(2,521)	(6,134)
	<u>(2,265)</u>	<u>13,502</u>	<u>(13,322)</u>	<u>(2,847)</u>	<u>(4,932)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	38,157	82	(2,989)	326	35,576
	<u>38,157</u>	<u>82</u>	<u>(2,989)</u>	<u>326</u>	<u>35,576</u>
Total restricted funds	<u>35,892</u>	<u>13,584</u>	<u>(16,311)</u>	<u>(2,521)</u>	<u>30,644</u>
Unrestricted funds					
Unrestricted funds	590	846	(718)	-	718
Total funds	<u>36,482</u>	<u>14,430</u>	<u>(17,029)</u>	<u>(2,521)</u>	<u>31,362</u>

Notes

- (i) General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.
- (ii) The Restricted fixed asset fund comprises fixed assets funded by government grants or sponsors.
- (iii) The other Restricted General Fund is the residual private sponsorship, together with accumulated interest, and will be used to fund future projects at the direction of the sponsors.

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000s	Restricted general funds £000s	Restricted fixed asset funds		Total £000s
			Public £000s	Private £000s	
Tangible fixed assets	-	-	35,576	-	35,576
Net current assets	718	1,202	-	-	1,920
Pension scheme liability	-	(6,134)	-	-	(6,134)
	<u>718</u>	<u>(4,932)</u>	<u>35,576</u>	<u>-</u>	<u>31,362</u>

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

19	CAPITAL COMMITMENTS	2016 £000s	2015 £000s
	Contracted for, but not provided in the financial statements		57
	Authorised by Directors, but not yet contracted	<u>-</u>	<u>-</u>
	The above capital commitments will be met from EFA capital grants to be received in future years.		
20	LEASE COMMITMENTS		
	<i>Operating leases</i>		
	At 31 August 2016 the Academy had annual commitments under non-cancellable operating leases as follows:		
		2016 £000s	2015 £000s
	Operating leases which expire:		
	Within one year	20	53
	Within two - five years	<u>48</u>	<u>87</u>
21	RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
		2016 £000s	2015 £000s
	Net incoming/(outgoing) resources	(2,599)	(3,427)
	Depreciation (note 12)	2,990	3,441
	Capital grants from DfE and other capital income	(82)	(92)
	Interest receivable (note 4)	(25)	(58)
	Defined benefit pension scheme cost less contributions payable	172	208
	Defined benefit pension scheme finance cost	126	106
	(Increase)/decrease in stocks	(32)	2
	(Increase)/decrease in debtors	(42)	(46)
	Increase/(decrease) in creditors	139	(20)
	Net cash inflow from operating activities	<u>647</u>	<u>114</u>
22	CASH FLOWS FROM INVESTING ACTIVITIES		
	Interest received	25	58
	Purchase of tangible fixed assets	(409)	(849)
	Capital grants from DfE /EFA	40	40
	Capital funding received from sponsors and others	42	52
	Net cash outflow from investing activities	<u>(302)</u>	<u>(699)</u>

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

23	ANALYSIS OF CASH AND CASH EQUIVALENTS	At 1 September 2015 £000s	Cash flows £000s	At 31 August 2016 £000s
	Cash in hand and at bank	<u>2,397</u>	<u>345</u>	<u>2,742</u>
		<u>2,397</u>	<u>345</u>	<u>2,742</u>

24 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

25 PENSION COMMITMENTS

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

The total pension cost to the Academy during the year ended 31 August 2016 was £1,393,000 (2015 - £1,327,000) of which £851,000 (2015 - £814,000) relates to the TPS and £542,000 (2015 - £531,000) relates to LGPS.

25 PENSION COMMITMENTS (CONTINUED)

Teachers Pension Scheme (TPS)

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.
- the assumed real rate of return is 3.0% in excess of prices and 2.0% 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%.

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).

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

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.

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

25 PENSION COMMITMENTS (CONTINUED)

Local Government Pension Scheme

The Academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The total contribution made for the year ended 31 August 2016 was £690,035 of which employer's contributions totalled £542,306 and employees' contributions totalled £147,729. The agreed contribution rates for the year ended 31 August 2015 are 22.0% for employers and between 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.

The following information is based upon a full actuarial valuation of the fund at 31 March 2004, updated to 31 August 2016 by a qualified independent actuary.

Assumptions

The major assumptions used by the actuary were:

	At 31 August 2016 % per annum	At 31 August 2015 % per annum
Inflation/Pension Increase Rate	2.1%	2.6%
Salary Increase Rate	4.1%	4.5%
Expected return on assets		3.7%
Discount rate	2.0%	3.7%

The mortality assumptions used were as follows:

	At 31 August 2016 Years	At 31 August 2015 Years
Longevity at age 65 for current pensioners		
Men	22.5	22.5
Women	24.5	24.5
Longevity at age 65 for future pensioners		
Men	24.4	24.4
Women	26.9	26.9

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

25 PENSION COMMITMENTS (CONTINUED)

Local Government Pension Scheme

The Assets of the scheme and weighted average expected rate of return were:

	Long-term rate of return expected at 31 Aug 2016	Value at 31 August 2016	Long-term rate of return expected at 31 Aug 2015	Value at 31 August 2015
			%	£'000
Equities	-	7,372	3.7%	5,696
Bonds	-	1,474	3.7%	1,155
Property	-	688	3.7%	616
Cash		295	3.7%	231
Total fair value of assets		9,829		7,698
Present value of scheme liabilities		9,829		7,698
-Funded		(15,963)		(11,013)
(Deficit) in scheme		(6,134)		(3,315)

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

Total expenditure recognised in the statement of Financial Activities

	2016 £000s	2015 £000s
Current service cost	733	720
Net interest cost	126	106
Membership contributions	(561)	(512)
Total expenditure recognised in SOFA	298	314

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

25 PENSION COMMITMENTS (CONTINUED)

Local Government Pension Scheme

Net (loss)/gain recognised in Statement of Total Recognised Gains & Losses

	2016 £000s	2016 £000s
Actuarial gains/losses on pension scheme assets	1,265	(307)
Actuarial gains/losses on pension scheme liabilities	<u>(3,786)</u>	<u>(68)</u>
	<u>(2,521)</u>	<u>(375)</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses since the adoption of FRS 17/FRS102 is a loss of £4,074,000 (2015 - £1,553,000 loss).

Contributions

The best estimate of contributions to be paid by the employer to the scheme for the year ending 31 August 2016 is £558k.

Reconciliation of opening and closing balances of the present value of the Academy's share of scheme liabilities

	2016 £000s	2015 £000s
Scheme liabilities at 1 September	11,013	9,884
Current service cost	725	720
Past service cost	8	-
Interest cost	421	378
Contributions by scheme participants	148	147
Actuarial losses (gains)	3,786	68
Benefits paid	<u>(138)</u>	<u>(184)</u>
Scheme liabilities at 31 August	<u>15,963</u>	<u>11,013</u>

Reconciliation of opening and closing balances of the fair value of the Academy's share of the scheme assets

	2016 £000s	2015 £000s
Fair value of scheme assets at 1 September	7,698	7,121
Expected return on scheme assets	295	409
Actuarial gains (losses)	1,265	(307)
Contributions by employer	561	512
Contributions by scheme participants	148	147
Benefits Paid	<u>(138)</u>	<u>(184)</u>
Fair value of scheme assets at 31 August	<u>9,829</u>	<u>7,698</u>

THE THOMAS DEACON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 August 2016

26 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.

27 RELATED PARTIES

Mr M Delap, a director of the company, is a member of Gardiner Theobald LLP. During the year the total fees payable to Gardiner Theobald LLP for professional services amounted to £Nil.

28 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.

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

Reconciliation of total funds	1 September 2014	31 August 2015
	£'000	£'000
Total funds under previous UK GAAP	<u>40,147</u>	<u>36,482</u>
Total funds reported under FRS 102	<u>40,147</u>	<u>36,482</u>
Reconciliation of net (expenditure)		31 August 2015
		£'000
	Net (expenditure) previously reported under UK GAAP	(3,290)
	Change in recognition of LGPS interest cost	<u>(137)</u>
Net movement in funds reported under FRS 102	(3,427)	

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

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the expense by £137,000 and increase the other recognised gains and losses in the SOFA by an equivalent amount.