

**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2015**

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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**Trustees**

Mrs E Cook, Chair  
Mr C Hummerstone, Accounting Officer  
Cllr G Beck (resigned 11 September 2015)<sup>1</sup>  
Mr M Byrne (appointed 16 September 2015)  
Mrs S England (appointed 3 December 2014)  
Mr S Hayes (resigned 14 September 2015)<sup>3</sup>  
Dr M Horswell (appointed 16 September 2015)  
Mrs M Hughes (resigned 11 September 2015)<sup>1</sup>  
Mr A Maugham<sup>1</sup>  
Cllr A O'Sullivan<sup>1</sup>  
Mr N Pressnell, Headteacher (from 1 September 2015)<sup>2</sup>  
Mrs E Reed (resigned 11 September 2015)<sup>1</sup>  
Professor D Richards<sup>3</sup>  
Mr R Wilkins<sup>1</sup>  
Mr R Williamson<sup>2</sup>  
Mrs J Young (resigned 12 May 2015)<sup>2</sup>

**Members**

Mr M Byrne (appointed 24 September 2014, resigned 15 September 2015)  
Mrs E Cook  
Mr L Daniels  
Mr R Farmer  
Professor H Green (resigned 20 June 2015)  
Mr J Harris (resigned 10 September 2015)  
Mr A Maugham

<sup>1</sup> Community governor

<sup>2</sup> Staff governor

<sup>3</sup> Parent governor

**Company registered number**

07546874

**Principal and registered office**

Gore Road  
New Milton  
Hampshire  
BH25 6RS

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND  
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**Administrative details (continued)**

**Company secretary**

Mrs V Woods

**Accounting Officer**

Mr C Hummerstone

**Senior leadership team**

Mr N Pressnell, Headteacher  
Mr C Price, Acting Deputy Headteacher  
Mr D Cornford, Assistant Headteacher  
Mr G Jagger, Assistant Headteacher  
Mr H Roberts, Assistant Headteacher  
Mrs S Stroud, Assistant Headteacher  
Mrs K Bower, Senior Professional Tutor  
Mr M Colman, Director of Post-16 Learning  
Mr M Gough, Head of ICT  
Mr J Hutson, Responsibility for data management

**Independent auditors**

Hopper Williams & Bell Limited  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR

**Bankers**

Lloyds Bank Plc  
25 High Street  
Ringwood  
Hampshire  
Dorset  
BH24 1BD

**Solicitors**

Blake Morgan LLP  
New Kings Court  
Tollgate  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 3LG

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Arnewood School (the Academy) for the year ended 31 August 2015. The Trustees confirm that the Annual report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**a. CONSTITUTION**

The academy trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The governors act as the trustees for the charitable activities of The Arnewood School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Arnewood School.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

**b. MEMBERS' LIABILITY**

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

**c. TRUSTEES' INDEMNITIES**

In accordance with normal commercial practice, the Academy has insurance in place to protect Governors and officers from claims arising against negligent acts, errors, or omissions occurring whilst on Academy business. The Governors' liability is insured with an indemnity limit of £5m.

**d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The Members may appoint up to seven Directors.

The Members may appoint Staff Directors through such process as they may determine provided that the total number of Directors including the Chief Executive Officer who are employees of the Company does not exceed one third of the total number of Directors. Normally and by preference Staff Directors shall include teaching and non-teaching staff.

The Chairman can invite interested persons to join the Governing Body, in particular individuals who have specific skills to bring to the group. The appointment of any new Director is undertaken by the full Governing Body.

Parent Directors shall be elected by the Parent members of the Local Governing Bodies (who shall themselves have been elected or appointed in accordance with the terms of reference determined by the Directors from time to time) from amongst their number. The elected Parent Directors must be a parent of a registered pupil at one of the Academies at the time when s/he is elected.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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The number of Parent Directors required shall be made up by Parent Directors appointed by the Directors if the number of parents standing for election is less than the number of vacancies.

The Directors shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Directors, including any question of whether a person is a parent of a registered pupil at one of the Academies. Any election of the Parent Directors which is contested shall be held by secret ballot. In appointing a Parent Director the Directors shall appoint a person who is the parent of a registered pupil at an Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The process for recruiting a Parent Director is by ballot. Parents are notified of vacancy and invited to apply. Clerk to the Governing Body will receive nominations and will open on the date and time specified.

The Chief Executive Officer shall be a Director for as long as he remains in office as such.

The directors may appoint up to 3 Co-opted Directors. A 'Co-opted Director' means a person who is appointed to be a director by being co-opted by directors who have not themselves been so appointed. The directors may not co-opt an employee of the company as a co-opted director if thereby the number of directors who are employees of the company would exceed one third of the total number of directors including the Chief Executive Officer.

**e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

The Chairman meets all new Governors on a 1:1 basis, and new Governors are issued with:

- The Governors' Guide to the Law
- Governors' Handbook
- Staff Handbook
- School brochures
- Health & Safety Policy
- School Improvement Plan
- Minutes of all meetings
- Committee terms of reference
- Code of practice
- Any other strategic documentation distributed by the Headteacher
- Desirable competencies of Governing Body members

Training is undertaken both "in house" and via an external provider. An audit of Governor skills is undertaken annually.

**f. ORGANISATIONAL STRUCTURE**

At the start of the financial year the Senior Leadership Team consisted of the Headteacher, two Deputy Headteachers, five Assistant Headteachers, an Advanced Skills Teacher and two other Senior Teachers. The Headteacher is Chief Executive and Accounting Officer. The Scheme of Delegation identifies the responsibilities of the Governing Body while the day to day management of the Academy has been devolved to the Senior Leadership Team.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**Objectives and Activities**

**a. OBJECTS AND AIMS**

The Academy Trust's objects, as set out in the Articles of Association, is to provide secondary education for public benefit by establishing, maintaining, carrying on, managing and developing the Academy by offering a broad and balanced curriculum with an emphasis on e-learning.

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

In 2010 the School Improvement Partner's and OFSTED (2008) assessment of good in all areas matched that of the school. In January 2013 OFSTED judged the Arnewood School to be outstanding. The curriculum was judged to be 'outstanding'. The medium term aim for the Academy is to sustain outstanding performance. To do so will require the following key features:

**Excellent reputation:**

- Local partnership and collaboration
- National
- International

**High Quality learning behaviours:**

- Consistent discipline/attendance
- Facing facts – transforming performance and opening minds
- reducing inhibitors to high performance
- Effective CPD/coaching to be 'outstanding'
- Mature emotional intelligence; trust and sustained relationships

**Excellent Leadership:**

- Aims and ethos – everybody included
- Vision and aspiration
- High interpersonal skills
- Distributed responsibility and collaboration
- Succession planning/encouraging talent

**Transforming:**

- Information
- Identification
- Intervention (appropriately)
- Impact

**High Academic Standards:**

- KS3 – above 85% Level 5
- KS4 – above 70% 5 A\*-C with English and Mathematics
- English/Maths/Science – 70% and above at least 3 level of progress from KS2 scores
- Post 16 – BBB average/above – (ALPS grade 3)
- All students achieve well – appropriate curriculum, assessment, teaching and learning styles

**Every Child Matters and every member of staff:**

- Safe
- Healthy
- Achieving and Enjoying
- Participating
- Enterprising

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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"Children – all children – deserve the best we can give them because for the great teacher the individual child is at the very centre" (Sir Alec Clegg)

**To achieve and sustain excellence by:**

- Providing a diversity of teaching and learning styles in a positive environment
- Celebrating and supporting all those who respect the values of The Arnewood School
- Encouraging a sense of belonging to The Arnewood School and contributing to that identity in the local community

**c. PUBLIC BENEFIT**

The Academy continues to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the Academy by offering a broad and balanced curriculum; and if and to the extent the Directors may decide from time to time, to promote for the benefit of the inhabitants of the community in which the Academy is located and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants; and any other charitable purpose.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**Strategic report**

**Achievements and performance**

**a. Aims 2014-15**

**Teaching & Learning - Progress is at Good in sub groups**

- 1.1.1 Pupil Premium
- 1.1.2 SEND
- 1.1.3 Gifted and Talented
- 1.1.4 Eaglewood / Alternative Provision
- 1.1.5 Boys' Literacy  
Partially achieved
  
- 1.2.1 *Independent Learning Behaviour Opportunities highlighted in Lesson Plans and Schemes of Work*
- 1.2.2 *Impact of Independent Learning Behaviour Opportunities:*
  - 1.2.2.1 Self-reviewed through Performance Management
  - 1.2.2.2 Observer evaluated in Lesson Observations
- 1.2.3 Anti Bullying Charter Mark is awarded  
Partially achieved
  
- 1.3.1 Marking is in line with School Marking Policy
- 1.3.2 Impact of formative marking is evident in increased rates of progress over six month periods including progress in sub levels  
Partially achieved

**Curriculum – Implement Curriculum Changes such that**

- 2.1.1 School GCSE Curriculum promotes high ranking in Progress 8 and Attainment 8 Measures
- 2.1.2 Post-16 AS is decoupled from A2 effectively
- 2.1.3 Increase in number of 'Secondary Ready' KS2 Level 4b junior students on transition  
Partially achieved

**Assessment & Reporting**

- 3.1.1 System for moving from KS3 levels to grades designed
- 3.1.2 System explained to Staff, Students and Parents
- 3.1.3 System of KS3 Grades implemented
- 3.1.4 Quality Assurance of Consistency and Coherence of KS3 System implemented  
Partially achieved

**To Develop New & Existing Partnerships**

- 4.1 Teaching School Designated
- 4.2 Eaglewood Free School approved
- 4.3 School to School Support commissioned  
Achieved

**Forward Budgeting Assures Best Value for Money**

- 5.1.1 Budget forecasts surplus
- 5.1.2 Outturn Budget not in deficit  
Achieved

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**b. KEY PERFORMANCE INDICATORS**

**Examination Results 2015**

**YEAR 11 SUMMARY OF GCSE RESULTS (BY PERCENTAGES)**

Number of students at end of Year 11	190				
Number of boys	99				
Number of girls	91				
		<b>Achieved at least 5 A*-C</b>	<b>Achieved at least 1 A*-G</b>	<b>Achieved at least 5 A*-G</b>	<b>Achieved no grades</b>
	<b>Achieved at least 5 A*-C</b>	<b>including English &amp; Maths</b>			
<b>ARNEWOOD 2015</b>					
Boys	72	55	100	97	0
Girls	82	74	100	93	0
School Total	77	64	100	95	0
<b>ARNEWOOD 2014</b>					
Boys	62	54	100	94	0
Girls	85	76	100	99	0
School total	74	67	100	96	0
<b>ARNEWOOD 2013</b>					
Boys	85	47	99	94	1
Girls	90	67	100	98	0
School total	88	58	99	96	1
<b>ARNEWOOD 2012</b>					
Boys	88	69	100	95	0
Girls	94	80	100	99	0
School total	91	75	100	97	0

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**YEAR 11 - GCSE**

Subject	A*	A	B	C	D	E	F	G	U	Total	% entry
											A* - C
Art and Design	1	9	7	13	1	1	0	0	0	32	94
Business Studies	0	0	6	8	3	1	1	0	0	18	78
Catering	0	1	11	8	4	3	0	0	0	27	74
Computing	2	0	5	4	2	2	1	0	0	16	69
D&T: Graphics	0	0	0	2	4	1	0	0	0	7	28
D&T: Systems	0	3	2	4	6	3	2	1	0	21	43
D&T: Resistant Materials	0	3	5	4	1	2	0	0	2	18	72
D&T: Textiles	0	1	5	6	5	2	1	0	0	20	60
Drama	2	7	8	11	5	1	1	0	0	35	80
English Language	3	21	48	55	38	16	2	0	3	186	67
English Literature	5	25	31	59	28	8	1	0	3	160	75
English IGCSE	0	0	0	0	0	3	0	0	1	4	0
French	2	13	7	23	09	0	0	0	0	54	81
Geography	2	12	14	17	15	4	3	3	0	70	64
German	3	2	8	19	5	0	0	0	0	37	86
History	4	24	29	24	9	6	2	1	1	100	81
Hospitality	0	0	2	11	5	6	1	0	0	25	52
Food Science/Technology	0	4	4	6	3	0	0	0	0	17	82
Mathematics	15	38	55	52	15	3	3	9	3	193	82
Media & Film Studies	2	9	6	13	6	3	0	0	0	39	77
Music	3	2	6	7	7	1	2	1	0	28	62
Physical Education	1	13	12	9	8	0	0	0	0	43	81
Religious Studies	0	2	9	3	2	2	0	0	0	18	78
Spanish	1	0	0	0	0	0	0	0	0	1	100
Science(Core)	0	6	40	40	15	9	1	1	0	112	77
Additional Science	0	6	32	41	15	2	0	0	0	96	82
Biology	2	20	21	11	2	0	0	0	0	56	96
Chemistry	9	15	19	10	3	0	0	0	0	56	95
Physics	8	19	17	11	1	0	0	0	0	56	98
Polish	0	0	0	2	0	0	0	0	0	2	100
<b>Total</b>	<b>65</b>	<b>255</b>	<b>410</b>	<b>471</b>	<b>218</b>	<b>79</b>	<b>21</b>	<b>16</b>	<b>13</b>	<b>1548</b>	

NB – Maths - Total includes early entries, 3 subsequently off roll.

**BTEC – Level 1 / 2**

**First Award**

(Equivalent to 1 GCSE)	Distinction*	Distinction	Merit	Pass	Level 1 Pass	Total
IT	0	1	10	20	5	31
Principles of Applied Science	0	0	7	8	4	19
Application of Science	0	0	9	4	5	18

**Certificate**

(Equivalent to 2 GCSE)	Distinction/ Distinction	Merit/ Merit	Merit/ Merit	Merit/ Pass	Pass/ Pass	Level 1 Pass	Total
IT	2	4	2	1	4	0	13
Engineering	1	0	3	2	5	4	15
Construction	0	2	1	7	1	6	17

**Extended Cert**

IT	0	2	0	1	5	0	8
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**VTCT**

L2 Certificate in Hairdressing							Pass 16
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**YEAR 13 - 'A' LEVEL**

	A*	A	B	C	D	E	U	Entries
Art and Design	0	0	1	1	0	0	0	2
Biology	1	4	2	6	1	0	0	14
Business Studies	0	0	0	4	0	1	0	5
Chemistry	2	5	2	3	1	1	0	14
Computing	0	0	0	0	2	1	0	3
D&T: Product Design (Resistant Materials)	0	0	0	0	0	2	0	2
D&T: Textiles	0	0	0	1	0	0	0	1
Drama	0	0	1	2	0	0	0	3
English Language	0	0	0	4	2	3	0	9
English Literature	0	2	4	2	0	0	0	8
French	0	0	0	1	0	0	0	1
Geography	0	1	3	2	0	0	0	6
German	0	0	1	0	0	0	0	1
History	0	2	8	11	9	1	0	31
Italian	0	1	0	0	0	0	0	1
Law	0	4	7	3	0	0	0	14
Mathematics	2	7	5	4	2	2	0	22
Further Mathematics	1	1	0	1	2	0	0	5
Media Film and TV Studies	0	1	1	3	0	1	0	6
Photography	0	0	6	3	1	0	0	10
Physical Education	0	0	1	2	1	1	0	5
Physics	0	2	2	0	1	1	0	6
Politics	2	0	1	3	1	0	0	7
Psychology	1	3	5	8	0	0	0	17
Religious Studies	0	0	1	1	0	2	0	4
<b>Total</b>	<b>9</b>	<b>33</b>	<b>51</b>	<b>65</b>	<b>23</b>	<b>16</b>	<b>0</b>	<b>197</b>

**BTEC Level 3**

	D*D*	D*D	DD	DM	MM	MP	PP	Total
<b>L3 Diploma (equivalent to 2 A-levels)</b>								
Construction and the Built Environment	0	0	0	0	0	2	1	3
Health and Social Care	2	0	0	0	0	0	0	2
IT	0	1	1	1	2	1	0	6
Sport	3	0	2	2	2	0	0	9
<b>Total</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>20</b>

**L3 Subsidiary Diploma (equivalent to 1 A-level)**

	D*	D	M	P	Total	
Creative Media Production		3	1	3	3	10
IT		6	2	1	2	11

**Level 3 Certificate**

	D*	D	M	P	Total	
IT		0	1	1	5	7
Creative media		0	0	0	1	1
Health 7 Social care		0	0	0	2	2

**City & Guilds**

	Pass
L2 Certificate for Children & Young People's Workforce	1
L3 Diploma for Early Learning Childcare Pathway	3

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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<b>VTCT</b>	<b>Pass</b>
L2 Diploma in Beauty Therapy	5
L2 Diploma in Hairdressing	13
<b>Cache</b>	<b>Pass</b>
L2 Certificate – Introduction to Childcare	4

**Key:**

D*	=	Distinction*
D	=	Distinction
M	=	Merit
P	=	Pass

**c. GOING CONCERN**

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

**Financial review**

**a. SUMMARY**

In the period, the Academy has received General Annual Grant (GAG) and other restricted income totalling £7,166,435. Expenditure on GAG activities was £6,875,174 and depreciation on fixed assets was £402,456. At the year end, the Academy holds restricted funds of £13,416,221. Within restricted funds is a fixed asset fund of £14,003,412, general restricted funds of £141,809, and a pension reserve deficit of £739,000.

The General Annual Grant funding received from the EFA and expenditure of this is restricted to the purpose of providing education and other activities as defined in the Funding Statement, identified above as the principle activities of the academy. The General Annual Grant has been spent in accordance with the Funding Agreement and details can be found in the Statement of Financial Activities. Any shortfall in funds from the EFA to meet the academy's costs was provided by income generated from educational activities.

Refurbishment of three science laboratories in the Scola Block was carried out during the early part of 2014/15 following a successful capital bid of £245,350 awarded towards the end of 2013/14. It is intended to submit bids for replacement of the Main Block roofs and for refurbishment of Science Laboratory S32 in the Science Block. The combined restricted and unrestricted funds (excluding restricted fixed asset funds) of the academy show an operating surplus.

At the end of 2014/15 the academy is carrying forward surpluses from the 16-19 Bursary, Free School Grant, the Sponsor Capacity Grant, and the Teaching School grant against costs to be incurred in the financial year 2015/16.

The academy holds interest paying current accounts with Lloyds Bank and any surplus funds are placed in a daily rolling Treasury Deposit with Lloyds Bank.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**b. RESERVES POLICY**

The majority of the academy's unrestricted reserves of £429,166 have been carried forward from the academy's first period of operation. The academy's free reserves are currently now built up from the letting of school facilities, interest earned from surpluses and any donations received for the benefit of the school. The purpose of the reserves at present is to support the academy during periods of reduced number of students on roll, planned future increases in employer's cost for the Teachers' Pension and National Insurance in the financial year 2015/16.

Part of the school is still operating out of two pre fab constructed buildings which are not energy efficient and are in need of cladding.

There is a significant pension fund deficit due to accounting for the Local Government Pension Scheme (LGPS) which has resulted in a deficit on the restricted funds. This disclosure does not mean that an immediate liability for this amount crystallises and similarly, if there is a future pension surplus included in the restricted fund this does not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund. A surplus or deficit position of the pension scheme would generally result in a cash flow effect in the form of an increase or decrease in employers' pension contributions over a period of years. Hampshire Pension Fund's policy is to recoup the deficit over a twenty five year period and the academy trust's future budget forecasts take account of these increased employer's costs. On the basis that increased pension contributions will generally be met from the academy trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust because of recognising the deficit.

**c. INVESTMENTS POLICY**

The academy holds its cash balances with Lloyds Bank and benefits from free banking as a result. The current accounts are interest bearing accounts and a higher rate of interest can be earned from depositing surplus funds in a daily rolling treasury deposit with Lloyds Bank. The Arnewood School would not knowingly allow its funds to be used for any investment other than that which is socially, environmentally and ethically acceptable.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**d. PRINCIPAL RISKS AND UNCERTAINTIES**

The major risks to which the academy trust is exposed, as identified by the trustees, has been reviewed, and systems have been established to manage those risks.

A risk register was in place prior to conversion to Academy status. This was reviewed regularly and has continued to be reviewed on a regular basis since conversion.

The major financial risk has been identified as fluctuations in student numbers due to political, economic and social pressures, resulting in inconsistent funding which will be managed by three year budget forecasts allowing time to plan for possible shortfalls in funding.

Increases in employer's costs relating to salaries are also a major financial risk and have led to a review of the academy's curriculum in order to provide a more cost efficient timetable as one likely method of reducing salary costs.

The academy's allocation of the Local Government Pension Scheme shows an increasing deficit during the period of the Financial Statements which is not an immediate liability and is expected to be recouped over a twenty five year period.

Several roofs have been identified as being beyond repair and as a result the school is to undertake a Conditions Survey in order to establish forthcoming priorities regarding building maintenance and improvement.

A Statement on Internal Control was also in place prior to conversion and has been adopted subsequent to conversion and is monitored on a regular basis.

The Academy holds the following policies in relation to the above:

- Fraud Policy
- Scheme of Delegation
- Finance Manual
- Reserves Policy
- Anti-Bribery Policy
- Business Continuity Plan
- Risk Register
- Fixed assets and depreciation policy

**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

The Academy aims to raise the aspirations of its students, improving their achievements and preparing them for a successful future at university or in the workplace.

The Academy will continue to strive to secure capital grants in order to improve the buildings and teaching facilities, and to continue to build on the already strong links with the surrounding junior schools by way of outreach work.

The Arnewood School is a Teaching School and a Sponsoring Academy. The Arnewood School Multi Academy Trust has received approval from the Secretary of State for Education to open a free school for alternative provision. An AstroTurf pitch has been leased from January 2015 to be used for the benefit of the school and the local community; the income generated from community use will partially off-set the leasing costs.

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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

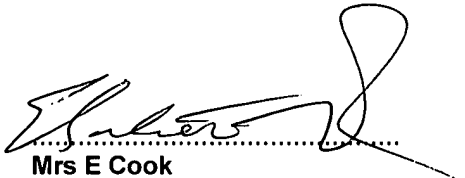
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

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

**AUDITORS**

The auditors, Hopper Williams & Bell Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 9 December 2015 and signed on the board's behalf by:



.....  
**Mrs E Cook**  
Chair of Trustees



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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT**

---

**SCOPE OF RESPONSIBILITY**

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, 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 Arnewood School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs E Cook, Chair	5	5
Mr C Hummerstone, Accounting Officer	5	5
Cllr G Beck	4	5
Mrs S England	4	4
Mr S Hayes	5	5
Mrs M Hughes	2	5
Mr A Maugham	4	5
Cllr A O'Sullivan	5	5
Mr N Pressnell, Headteacher (from 1 September 2015)	5	5
Mrs E Reed	3	5
Professor D Richards	1	5
Mr R Wilkins	5	5
Mr R Williamson	4	5
Mrs J Young	3	4

Mrs Sarah England was appointed to the board of trustees on 3rd December 2014 and Mrs Jo Young resigned from the board of trustees on 13th May 2015. There were no other changes to the board of trustees during the year nor any particular challenges arising for the board. It is planned as part of the Multi Academy Trust's future development and new Articles of Association that following membership of The Arnewood School and Eaglewood Academy, local governors will be elected and a new board of directors constituted.

Mr Mark Byrne became a member of the trust and Professor Howard Green ceased to be a member of the trust during the year 2014/15.

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**THE ARNEWOOD SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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Governance reviews:

The Governing Body - Checklist of Skills:

**Specific subjects:**

Finance:	Mrs Cook (Chairman), Mr Maugham (Vice Chairman), Mr Hummerstone (CEO), and Cllr O'Sullivan (Director); Mr Harris and Mr Farmer (Members). Finance Officer, Mrs Johnston, attends all Finance meetings.
Curriculum:	Mr Hummerstone, Mr Pressnell (Director), Professor Green (Member)
Health & Safety:	Mr Hayes, Prof Richards, Mr Wilkins (Directors)
ICT:	Mr Pressnell, Mr Hayes, Mr Daniels (Member)
Safeguarding:	Mrs Cook, Mr Hummerstone, Mr Pressnell
Equality:	Mrs Reed (Director), Mr Pressnell
SEN:	Mrs Cook, Mr Hummerstone, Mrs Reed, Mr Pressnell
Staffing and Recruitment:	Mrs Cook, Mr Maugham, Mr Hummerstone, Mr Pressnell
Estates:	Mr Wilkins and Prof Richards (Directors). Dr Horswell (Deputy Headteacher)

**Governance and Education:**

Knowledge of Education:	Senior Team, Mrs Cook, Prof Richards, Mr Farmer, Prof Green and Mr Daniels (Members)
Governance:	Mrs Cook, Mr Maugham, Cllr O'Sullivan (Director) Mrs Woods (Clerk to the GB)
Leadership:	Mrs Cook, Mr Hummerstone, Mr Pressnell, Prof Green, Mr Harris
Strategic Planning:	Mrs Cook, Mr Hummerstone, Mr Pressnell, Prof Green, Mr Harris, Mr Daniels
Data Analysis:	Mr Hummerstone, Mr Pressnell, Mr Hayes, Prof Richards, Mr Farmer
Inspection:	Mrs Cook, Mr Hummerstone, Mr Pressnell (Prof Green)
PR:	Mrs Cook, Mr Hummerstone, Mr Pressnell and all Directors and Members as Ambassadors of the school

**THE ARNEWOOD SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

**Personal skills:**

Communication skills: Mrs Cook, Cllr O'Sullivan, Mrs Hughes (Director)

Enthusiasm: All Directors and Members

Chairing experience: Generally efficient in preparing agendas and running meetings, although there is some variability

Challenge/support: HT performance management is professional, has an external adviser and is reviewed each term. Governors are involved in lesson observation monitoring.

Team working: Mrs Cook, Cllr O'Sullivan

Community involvement: Cllr Beck (Director), Cllr O'Sullivan, other Council Officials, Parent Directors and Staff Directors

- We have said that some legal and personnel skills would be useful
- Some of the names recur very frequently, obviously, so this has implications for succession planning.
- Our training budget nominally is £1,000

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to review and approve the Academy's annual budget, review and approve financial policies and monitor expenditure and variances against the budget. To also consider the financial viability of entering into a seven year operating lease for school and community use of an astro turf pitch.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs E Cook, Chair	4	4
Mr C Hummerstone, Head Teacher	4	4
Cllr A O'Sullivan	4	4
Mr N Pressnell	4	4
Professor D Richards	1	4
Cllr G Beck	4	4

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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

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

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

- Targeted Improvement

KS4 attainment over the last three years has risen steadily when comparing like-for-like data (%5ACEM, first examination, approved equivalent qualifications). Progress has been broadly average for two of the last three years for which data is available. Attainment in Mathematics, science is well above national figures over time. Attainment in English is closer to the national average over time, notably so in 2015. In 2014 59% of students achieved the basics threshold when considering first not best entry. In 2015 this figure increased to 63% by the same measure consistently applied. GCSE attainment A\*-C was strongest in mathematics, separate and combined sciences, media studies, history and French and German. It was also strong in a range of vocational subjects including engineering, ICT and hairdressing. Most of these subjects have performed well over time.

A Level results in 2015 were generally favourable in comparison to the previous three years and should be seen in the context of the sixth form's higher than average national performance over time. Students did marginally better over grades A\* - C (80%) and A\* - E (100%) in 2015 compared to 2014. There were fewer higher grades in 2015 although our results were still good. This is a year group with a moderately weaker academic profile. ALPS 2015 indicates positive VA of 4 across a wide range of subjects of which those with larger entries (>6) included chemistry, law, mathematics, physics, government & politics and psychology.

- Staffing and Curriculum

A central tenet of our approach to sustaining high performance remains the aim to appoint the best staff available. Our curriculum has been judged outstanding in both OFSTED 2008 and 2013, and remains under review in the light of national educational changes and budget constraints.

- Collaboration

The Arnewood School enjoys very good relationships with its pyramid of local primary schools. It has developed an extensive network of partnerships with other providers; Teaching Schools status was granted from September 2014 and The Arnewood Academy Trust is successfully involved in extending support of other schools to effect appropriate improvement. In addition, the trust has approval to open a 7-16 years Alternative Provision Free School to meet the needs of local commissioners.

- Benchmarking of Academic Outcomes

RAISE online 2013 and 2014 demonstrate the high quality of achievement across many key KS4 educational indicators, including attendance, low exclusions, very significant performance in most subjects and at all levels of the academy. ALPS (A Level Performance Systems) and OFSTED Sixth Form benchmarking shows the high quality of post 16 education at The Arnewood School.

**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (continued)**

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- **Financial Guidance and Oversight**

The Trust has a rigorous system of internal control in place to ensure that proper accounting records are kept and all school resources are safeguarded and used effectively. Significant decisions on spending are agreed by the relevant sub-committee in order to ensure best value and effectiveness. Contracts for services are regularly reviewed, appraised and renegotiated as necessary to ensure the best mix of quality and effectiveness for the least cost. The academy benchmarks its annual costs against other similar academies in the area, using the EFA benchmarking tool, to identify where possible savings could be made and seeks expertise where appropriate. The Trust has a clear tendering process for building and other large contracts which gives regard to achieving the best long term outcome for the academy. The academy regularly provides support to its feeder schools with outreach work and provision of transport. The Trust has recently bid successfully to open a Free School for Alternative Provision in order to provide bespoke education for the most vulnerable students from the surrounding areas. The academy regularly hires out its facilities to the local community and markets the newly created Astro turf pitch which was available for use by both the academy and the community from January 2015. Management accounts are produced regularly and reviewed by the Accounting Officer and the Finance Committee with any deviations from expected budgeted expenditure being investigated and action taken where necessary. The academy has a Responsible Officer who carries out a termly check of the internal systems to ensure they are robust and adhered to at all times. Surplus current account funds are invested in a daily rolling Treasury Deposit thereby obtaining the best return on surplus funds whilst still leaving flexibility to ensure sufficient funds are available for day to day spending. The academy is constantly reviewing its practices in order to ensure that best value for money is obtained.

#### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

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

#### **CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (continued)**

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**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr A Maugham, a Trustee, 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. In particular the checks carried out in the current period included:

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of control accounts and bank reconciliations; and
- Testing of compliance with the Academies Financial Handbook.

On a termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

There were three checks carried out by the Responsible Officer in the year 1st September 2014 to 31st August 2015 and controls were found to be in place and adhered to. Suggestions of improvement to the controls were noted to be actioned at the appropriate time.

**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (continued)**

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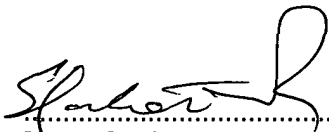
**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Headteacher 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 auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 9 December 2015 and signed on its behalf, by:



.....

**Mrs E Cook**  
Chair of Trustees



.....

**Mr C Hummerstone**  
Accounting Officer

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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

---

As Accounting Officer of The Arnewood School I have considered my responsibility to notify the Academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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 trustees are able to identify any material, irregular or improper use of funds by the Academy, 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 trustees and EFA.



.....  
**Mr C Hummerstone**  
Accounting Officer

Date: 9 December 2015



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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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

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

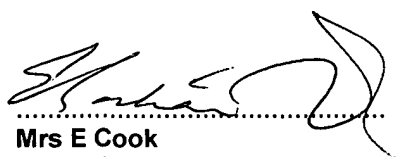
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the board of trustees on 9 December 2015 and signed on its behalf by:



.....

**Mrs E Cook**  
Chair of Trustees

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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ARNEWOOD SCHOOL**

---

We have audited the financial statements of The Arnewood School for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 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 Auditors' 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 opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ARNEWOOD SCHOOL**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

*Richard Hurst*

Richard Hurst FCA (Senior statutory auditor)  
for and on behalf of

**Hopper Williams & Bell Limited**

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Date: 15 December 2015

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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
ARNEWOOD SCHOOL AND THE EDUCATION FUNDING AGENCY**

---

In accordance with the terms of our engagement letter dated 1 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Arnewood School during the year 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Arnewood School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Arnewood School and 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 Arnewood School and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE ARNEWOOD SCHOOL'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of The Arnewood School's funding agreement with the Secretary of State for Education dated 1 May 2011, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by 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 ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
ARNEWOOD SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

**SUMMARY OF WORK UNDERTAKEN**

We carried out the following:

- planning of assurance procedures including identifying key risks;
- substantive testing including analytical review;
- concluding on procedures carried out.

Substantive testing included the following procedures:

- confirming that activities conform to the Academy's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Academy;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy's framework of authorities;
- confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the EFA;
- confirming whether EFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

**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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Richard Hurst FCA

**Hopper Williams & Bell Limited**  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR

Date: 15 December 2015

**THE ARNEWOOD SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Un- restricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	3,175	-	-	3,175	9,142
Activities for generating funds	3	15,117	-	-	15,117	11,705
Investment income	4	1,742	-	-	1,742	1,701
Incoming resources from charitable activities	5	-	7,019,246	147,189	7,166,435	6,658,110
<b>TOTAL INCOMING RESOURCES</b>		<b>20,034</b>	<b>7,019,246</b>	<b>147,189</b>	<b>7,186,469</b>	<b>6,680,658</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Costs of generating voluntary income		-	2,214	-	2,214	2,033
Charitable activities	6	-	6,862,219	402,608	7,264,827	6,875,746
Governance costs	7	-	10,741	-	10,741	21,764
<b>TOTAL RESOURCES EXPENDED</b>	8	<b>-</b>	<b>6,875,174</b>	<b>402,608</b>	<b>7,277,782</b>	<b>6,899,543</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>20,034</b>	<b>144,072</b>	<b>(255,419)</b>	<b>(91,313)</b>	<b>(218,885)</b>

**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Un- restricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfers between Funds	17	(5,492)	(47,496)	52,988	-	-
<b>NET EXPENDITURE FOR THE YEAR</b>		<b>14,542</b>	<b>96,576</b>	<b>(202,431)</b>	<b>(91,313)</b>	<b>(218,885)</b>
Actuarial gains and losses on defined benefit pension schemes		-	61,000	-	61,000	15,000
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>14,542</b>	<b>157,576</b>	<b>(202,431)</b>	<b>(30,313)</b>	<b>(203,885)</b>
<i>Total funds at 1 September 2014</i>		<i>414,624</i>	<i>(744,767)</i>	<i>14,205,843</i>	<i>13,875,700</i>	<i>14,079,585</i>
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>429,166</b>	<b>(587,191)</b>	<b>14,003,412</b>	<b>13,845,387</b>	<b>13,875,700</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

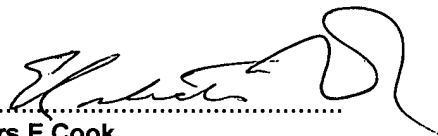
The notes on pages 32 to 51 form part of these financial statements.

**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07546874**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	13		14,003,412		14,096,814
<b>CURRENT ASSETS</b>					
Stocks	14	2,304		2,683	
Debtors	15	215,957		232,147	
Cash at bank and in hand		655,512		541,793	
			<u>873,773</u>	<u>776,623</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	<b>(292,798)</b>		<b>(235,737)</b>	
<b>NET CURRENT ASSETS</b>			<u><b>580,975</b></u>		<u><b>540,886</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>14,584,387</b></u>		<u><b>14,637,700</b></u>
Defined benefit pension scheme liability	23		<u>(739,000)</u>		<u>(762,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u><b>13,845,387</b></u></u>		<u><u><b>13,875,700</b></u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	17	151,809		17,233	
Restricted fixed asset funds	17	14,003,412		14,205,843	
Restricted funds excluding pension liability		14,155,221		14,223,076	
Pension reserve		(739,000)		(762,000)	
Total restricted funds			<u><b>13,416,221</b></u>		<u><b>13,461,076</b></u>
Un-restricted funds	17		<u><b>429,166</b></u>		<u><b>414,624</b></u>
<b>TOTAL FUNDS</b>			<u><u><b>13,845,387</b></u></u>		<u><u><b>13,875,700</b></u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2015 and are signed on their behalf, by:

  
 .....  
**Mrs E Cook**  
 Chair of Trustees

The notes on pages 32 to 51 form part of these financial statements.



**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	19	273,994	82,117
Returns on investments and servicing of finance	20	1,742	1,701
Capital expenditure and financial investment	20	(162,017)	71,740
<b>INCREASE IN CASH IN THE YEAR</b>		<u><u>113,719</u></u>	<u><u>155,558</u></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase in cash in the year	<u>113,719</u>	<u>155,558</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>113,719</b>	<b>155,558</b>
Net funds at 1 September 2014	<u>541,793</u>	<u>386,235</u>
<b>NET FUNDS AT 31 AUGUST 2015</b>	<u><u>655,512</u></u>	<u><u>541,793</u></u>

The notes on pages 32 to 51 form part of these financial statements.

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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Fund accounting**

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

**1.3 Incoming resources**

All incoming resources are included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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

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

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

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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Resources expended**

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

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

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant and machinery	-	10% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	25% straight line

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**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Operating leases**

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

**1.8 Stocks**

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

**1.9 Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.10 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**THE ARNEWOOD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**2. VOLUNTARY INCOME**

	Un- restricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Donations	3,175	-	3,175	9,142

**3. ACTIVITIES FOR GENERATING FUNDS**

	Un- restricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Hire of facilities	15,117	-	15,117	11,705

**4. INVESTMENT INCOME**

	Un- restricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Deposit account interest	1,742	-	1,742	1,701

**THE ARNEWOOD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Un- restricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	5,868,761	5,868,761	5,703,131
DfE/EFA capital grants	-	147,189	147,189	149,125
DfE/EFA other grants	-	228,472	228,472	304,499
Other grants	-	41,346	41,346	4,183
Free school grant	-	220,000	220,000	-
Sponsor capacity grant	-	75,000	75,000	-
Teaching school grant	-	60,000	60,000	7,000
	-	6,640,768	6,640,768	6,167,938
<b>Other government grants</b>				
Local authority grants	-	66,275	66,275	52,645
	-	66,275	66,275	52,645
<b>Other funding</b>				
Trip income	-	194,231	194,231	142,509
Examination fee income	-	3,978	3,978	3,536
Canteen income	-	142,084	142,084	134,602
Music income	-	8,099	8,099	7,730
Other income	-	111,000	111,000	149,150
	-	459,392	459,392	437,527
	-	7,166,435	7,166,435	6,658,110

**THE ARNEWOOD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**6. CHARITABLE ACTIVITIES**

	<b>Total funds 2015 £</b>	<i>Total funds 2014 £</i>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	4,035,176	3,956,104
National insurance	299,450	308,348
Pension cost	505,804	519,559
Technology costs	76,212	61,689
Educational supplies	127,436	126,233
Examination fees	129,387	133,798
Educational consultancy	1,280	4,357
Recruitment & support	46,851	33,330
Other costs	95,913	92,297
	<u>5,317,509</u>	<u>5,235,715</u>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	402,934	375,605
National insurance	34,026	19,331
Pension cost	156,234	107,873
Depreciation	402,456	389,590
Recruitment & support	21,160	8,478
Maintenance of premises & equipment	185,616	94,504
Cleaning	126,491	122,896
Rent & rates	33,820	45,113
Energy costs	95,084	92,636
Insurance	55,985	51,509
Security & transport	56,923	54,491
Catering	96,619	93,033
Office costs	14,456	13,265
Trip expenditure	190,727	142,494
Retirement benefit costs	(4,000)	7,000
(Gain) / Loss on disposal of tangible fixed assets	152	(355)
Astroturf lease payments	43,489	-
Other costs	35,146	22,568
	<u>1,947,318</u>	<u>1,640,031</u>
	<u><u>7,264,827</u></u>	<u><u>6,875,746</u></u>

**THE ARNEWOOD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**7. GOVERNANCE COSTS**

	Un- restricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Legal and professional fees	-	1,243	1,243	11,626
Auditors' remuneration	-	7,060	7,060	6,990
Auditors' remuneration - non-audit	-	2,438	2,438	3,148
	<u>-</u>	<u>10,741</u>	<u>10,741</u>	<u>21,764</u>

**8. RESOURCES EXPENDED**

	Staff costs 2015 £	Non Pay Premises 2015 £	Expenditure Other costs 2015 £	Total 2015 £	Total 2014 £
Costs of generating voluntary income	-	-	2,214	2,214	2,033
<b>Costs of generating funds</b>	<u>-</u>	<u>-</u>	<u>2,214</u>	<u>2,214</u>	<u>2,033</u>
Direct costs	4,840,430	-	477,079	5,317,509	5,235,715
Support costs	593,194	730,244	623,880	1,947,318	1,640,031
<b>Charitable activities</b>	<u>5,433,624</u>	<u>730,244</u>	<u>1,100,959</u>	<u>7,264,827</u>	<u>6,875,746</u>
<b>Governance</b>	<u>-</u>	<u>-</u>	<u>10,741</u>	<u>10,741</u>	<u>21,764</u>
	<u><u>5,433,624</u></u>	<u><u>730,244</u></u>	<u><u>1,113,914</u></u>	<u><u>7,277,782</u></u>	<u><u>6,899,543</u></u>

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000 Amount £	Reason
Fixed asset losses	152	-	



**THE ARNEWOOD SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**9. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	402,456	389,590
Auditors' remuneration	7,060	6,990
Auditors' remuneration - non-audit	2,438	3,148
Operating lease rentals:		
- other operating leases	57,339	13,850
	<u>57,339</u>	<u>13,850</u>

**10. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	4,438,110	4,331,709
Social security costs	333,476	327,679
Other pension costs (Note 23)	662,038	627,432
	<u>5,433,624</u>	<u>5,286,820</u>

**b. Staff severance payments**

Included above is a single non-statutory/non-contractual severance payment of £1,316 (2014: £nil).

**c. Staff numbers**

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	81	87
Administration and support	55	47
Management	11	9
	<u>147</u>	<u>143</u>

**THE ARNEWOOD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**10. STAFF (continued)**

**d. Higher paid staff**

The number of employees whose emoluments fell within the following bands was:

	<b>2015</b>	<i>2014</i>
	<b>No.</b>	<i>No.</i>
In the band £60,001 - £70,000	<b>0</b>	<i>2</i>
In the band £70,001 - £80,000	<b>2</b>	<i>0</i>
In the band £100,001 - £110,000	<b>1</b>	<i>1</i>

The above employees participated in the Teachers' Pension Scheme. During the year, employer's pension contributions for these staff amounted to £35,576 (2014: £34,508).

**11. TRUSTEES' REMUNERATION AND EXPENSES**

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

	<b>2015</b>	<i>2014</i>
	<b>£'000</b>	<i>£'000</i>
Headteacher	<b>105-110</b>	<i>105-110</i>
Three (2014: three) staff governors in total	<b>130-135</b>	<i>125-130</i>
Employer's pension contributions in respect of the above	<b>30-35</b>	<i>30-35</i>

During the year, no expenses were reimbursed to the Trustees in respect of their role as Trustees. Staff Trustees received a total of £2,166 (2014 - £1,757) in respect of their staff roles.

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2015 was £2,251 (2014 - £2,211). The cost of this insurance is included in the total insurance cost.

**THE ARNEWOOD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2014	14,360,054	223,519	213,191	401,195	15,197,959
Additions	213,844	15,199	38,121	42,042	309,206
Disposals	-	-	(256)	(11,739)	(11,995)
<b>At 31 August 2015</b>	<b>14,573,898</b>	<b>238,718</b>	<b>251,056</b>	<b>431,498</b>	<b>15,495,170</b>
<b>Depreciation</b>					
At 1 September 2014	678,771	44,020	119,788	258,566	1,101,145
Charge for the year	233,248	23,872	46,615	98,721	402,456
On disposals	-	-	(256)	(11,587)	(11,843)
<b>At 31 August 2015</b>	<b>912,019</b>	<b>67,892</b>	<b>166,147</b>	<b>345,700</b>	<b>1,491,758</b>
<b>Net book value</b>					
<b>At 31 August 2015</b>	<b>13,661,879</b>	<b>170,826</b>	<b>84,909</b>	<b>85,798</b>	<b>14,003,412</b>
<i>At 31 August 2014</i>	<i>13,681,283</i>	<i>179,499</i>	<i>93,403</i>	<i>142,629</i>	<i>14,096,814</i>

Included in land and buildings is freehold land at valuation upon transfer of £2,908,849 which is not depreciated.

**14. STOCKS**

	2015 £	2014 £
Canteen	2,304	2,683

**15. DEBTORS**

	2015 £	2014 £
Trade debtors	455	-
Other debtors	103,672	102,436
Prepayments and accrued income	89,056	96,736
Tax recoverable	22,774	32,975
	<b>215,957</b>	<b>232,147</b>

**THE ARNEWOOD SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**16. CREDITORS:**  
**Amounts falling due within one year**

	2015	2014
	£	£
Trade creditors	64,296	80,505
Other creditors	2,415	2,662
Accruals and deferred income	226,087	152,570
	<u>292,798</u>	<u>235,737</u>
		£
<b>Deferred income</b>		
Deferred income at 1 September 2014		123,702
Resources deferred during the year		195,079
Amounts released from previous years		<u>(123,702)</u>
Deferred income at 31 August 2015		<u>195,079</u>

At the balance sheet date the academy was holding funds received in advance for school trips, cashless catering cards, laptop insurance, and grants relating to 2015/16.

**THE ARNEWOOD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**17. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General funds	414,624	20,034	-	(5,492)	-	429,166
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	5,842,098	(5,842,098)	-	-	-
16-19 Bursary	-	26,663	(9,401)	-	-	17,262
Other DfE/EFA grants	-	228,472	(228,472)	-	-	-
Local authority grants	-	66,275	(66,275)	-	-	-
Free school grants	-	220,000	(114,201)	-	-	105,799
Sponsor capacity grant	-	75,000	(46,480)	-	-	28,520
Teaching School grant	-	60,000	(59,772)	-	-	228
Other educational activities	17,233	500,738	(470,475)	(47,496)	-	-
Other Restricted funds	(762,000)	-	(38,000)	-	61,000	(739,000)
	<u>(744,767)</u>	<u>7,019,246</u>	<u>(6,875,174)</u>	<u>(47,496)</u>	<u>61,000</u>	<u>(587,191)</u>
<b>Restricted fixed asset funds</b>						
Fixed asset fund	14,096,814	-	(402,608)	309,206	-	14,003,412
Science blocks refurbishments	109,029	122,675	-	(231,704)	-	-
DfE/EFA capital grants	-	24,514	-	(24,514)	-	-
	<u>14,205,843</u>	<u>147,189</u>	<u>(402,608)</u>	<u>52,988</u>	<u>-</u>	<u>14,003,412</u>
Total restricted funds	<u>13,461,076</u>	<u>7,166,435</u>	<u>(7,277,782)</u>	<u>5,492</u>	<u>61,000</u>	<u>13,416,221</u>
Total of funds	<u><u>13,875,700</u></u>	<u><u>7,186,469</u></u>	<u><u>(7,277,782)</u></u>	<u><u>-</u></u>	<u><u>61,000</u></u>	<u><u>13,845,387</u></u>

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

**General annual grant**

This includes all funding received from the EFA to carry out the objectives of the academy. It includes the school budget share, minimum funding guarantee, education services grant, insurance, rates, and pre/post-16 high needs funding.

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**17. STATEMENT OF FUNDS (continued)**

**Other DfE/EFA grants**

This is funding received from the EFA for specific purposes, for example pupil premium funding.

**Local authority grants**

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

**Teaching School grant**

Teaching schools are outstanding schools that work with others to provide high quality training and development to new and experienced school staff. This is funding received from the DfE/EFA for this purpose

**Free schools grant**

This represents funds received for the setting up of a new free school.

**Sponsor capacity grant**

This represents additional funds received to take on a new school.

**Pension reserve**

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy on conversion.

**Other educational activities**

This includes all other educational income/expenditure.

**Fixed asset fund**

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

**DfE/EFA capital grants**

This is money received from the DfE/EFA specifically for expenditure on tangible fixed assets.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	414,624	20,034	-	(5,492)	-	429,166
Restricted funds	(744,767)	7,019,246	(6,875,174)	(47,496)	61,000	(587,191)
Restricted fixed asset funds	14,205,843	147,189	(402,608)	52,988	-	14,003,412
	<u>13,875,700</u>	<u>7,186,469</u>	<u>(7,277,782)</u>	<u>-</u>	<u>61,000</u>	<u>13,845,387</u>

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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Un- restricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	14,003,412	14,003,412	14,096,814
Current assets	429,166	444,607	-	873,773	776,623
Creditors due within one year	-	(292,798)	-	(292,798)	(235,737)
Provisions for liabilities and charges	-	(739,000)	-	(739,000)	(762,000)
	<u>429,166</u>	<u>(587,191)</u>	<u>14,003,412</u>	<u>13,845,387</u>	<u>13,875,700</u>

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Net incoming resources before revaluations	(91,313)	(218,885)
Returns on investments and servicing of finance	(1,742)	(1,701)
Capital grants from DfE/EFA	(147,189)	(149,125)
Depreciation of tangible fixed assets	402,456	389,592
Deficit/(surplus) on disposal of tangible fixed assets	152	(355)
Decrease/(increase) in stocks	379	(383)
Decrease/(increase) in debtors	16,190	(59,329)
Increase in creditors	57,061	83,303
FRS 17 adjustments	38,000	39,000
<b>Net cash inflow from operations</b>	<u>273,994</u>	<u>82,117</u>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>1,742</u>	<u>1,701</u>

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**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(309,206)	(79,893)
Sale of tangible fixed assets	-	2,508
Capital grants from DfE	147,189	149,125
	(162,017)	71,740
<b>Net cash (outflow)/inflow capital expenditure</b>	<b>(162,017)</b>	<b>71,740</b>

**21. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	541,793	113,719	-	655,512
<b>Net funds</b>	<b>541,793</b>	<b>113,719</b>	<b>-</b>	<b>655,512</b>
	<b>541,793</b>	<b>113,719</b>	<b>-</b>	<b>655,512</b>

**22. CAPITAL COMMITMENTS**

At 31 August 2015 the Academy had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	-	231,704
	-	231,704



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**23. PENSION COMMITMENTS**

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

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

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

During the 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.

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**23. PENSION COMMITMENTS (continued)**

The pension costs paid to TPS in the period amounted to £480,038 (2014: £472,432).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £184,000, of which employer's contributions totalled £140,000 and employees' contributions totalled £44,000. The agreed contribution rates for future years are 13.1% for employers and between 5.5% and 7.5% 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 amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(2,339,000)	(2,138,000)
Fair value of scheme assets	1,600,000	1,376,000
<b>Net liability</b>	<b>(739,000)</b>	<b>(762,000)</b>

The amounts recognised in the Statement of Financial Activities are as follows:

	2015 £	2014 £
Current service cost	(182,000)	(155,000)
Interest cost	(82,000)	(92,000)
Expected return on assets	86,000	85,000
<b>Total</b>	<b>(178,000)</b>	<b>(162,000)</b>
Actual return on scheme assets	55,000	(35,000)

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**23. PENSION COMMITMENTS (continued)**

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

	2015 £	2014 £
Opening defined benefit obligation	2,138,000	2,004,000
Contributions by scheme participants	44,000	39,000
Actuarial Gains	(92,000)	(135,000)
Current service cost	182,000	155,000
Interest cost	82,000	92,000
Benefits paid	(15,000)	(17,000)
	<u>2,339,000</u>	<u>2,138,000</u>
Closing defined benefit obligation	<u>2,339,000</u>	<u>2,138,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	1,376,000	1,266,000
Actuarial gains and (losses)	(31,000)	(120,000)
Expected return on assets	86,000	85,000
Contributions by employer	140,000	123,000
Contributions by employees	44,000	39,000
Benefits paid	(15,000)	(17,000)
	<u>1,600,000</u>	<u>1,376,000</u>
	<u>1,600,000</u>	<u>1,376,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £-139,000 (2014 - £-200,000).

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	57.50 %	60.10 %
Government bonds	25.80 %	24.00 %
Corporate bonds	1.70 %	1.40 %
Property	8.20 %	7.70 %
Cash	3.30 %	3.70 %
Other	3.50 %	3.10 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Rate of increase in salaries	3.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.00 %	2.10 %

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**23. PENSION COMMITMENTS (continued)**

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

	2015	2014
Retiring today		
Males	24.5	24.4
Females	26.3	26.2
Retiring in 20 years		
Males	26.6	26.5
Females	28.6	28.5

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(2,339,000)	(2,138,000)	(2,004,000)	(1,704,000)
Scheme assets	1,600,000	1,376,000	1,266,000	992,000
Deficit	(739,000)	(762,000)	(738,000)	(712,000)
Experience adjustments on scheme liabilities	92,000	135,000	(55,000)	(200,000)
Experience adjustments on scheme assets	(31,000)	(120,000)	73,000	(33,000)

**24. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	Astroturf pitch		Other	
	2015 £	2014 £	2015 £	2014 £
<b>Expiry date:</b>				
Within 1 year	-	-	3,534	-
Between 2 and 5 years	-	-	4,004	12,889
After more than 5 years	74,552	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**25. RELATED PARTY TRANSACTIONS**

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

There were no related party transactions during the year.