

Registered number: 07837770 (England and Wales)

**THE EXCEL ACADEMY PARTNERSHIP**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**THE EXCEL ACADEMY PARTNERSHIP**  
**(A company limited by guarantee)**

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**THE EXCEL ACADEMY PARTNERSHIP**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS  
AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**Members**

K Cromarty  
D D Hall  
M P Fleming  
I Mains (resigned 31 August 2016)

**Directors**

D D Hall, Chair  
A J Hopgood, Vice Chair<sup>1</sup>  
A Nicholas, Head Teacher<sup>1</sup>  
J J Atkin (appointed 1 September 2016)  
K Cromarty  
A F Darnell<sup>1</sup>  
M P Fleming  
I Mains (resigned 31 August 2016)<sup>1</sup>  
R McLauchlan (appointed 1 November 2016)  
S E Salter (resigned 31 August 2016)  
P R Stewart  
J Thorns

<sup>1</sup> members of the Audit committee

**Company registered number**

07837770

**Company name**

The Excel Academy Partnership

**Principal and registered office**

Newton Drive  
Framwellgate Moor  
Durham  
DH1 5BQ

**Senior Leadership Team**

A Nicholas, Head Teacher  
P Connor, Deputy Head Teacher  
F Thompson, Deputy Head Teacher  
W Pattison, Business Director  
E Mawson, Assistant Head Teacher  
K Holbrook, Assistant Head Teacher  
R Wallace, Assistant Head Teacher  
H Richards, Quality Assurance Lead

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS  
AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**Independent auditors**

Clive Owen LLP  
Chartered Accountants  
Statutory Auditors  
Kepier House  
Belmont Business Park  
Durham  
DH1 1TW

**Bankers**

Lloyds Bank Plc  
19 Market Place  
Durham  
DH1 3NL

**Solicitors**

Bond Dickinson LLP  
St Ann's Wharf  
112 Quayside  
Newcastle upon Tyne  
NE1 3DX

**THE EXCEL ACADEMY PARTNERSHIP**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a Directors' report under company law.

The trust operates an academy for pupils aged 11 - 18 serving an extensive area around central Durham. It has a pupil capacity of 1,348 and had a roll of 975 in the school census in October 2015.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

The principal object and activity of the charitable company is the operation of Framwellgate School Durham to provide education for students of different abilities between the ages of 11 and 18.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with emphasis on science, and the arts.

### **Objectives, strategies and activities**

The main objective of the academy during the year ended 31 August 2016 was to secure quality education for all of its students in order to support them to:

- become morally responsible and proactive citizens
- be curious, creative and adaptable thinkers who are inspired by learning
- challenge themselves to explore their potential and exceed their expectations
- be ambitious and confident about reaching their life goals
- develop academic, personal and social skills to succeed in further study and employment
- develop life long learning skills

The academy's main objectives are encompassed in its mission statement which is that all students in its care should "Aspire to excel" and "learn to succeed". To this end the Academy Trust aims to secure quality education for all its students which will:

- provide academic rigour and challenge to raise aspiration and foster ambition
- instil the academic and social skills necessary to take the next steps in education or employment
- inspire them to be creative and entrepreneurial
- encourage the skills of research, enquiry and independent learning
- provide individual support to overcome barriers to learning
- instil community responsibility and respect for others
- be inclusive and value diversity
- instil British Values

Framwellgate School Durham will:

- be an inspiring place to work and learn
- deliver excellence in curriculum provision and pastoral care for all its students
- be actively engaged in researching, developing and sharing best practice in teaching and learning
- contribute to and benefit from collaboration with educational partners

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 18.

**THE EXCEL ACADEMY PARTNERSHIP**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Public benefit**

The Academy Trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Directors have considered this guidance in deciding what activities the Academy Trust should undertake.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

**Key financial performance indicators**

To ensure our ongoing success and improvement, our key financial performance indicators include regular reporting through Senior Leadership Teams and the governing body and Trust Board through a well-structured meetings schedule.

We have written and use a monthly outturn package which includes all income and expenditure to date, and forecasts income and expenditure to year end including all accruals and prepayments. This allows senior leaders and Directors to have a regular report on the current and projected financial health of the academy.

Reports are also provided on cash balances, and free reserves.

The total number of pupils captured on the October 2015 census was 975, including the sixth form provision, out of a capacity available of 1,348. The successes achieved, particularly from our sixth form results, will assist Framwellgate School Durham in recruitment and retention of pupils, which remains a key priority. Directors regularly review our student numbers, and the impact on future funding.

Student numbers coming in to Year 7 in September 2016 show a significant increase by 35%.

Senior leaders and Directors review teacher salaries each year, against performance and career stage expectations and will make recommendations for progressions in light of performance against targets.

Support staff salaries have been reviewed and undergo a job evaluation prior to appointment to vacancies to ensure consistency in grade and levels of responsibility.

Rigorous attendance monitoring is done monthly, with the application of the attendance management policy at all times. This allows the academy to improve attendance of staff whilst supporting individuals.

The Academy underwent an Ofsted inspection in November 2015, and a monitoring visit in April 2016 where good progress was identified against the school action plan.

External reviews of governance and pupil premium, were also commissioned. Both reviews were undertaken early in 2016 with very positive results.

The Academy underwent a DFE commissioned risk management review in the Spring term through Willis, their risk management advisors, with outstanding results.

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

**Review of activities**

Examination outcomes for the academic year 2015/16 show attainment remaining well above national figures Key Stage Four and Sixth Form and some key areas of improvement on 2014/15 figures. In core subjects, mathematics maintained 79% A\* to C (national drop in performance from 63% to 61%) and in English results improved by 3% to 77% (national drop in performance from 65% to 60%). Overall, 70% of students achieved 5A\* to C grades including English and mathematics.

In Sixth Form, 59% of results for A Level were at A\* to B grade and results were particularly strong in the sciences, mathematics and politics. Framwellgate School Durham students were again highly successful in enrolling in some of the top universities in the country; nine out of ten students progressed to their first choice of route for further education or employment. Retention rates from Year 12 to 13 were improved and the proportion of students completing a full three A level or equivalent course and those achieving at least AAB in facilitating subjects also increased.

The school continues to create unique opportunities for students to experience and prepare for the world of work through partnerships with business and industry. In particular, the Internship Programme which is available to Sixth Form students who are applying to competitive universities or considering careers in engineering, medicine, research or the law has been highly successful for the individual interns and as a recruitment incentive for the school.

The school was subject to a full Ofsted inspection on 10 and 11 November 2015 and was judged overall as 'Requires Improvement'. Inspectors identified areas for improvement with respect to the quality of teaching as medium term planning, assessment and challenge. Leadership and management, specifically quality assurance and the role of middle leaders were also highlighted. Reviews of pupil premium provision and governance were undertaken and these, in conjunction with the school's action planning have driven significant changes.

The review of governance supported the view of inspectors that 'The Head Teacher and Governors have a clear vision for excellence for the school' and that 'governors and leaders have accurately identified those areas of the school's performance that most need improvement.'

Following a monitoring visit in April 2016, an HMI concluded that 'The Head Teacher, senior leaders and Governors are acting decisively to address the areas for improvement identified at the last section 5 inspection. There is evidence of a renewed focus on pupils' progress across the school, with a sharper emphasis on the performance of key groups of pupils. This cultural shift in expectations has been supported by new processes such as improved tracking systems and mid-term planning documents that are leading to more focused planning and regular monitoring of progress.'

Planning during the academic year has sought to build on this momentum and has focussed on ensuring tighter monitoring of student performance. Key strategic priorities were determined as:

- Planning of learning which is firmly based on prior attainment, target setting and assessment
- Teaching that consistently stretches students in all key stages across the school
- An appraisal system which drives improvements in teaching, learning and assessment

Senior leaders have a renewed focus on classroom practice which is embedding consistent approaches to planning and setting high expectations of teachers and students. Professional development, classroom observation and closer monitoring of marking and feedback are supporting this. The Governing and Trust Boards have also recruited new members and a review of quality assurance with the new Chair of Governors has sought to utilise their expertise within a more tightly integrated framework.

Whilst actions taken so far by school leaders and Governors have had an impact on outcomes, there are still areas where further improvements are needed. Priorities include addressing the relative underperformance of high ability boys and pupil premium students. The contribution of specific subject areas to the Progress 8 measure is informing more responsive intervention strategies.

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

Regarding the school estate, recent investment by Directors in the buildings has facilitated upgrades to public and dining space, catering facilities, ICT infrastructure and the heating system. This year, several classrooms were upgraded. The school was successful in capital grant bids to replace windows in one of the teaching blocks and for a new-build sports centre. These grants have a combined value of £2.45m.

The school has sought to meet the challenges it faces due to the demographic dip in the local area and the consequent fall in pupil numbers. A proactive approach to working with local primary schools and a more direct appeal to parents and primary school governors led to an increase in the 2016 year 7 intake which is now above the published pupil admission number and oversubscribed. The school continues to improve its community profile through its own creative arts performances and through Summer and Christmas fairs. The Sjøvoll Centre also has a strong profile in the local business community.

## **FINANCIAL REVIEW**

### **Going concern**

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

### **Principal risks and uncertainties**

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/EFA. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

The Directors have assessed the major risks, to which the academy is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate risk protection arrangements and insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy has fully implemented the requirements of the Safer Recruitment procedures and all key staff have received training in this area. In addition all staff have received training on Child Protection, Prevent Strategy, safer working practices and Keeping Children Safe in Education.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.



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

**Reserves policy**

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- to provide funds which can be designated to specific areas to support priorities in the school improvement plan
- to cover ongoing costs in relation to the running of the academy including catering provisions, school trips, and extra-curricular activities
- to support the maintenance and repair of an aging building
- to support staffing reduction plans enabling the academy to set a balanced budget

The level of reserves is reviewed by the Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy is reviewed by the Directors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of no more than 5% of the total budget allocation.

This is considered sufficient to cover:

- a) unplanned activities
- b) emergency repairs/maintenance
- c) longer term financial planning to manage downturns in roll and therefore funding
- d) a salary safety net

The academy's current level of free reserves are in surplus by £391,000 and although are under the ideal level of reserves required for the ongoing needs of the academy, have been managed well within a significant financial downturn, ensuring the academy does not ever set a deficit budget. The Directors are working to increase the level of free reserves by:

- a) seeking to make savings through resources budgets
- b) seeking to achieve additional income through maximising the full use of resources available to the school

**Investment policy**

If free funds were available, the academy would invest surplus funds through money market accounts. Interest rates would be reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum. The Academy has not invested funds within the last financial year.

**THE EXCEL ACADEMY PARTNERSHIP**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association are the primary governing documents of the Academy Trust.

The Directors of The Excel Academy Partnership are also the Directors of the charitable company for the purpose of company law.

The charitable company is known as The Excel Academy Partnership Trust.

The Academy Trust was formed as a Multi-Academy Trust which has the infrastructure to govern a family of schools through their Local Governing Bodies. At present, the Academy Trust has responsibility for one secondary school, Framwellgate School Durham. Details of the Directors who served during the year are included in the Reference and Administrative Details on page 1.

**Members' liability**

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

**Method of recruitment and appointment or election of Directors**

The term of office for any Director shall be four years, save that this time limit shall not apply to the Head Teacher or any post held ex officio. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Recruitment of Directors follows protocols outlined in the Standing Orders approved by the Board on 30th April 2013. When new Directors are sought to fill a vacancy, the Nominations and Governance Committee shall consider any suggested nominations made by serving Trust Board Directors, or by holders of senior posts, or through such other channels as it thinks fit. Having reached the conclusion of its deliberations regarding any particular vacancy, the Nominations and Governance Committee shall report its findings to the Trust Board, including in confidence the names of those persons whom it has considered, and shall recommend the preferred nominee(s) for appointment. It shall be for the Trust Board, in accordance with the Memorandum of Association, to consider and determine new appointments.

**Policies and procedures adopted for the induction and training of Directors**

The training and induction provided for new Directors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Directors are given a tour of the Academy and the chance to meet with staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are normally only one or two new Directors a year, induction tends to be done informally and is tailored specifically to the individual.

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

**Pay policy for key management personnel**

Pay is determined in line with the Academy's pay policy which is reviewed and ratified annually by the Remuneration Committee of the Trust Board. The pay policy for teaching and leadership staff complies with Teachers' Pay and Conditions, and increments are based on successful performance achieved through the application of the Academy appraisal system. Support staff pay has undergone a thorough job evaluation process, with any new positions being job evaluated to ensure consistency of grade and responsibility. Support staff pay, including for senior leadership posts, is applied in line with Green Book pay and conditions, and is not performance related. The Academy does not pay Directors.

**Organisational structure**

The governance and leadership structure within the Academy Trust consist of four levels: Members, the Trust Board, the Local Governing Body of schools within the multi-academy trust (presently Framwellgate School Durham) and Senior Leadership Team. The aim of the management structure is to provide a clear framework of accountability, encouraging involvement in decision making at all levels.

The Head Teacher of Framwellgate School Durham and its Senior Leadership Team are responsible for supporting the Academy Trust at an executive level, implementing policies laid down by the Directors and reporting back to them. The committee structure facilitates this. As a group the Senior Leadership Team are bound by the Academy Trust's scheme of delegation, which provides a clear framework for the delegation of authority and responsibility within the organisation.

**Connected organisations, including related party relationships**

There are no related parties or other connected charities or organisations linked with Framwellgate School Durham.

Further details are stated in note 25 to the financial statements.

**Directors' indemnities**

The academy has purchased insurance to protect Directors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. This is included in the DfE RPA scheme.

**PLANS FOR FUTURE PERIODS**

**Future developments**

In order to expand as a Multi Academy Trust we must endeavour to continue on our performance improvement journey at Framwellgate School Durham. Our aim continues to be to achieve at least a good Ofsted judgement as quickly as possible, which will be used as a platform for the Trust's development and expansion. Our back office systems have been identified as offering best practice in most areas and this will be a focus of developing our school to school support over the coming months and years.

**THE EXCEL ACADEMY PARTNERSHIP**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Financial review**

Most of the Academy Trust's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE/EFA. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition the school generates funding from the use of its own resources such as the use of the Sjøvoll Centre, and working in partnership with Carmel Teaching School through delivery of programmes such as Specialist Leaders in Education.

The Academy has been successful again in securing EFA funding through the Condition Improvement Fund in order to re clad and glaze Darwin Block, and for the building of a brand new sportshall, with demolition of the old structure.

During the year ended 31 August 2016, total expenditure of £5,973,000 was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £7,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2016 the net book value of fixed assets was £7,609,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard No.102 have been applied in full in respect of the LGPS pension scheme, resulting in a deficit of £1,823,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2016 of £6,695,000 comprising £6,304,000 of restricted funds and £391,000 of unrestricted funds.

**Disclosure of information to auditors**

Insofar as the Directors are aware:

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

This report was approved by order of the Trust Board as the company Directors, on 9 December 2016 and signed on its behalf by:



**D D Hall**  
**Chair**

**THE EXCEL ACADEMY PARTNERSHIP**  
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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

As Directors, we acknowledge we have overall responsibility for ensuring that The Excel Academy Partnership 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 Trust Board has delegated the day-to-day responsibility to the Head Teacher, 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 Excel Academy Partnership and the Secretary of State for Education. They are also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Trust Board has formally met 3 times during the year. Attendance during the year at meetings of the Trust Board was as follows:

Director	Meetings attended	Out of a possible
D D Hall	3	3
A J Hopgood	3	3
A Nicholas, Head Teacher	3	3
J J Atkin	0	0
K Cromarty	3	3
A F Darnell	2	3
M P Fleming	2	3
I Mains	1	3
R McLauchlan	0	0
S E Salter	1	3
P R Stewart	2	3
J Thorns	1	3

In response to the Ofsted inspection in November 2015, and subsequent external review of governance, the Trust Board has restructured in order to ensure strengths of professionals within it are recognised, and deployed accordingly. This has resulted in a change to the vice chair of the board, and a new chair of the local governing body. The structure of the board and the local governing body has been reviewed so that there is a clear separation of duties and therefore lines of accountability. The revised structure will enable the trust to expand once the identified improvements are secured.

A Darnell appointed as Chair of Governors  
A Hopgood appointed as Vice Chair of the Trust

**Governance Reviews:**

An external review of governance was undertaken in the Spring term as a response to the Ofsted inspection in November 2015. The review was commissioned by the Trust Board and used a National Leader of Governance, facilitated through the National College. The review identified significant strengths and skills within the governing body, and this was further ratified by the HMI monitoring visit in April 2016.

The new chair of the local governing body will undertake a governor led self evaluation of governance over the coming year, which will further strengthen the professional body in being able to act as a critical friend to the Head Teacher and Senior Leadership Team.

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**GOVERNANCE STATEMENT (continued)**

The Audit Committee is a sub-committee of the main Board of Directors. Its purpose is operate as a sub committee of the Trust Board, to deal with audit and assurance matters.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
A F Darnell	3	3
A J Hopgood	3	3
I Mains	2	3
A Nicholas	3	3

**Review of Value for money**

As Accounting Officer, the Head Teacher 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 Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Trust Board where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

The school has endeavoured to develop an efficient curriculum. Curriculum analysis is undertaken on an annual basis to ensure that staffing ratios, contact time and class sizes are managed effectively. In 2015/16, the Pupil Teacher Ratio was 15.7 and the Contact Ratio was 0.73. These are within recommended guidelines.

Due to falling pupil numbers, the school has faced reductions in funding. Consequently, this has required a reduction in staffing. From 2014/15 to 2015/16, 3 teaching positions, and 4 support staff positions were removed from the staffing structure, or adapted. Leadership positions and those of middle leaders were reviewed, and efficiencies achieved. This reduction was largely managed through non-replacement of departing colleagues and the discontinuation of temporary contracts. Redundancy payments were made in 4 instances.

During 2015/16 the school was provided with a pupil premium allocation of circa £146,000. This funding was utilised to target a number of interventions to support pupils who had triggered the grant funding. The external review of pupil premium commissioned by the trust board, identified excellent use of the grant funding with positive outcomes in narrowing the attainment gap. Progress of our disadvantaged students continues to be better than the national average.

The Academy has secured £2,450,000 through the EFA condition improvement fund, for a new sports hall, and to re-clad and reglaze Darwin block. The success of these two bids has allowed our revenue expenditure to shrink in line with reduced funding from the EFA, and to spend within our budget allocation without having to invest internally on significantly aging buildings.

Significant savings have been achieved during the year through a review of contracts and SLA's used by the Academy. These, together with the savings achieved through the Academy staffing reduction programme have ensured that the Academy can set a balanced budget in 2016/17 with an increase to reserves since last financial year.

**THE EXCEL ACADEMY PARTNERSHIP**  
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**GOVERNANCE STATEMENT (continued)**

**The Purpose of the System of Internal Control**

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

**Capacity to Handle Risk**

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

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust Board;
- regular reviews by the Audit 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 Trust Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

In particular the checks carried out in the current period included:

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;
- Review of governor appointments/resignations and declarations of interest;
- Review of gifts and hospitality & honorarium/ex-gratia payments;
- Review of information technology strategy;
- Review of fixed assets;
- Review of VAT and Corporation tax position

On a termly basis the auditor reports to the Board of Directors, through the audit committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

During the year the Academy Trust Internal Assurance function has been fully delivered in line with the EFA's requirements, as dictated by the regulations in the Academies Financial Handbook.

**THE EXCEL ACADEMY PARTNERSHIP**  
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**GOVERNANCE STATEMENT (continued)**

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

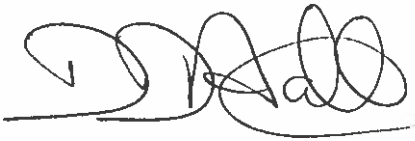
**Review of Effectiveness**

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

- the work of the external auditors;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.
- the work of the internal assurer
- the work of the DFE risk management auditor

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

Approved by order of the members of the Trust Board on 9 December 2016 and signed on their behalf, by:



**D D Hall**  
**Chair**



**A Nicholas, Head Teacher**  
**Accounting Officer**



**THE EXCEL ACADEMY PARTNERSHIP**  
**(A company limited by guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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



**A Nicholas, Head Teacher**  
**Accounting Officer**

Date: 9 December 2016

**THE EXCEL ACADEMY PARTNERSHIP**  
**(A company limited by guarantee)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Directors of The Excel Academy Partnership are responsible for preparing the Directors' 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 Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:

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

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

The Directors 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 Trust Board on 9 December 2016 and signed on its behalf by:



**D D Hall**  
**Chair**

**THE EXCEL ACADEMY PARTNERSHIP**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
EXCEL ACADEMY PARTNERSHIP**

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

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

**Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' responsibilities statement, the Directors 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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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 Trust's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

**Opinion on other matter prescribed by the Companies Act 2006**

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


**THE EXCEL ACADEMY PARTNERSHIP**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
EXCEL ACADEMY PARTNERSHIP**

**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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Gary Ellis BA FCA (Senior statutory auditor)

for and on behalf of

**Clive Owen LLP**

Chartered Accountants  
Statutory Auditors

Kepier House  
Belmont Business Park  
Durham  
DH1 1TW  
9 December 2016

**THE EXCEL ACADEMY PARTNERSHIP**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE EXCEL  
ACADEMY PARTNERSHIP AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Excel Academy Partnership during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of The Excel Academy Partnership's accounting officer and the reporting auditors**

The Accounting Officer is responsible, under the requirements of The Excel Academy Partnership's funding agreement with the Secretary of State for Education dated 30 November 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

**THE EXCEL ACADEMY PARTNERSHIP**  
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE EXCEL  
ACADEMY PARTNERSHIP AND THE EDUCATION FUNDING AGENCY (continued)**

**Approach (continued)**

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

**Conclusion**

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



**Clive Owen LLP**

Reporting Accountant

Kepier House  
Belmont Business Park  
Durham  
DH1 1TW

9 December 2016

**THE EXCEL ACADEMY PARTNERSHIP**  
(A company limited by guarantee)

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

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>INCOME FROM:</b>					
Donations and capital grants	3	-	867	867	572
Charitable activities	4	5,021	-	5,021	5,124
Other trading activities	5	405	-	405	505
Investments	6	4	-	4	2
<b>TOTAL INCOME</b>	<b>409</b>	<b>5,021</b>	<b>867</b>	<b>6,297</b>	<b>6,203</b>
<b>EXPENDITURE ON:</b>					
Charitable activities	392	5,045	536	5,973	6,178
<b>TOTAL EXPENDITURE</b>	<b>7</b>	<b>5,045</b>	<b>536</b>	<b>5,973</b>	<b>6,178</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>					
Transfers between Funds	17	17	(24)	331	25
		-	(27)	27	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>					
		17	(51)	358	25
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(884)	-	(884)
<b>NET MOVEMENT IN FUNDS</b>		17	(935)	358	(560)
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		374	(888)	7,769	7,255
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>391</b>	<b>(1,823)</b>	<b>8,127</b>	<b>7,255</b>

**THE EXCEL ACADEMY PARTNERSHIP**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07837770**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£000	2016 £000	2015 £000
<b>FIXED ASSETS</b>				
Tangible assets	13		7,609	7,795
<b>CURRENT ASSETS</b>				
Debtors	14	140		211
Cash at bank and in hand		1,252		877
		<u>1,392</u>		<u>1,088</u>
<b>CREDITORS:</b> amounts falling due within one year	15	(339)		(563)
<b>NET CURRENT ASSETS</b>			<u>1,053</u>	<u>525</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>8,662</u>	<u>8,320</u>
<b>CREDITORS:</b> amounts falling due after more than one year	16		(144)	(177)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>8,518</u>	<u>8,143</u>
Defined benefit pension scheme liability	22		(1,823)	(888)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>6,695</u>	<u>7,255</u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds:				
Restricted funds excluding pension liability		8,127		7,769
Pension reserve		(1,823)		(888)
Total restricted funds			<u>6,304</u>	<u>6,881</u>
Unrestricted funds	17		391	374
<b>TOTAL FUNDS</b>			<u>6,695</u>	<u>7,255</u>

The financial statements were approved by the Directors, and authorised for issue, on 9 December 2016 and are signed on their behalf, by:



**D D Hall**  
**Chair**

The notes on pages 24 to 43 form part of these financial statements.



**THE EXCEL ACADEMY PARTNERSHIP**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	(120)	(31)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		4	2
Proceeds from the sale of tangible fixed assets		5	-
Purchase of tangible fixed assets		(355)	(838)
Capital grants from DfE/EFA		867	572
<b>Net cash provided by/(used in) investing activities</b>		<b>521</b>	<b>(264)</b>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(26)	(13)
Cash inflows from new borrowing		-	153
<b>Net cash (used in)/provided by financing activities</b>		<b>(26)</b>	<b>140</b>
<b>Change in cash and cash equivalents in the year</b>		<b>375</b>	<b>(155)</b>
Cash and cash equivalents brought forward		877	1,032
<b>Cash and cash equivalents carried forward</b>		<b>1,252</b>	<b>877</b>

**THE EXCEL ACADEMY PARTNERSHIP**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Excel Academy Partnership constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

**1.2 FUND ACCOUNTING**

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

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

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

**THE EXCEL ACADEMY PARTNERSHIP**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

**1.4 EXPENDITURE**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 GOING CONCERN**

The Directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**THE EXCEL ACADEMY PARTNERSHIP**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

The premises are held on a 125 year lease from Durham County Council. As the risks and rewards have transferred to the Academy Trust, the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at existing use valuation by DTZ, on behalf of the Education Funding Agency. The Directors consider that the cost of obtaining an additional valuation would outweigh the benefit.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold property	-	over 22 years
Long leasehold land	-	over 125 years
Fixtures and fittings	-	over 7 years
Computer equipment	-	over 3 years

**1.7 OPERATING LEASES**

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

**1.8 INTEREST RECEIVABLE**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the Bank.

**1.9 TAXATION**

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

**1.10 DEBTORS**

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

**THE EXCEL ACADEMY PARTNERSHIP**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.11 CASH AT BANK AND IN HAND**

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

**1.12 LIABILITIES AND PROVISIONS**

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

**1.13 FINANCIAL INSTRUMENTS**

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

**1.14 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**THE EXCEL ACADEMY PARTNERSHIP**  
(A company limited by guarantee)

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

**1. ACCOUNTING POLICIES (continued)**

**1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £536,000.

Land and buildings - Land and buildings are held under a 125 year lease from Durham County Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

**2. GENERAL ANNUAL GRANT (GAG)**

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

The Academy Trust has not exceeded these limits during the year ended 31 August 2016.

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**3. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Capital Grants	-	867	867	572
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £572,000 was to restricted fixed asset funds

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

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	4,809	4,809	4,872
Pupil Premium	-	137	137	197
16-19 Bursary	-	14	14	14
Other DfE/EFA Grants	-	47	47	27
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	-	5,007	5,007	5,110
<b>Other government grants</b>				
Other Government Grants	-	-	-	11
SEN	-	14	14	3
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	-	14	14	14
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	-	5,021	5,021	5,124
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £5,124,000 was to restricted funds.

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**5. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Sundry income	75	-	75	111
Lettings	43	-	43	41
Catering	265	-	265	259
School fund	22	-	22	94
	<u>405</u>	<u>-</u>	<u>405</u>	<u>505</u>

In 2015, of the total income from other trading activities, £505,000 was to unrestricted funds and £ NIL was to restricted funds.

**6. INVESTMENT INCOME**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Bank Interest	4	-	4	2
	<u>4</u>	<u>-</u>	<u>4</u>	<u>2</u>

In 2015, of the total investment income, £2,000 was to unrestricted funds and £ NIL was to restricted funds.

**7. EXPENDITURE**

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Educational operations:					
Direct costs	3,540	-	272	3,812	3,868
Support costs	884	803	474	2,161	2,310
	<u>4,424</u>	<u>803</u>	<u>746</u>	<u>5,973</u>	<u>6,178</u>

In 2016, of the total expenditure, £392,000 (2015 - £723,000) was to unrestricted funds and £5,581,000 (2015 - £5,455,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable assets
- Cash losses

There were no ex-gratia payments in the year.



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**8. CHARITABLE ACTIVITIES**

	2016 £000	2015 £000
<b>DIRECT COSTS</b>		
Wages and salaries	2,869	3,017
National insurance	213	195
Pension cost	458	429
Educational supplies	107	69
Examination fees	102	116
Staff development	8	14
Educational consultancy	21	25
Other direct costs	34	3
	3,812	3,868
<b>SUPPORT COSTS</b>		
Wages and salaries	738	787
National insurance	43	32
Pension costs	103	78
Depreciation	536	480
Net interest cost on pension scheme	31	29
Recruitment and support	6	7
Technology costs	39	41
Travel and subsistence	-	3
Maintenance of premises and equipment	78	77
Cleaning	7	8
Rates	62	62
Energy	109	110
Insurance	28	36
Security	3	19
Transport	3	11
Catering	205	184
Occupancy costs	8	7
Other support charges	149	327
Governance costs	13	12
	2,161	2,310
	5,973	6,178

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

This is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets: - owned by the charity	536	480
Auditors' remuneration - audit	9	8
Auditors' remuneration - other services	4	4
Operating lease rentals	14	14
	<u>563</u>	<u>506</u>

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**10. STAFF COSTS**

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	3,492	3,681
Social security costs	256	227
Operating costs of defined benefit pension schemes	561	507
	<hr/>	<hr/>
Supply staff costs	4,309	4,415
Staff restructuring costs	95	68
	20	55
	<hr/>	<hr/>
	<u>4,424</u>	<u>4,538</u>

Included in restructuring costs are redundancy payments of £20,000 (2015: £55,000).

Included in operating costs of defined benefit pension scheme is debit of £3,000 relating to the pension deficit actuarial adjustment.

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

	2016 No.	2015 No.
Teachers	60	63
Administration and support	53	57
Management	8	8
	<hr/>	<hr/>
	<u>121</u>	<u>128</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	2	1
In the band £90,001 - £100,000	1	1

The above employees participated in the Teachers' Pension Scheme.

There were no non-statutory/ non contractual payments made.

The key management personnel of the academy trust comprise the Directors and the headteacher and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £528,000 (2015: £548,000).

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**11. DIRECTORS' REMUNERATION AND EXPENSES**

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Directors 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 Directors, the value of Directors' remuneration and other benefits was as follows:

		2016 £000	2015 £000
A Nicholas, Head Teacher	Remuneration	95-100	95-100
	Pension contributions paid	15-20	10-15

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

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

**12. DIRECTORS' AND OFFICERS' INSURANCE**

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

**13. TANGIBLE FIXED ASSETS**

	Long leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>COST</b>				
At 1 September 2015	8,466	463	340	9,269
Additions	300	42	13	355
Disposals	-	(6)	-	(6)
At 31 August 2016	<u>8,766</u>	<u>499</u>	<u>353</u>	<u>9,618</u>
<b>DEPRECIATION</b>				
At 1 September 2015	1,242	88	144	1,474
Charge for the year	365	68	103	536
On disposals	-	(1)	-	(1)
At 31 August 2016	<u>1,607</u>	<u>155</u>	<u>247</u>	<u>2,009</u>
<b>NET BOOK VALUE</b>				
At 31 August 2016	<u>7,159</u>	<u>344</u>	<u>106</u>	<u>7,609</u>
At 31 August 2015	<u>7,224</u>	<u>375</u>	<u>196</u>	<u>7,795</u>

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**14. DEBTORS**

	2016	2015
	£000	£000
Trade debtors	6	21
VAT recoverable	8	57
Prepayments and accrued income	126	133
	140	211
	140	211

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£000	£000
Other loans	33	26
Trade creditors	36	212
Other creditors	187	202
Accruals and deferred income	83	123
	339	563
	339	563

**DEFERRED INCOME**

	2016	2015
	£000	£000
Deferred income at 1 September 2015	29	88
Resources deferred during the year	33	29
Amounts released from previous years	(29)	(88)
Deferred income at 31 August 2016	33	29
	33	29

At the balance sheet date the Academy Trust was holding deferred income relating to capital funding, rates relief and an insurance claim, which straddle the academic year end.

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**16. CREDITORS:**  
**AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016	2015
	£000	£000
Other loans	144	177
	<u>          </u>	<u>          </u>

Included within the above are amounts falling due as follows:

	2016	2015
	£000	£000
<b>BETWEEN ONE AND TWO YEARS</b>		
Other loans	26	33
	<u>          </u>	<u>          </u>
<b>BETWEEN TWO AND FIVE YEARS</b>		
Other loans	78	78
	<u>          </u>	<u>          </u>
<b>OVER FIVE YEARS</b>		
Other loans	40	66
	<u>          </u>	<u>          </u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2016	2015
	£000	£000
Repayable by instalments	40	66
	<u>          </u>	<u>          </u>

Included within other loans is an interest free Salix loan of £177,000 (2015: £203,000).

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**17. STATEMENT OF FUNDS**

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
<b>UNRESTRICTED FUNDS</b>						
General funds	331	387	(354)	-	-	364
School fund	43	22	(38)	-	-	27
	<u>374</u>	<u>409</u>	<u>(392)</u>	<u>-</u>	<u>-</u>	<u>391</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	-	4,809	(4,782)	(27)	-	-
Pupil Premium	-	137	(137)	-	-	-
16-19 Bursary	-	14	(14)	-	-	-
Other DfE/EFA grants	-	47	(47)	-	-	-
Other Grants	-	14	(14)	-	-	-
Pension reserve	(888)	-	(51)	-	(884)	(1,823)
	<u>(888)</u>	<u>5,021</u>	<u>(5,045)</u>	<u>(27)</u>	<u>(884)</u>	<u>(1,823)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Assets inherited on conversion	6,465	-	(321)	-	-	6,144
Capital Maintenance Fund	370	-	(27)	-	-	343
Devolved Formula Capital	60	23	(4)	-	-	79
Capital expenditure from GAG	486	-	(167)	27	-	346
Condition Improvement Fund	388	844	(17)	-	-	1,215
	<u>7,769</u>	<u>867</u>	<u>(536)</u>	<u>27</u>	<u>-</u>	<u>8,127</u>
Total restricted funds	<u>6,881</u>	<u>5,888</u>	<u>(5,581)</u>	<u>-</u>	<u>(884)</u>	<u>6,304</u>
Total of funds	<u>7,255</u>	<u>6,297</u>	<u>(5,973)</u>	<u>-</u>	<u>(884)</u>	<u>6,695</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy Trust including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the Academy Trust sees fit to support deprived students.

16-19 bursary funding is funding towards the sixth form pupils.

SEN funding relates to special educational needs.

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

Other Government grants are received from local and central Government, including councils, for specific purposes.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The unrestricted fund represents catering income, school fund income, and other sundry income streams with the relevant costs allocated appropriately.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful life of the associated asset.

A transfer of £27,000 has been made to capital expenditure from GAG funding to reflect those items included within fixed assets which have been purchased using GAG monies.

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

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

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	7,609	7,609	7,795
Current assets	391	483	518	1,392	1,088
Creditors due within one year	-	(339)	-	(339)	(563)
Creditors due in more than one year	-	(144)	-	(144)	(177)
Provisions for liabilities and charges	-	(1,823)	-	(1,823)	(888)
	<u>391</u>	<u>(1,823)</u>	<u>8,127</u>	<u>6,695</u>	<u>7,255</u>



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**19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2016 £000	2015 £000
Net income for the year (as per Statement of financial activities)	324	25
<b>Adjustment for:</b>		
Depreciation charges	536	480
Dividends, interest and rents from investments	(4)	(2)
Decrease/(increase) in debtors	71	(26)
(Decrease)/increase in creditors	(231)	9
Capital grants from DfE and other capital income	(867)	(572)
Defined benefit pension scheme cost less contributions payable	20	26
Defined benefit pension scheme finance cost	31	29
<b>Net cash used in operating activities</b>	<b>(120)</b>	<b>(31)</b>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £000	2015 £000
Cash in hand	1,252	877
Total	1,252	877

**21. CAPITAL COMMITMENTS**

At 31 August 2016 the Academy Trust had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	-	190
	-	190

**22. PENSION COMMITMENTS**

The Academy Trust'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 Durham County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £66,000 were payable to the schemes at 31 August 2016 (2015 - £nil) and are included within creditors.

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**22. PENSION COMMITMENTS (continued)**

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £427,000 (2015 - £382,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £151,000 (2015 - £138,000), of which employer's contributions totalled £114,000 (2015 - £99,000) and employees' contributions totalled £37,000 (2015 - £39,000). The agreed contribution rates for future years are 12.4% for employers and 5.5 to 10.3% for employees.

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**22. PENSION COMMITMENTS (continued)**

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.40 %	3.60 %
Rate of increase for pensions in payment / inflation	1.90 %	2.10 %
Inflation assumption (CPI)	1.90 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2016	2015
Retiring today		
Males	22.7	22.6
Females	25.2	25.1
Retiring in 20 years		
Males	24.9	24.8
Females	27.5	27.4

The Academy Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	736	598
Property	135	74
Government bonds	546	345
Corporate bonds	143	108
Cash	125	93
Total market value of assets	<u>1,685</u>	<u>1,218</u>

The actual return on scheme assets was £229,000 (2015 - £(1,000)).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(117)	(125)
Net interest cost	(31)	(29)
Past service cost	(17)	-
Total	<u>(165)</u>	<u>(154)</u>

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**22. PENSION COMMITMENTS (continued)**

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

	2016 £000	2015 £000
Opening defined benefit obligation	2,106	1,953
Current service cost	117	125
Interest cost	82	72
Contributions by employees	37	39
Actuarial losses/(gains)	1,062	(54)
Past service costs	17	-
Benefits paid	87	(29)
	<hr/>	<hr/>
Closing defined benefit obligation	<u>3,508</u>	<u>2,106</u>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	1,218	1,110
Interest income	51	43
Actuarial gains and (losses)	178	(44)
Contributions by employer	114	99
Contributions by employees	37	39
Benefits paid	87	(29)
	<hr/>	<hr/>
Closing fair value of scheme assets	<u>1,685</u>	<u>1,218</u>

**23. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
<b>AMOUNTS PAYABLE:</b>		
Within one year	12	12
Between one and five years	3	3
	<hr/>	<hr/>
Total	<u>15</u>	<u>15</u>

**24. NET INTEREST COST ON PENSION SCHEME**

	2016 £000	2015 £000
Expected return on pension scheme assets	51	43
Interest on pension scheme liabilities	(82)	(72)
	<hr/>	<hr/>
	<u>(31)</u>	<u>(29)</u>

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**25. RELATED PARTY TRANSACTIONS**

Owing to the public nature of the academy trust and the composition of the Board of the Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place during the period of account.

No related party transactions took place in the period of account, other than certain Directors' remuneration and expenses already disclosed in note 12.

**26. FIRST TIME ADOPTION OF FRS 102**

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

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

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		7,220	7,255
Total funds reported under FRS 102		<u>7,220</u>	<u>7,255</u>

<b>Reconciliation of net income</b>	<b>Notes</b>	31 August 2015 £000
Net income previously reported under UK GAAP		48
Change in recognition of LGPS interest cost	A	(23)
Actuarial gains/(losses) brought above the line	B	10
Net movement in funds reported under FRS 102		<u>35</u>

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

A Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £23,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

B Actuarial gains/(losses) brought above the line

Under SORP 2005 actuarial gains and losses did not form part of the net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.