

REGISTERED COMPANY NUMBER: 07931627 (England and Wales)

**Report of the Governors and
Financial Statements for the year ended 31 August 2015
for**

**FOREST WAY SCHOOL
(A Company Limited by Guarantee)**

FOREST WAY SCHOOL

Contents of the Financial Statements for the year ended 31 August 2015

	Page
Reference and Administrative Details	1 to 2
Report of the Governors	3 to 10
Governance Statement	11 to 14
Statement on Regularity, Propriety and Compliance	15
Statement of Governors Responsibilities	16
Report of the Independent Auditors	17 to 18
Independent Accountant's Report on Regularity	19 to 20
Consolidated Statement of Financial Activities	21 to 22
Statement of Financial Activities – Academy	23 to 24
Consolidated Balance Sheet	25 to 26
Balance Sheet - Academy	27 to 28
Consolidated Cash Flow Statement	29
Notes to the Financial Statements	30 to 50

FOREST WAY SCHOOL

Reference and Administrative Details for the Year Ended 31 August 2015

Members	R A Baker L J Slinger A G Norwell
Governors	A G Norwell (Chairman) * J Rees (Vice Chair) R A Baker* D R Beaumont* K J Brinkley (Staff)* J J Conway (resigned 26 th January 2015) L E Holmes (resigned November 2014) S Harris P A Marney (Staff) J P Quinn* L J Slinger, OBE (Headteacher and Accounting Officer)* Dr L Trivett * Julie Watkinson (appointed 4 th December 2014) * Members of the Finance Committee
Company Secretary	I M Wood
Senior Leadership Team	
Head teacher	L J Slinger
Executive Deputy Headteacher	S Wilson
Deputy Headteacher	G Seaton
Deputy Headteacher	C Leeland
Assistant Headteacher	H Joy
Assistant Headteacher	D Lee
Assistant Headteacher	K Westwood
Business Manager	I M Wood
Company Registration Number	07931627 (England and Wales)
Principal address/Registered Office	Warrens Hills Road Coalville Leicestershire LE67 4UU

FOREST WAY SCHOOL

**Reference and Administrative Details
for the year ended 31 August 2015**

Bankers

Lloyds TSB
20 Belvoir Road
Coalville
Leicestershire
LE67 3QH

Solicitors

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Auditors

Accapita LLP
Christopher House
94b London Road
Leicester
LE2 0QS

FOREST WAY SCHOOL

Report of the Governors for the year ended 31 August 2015

The governors present their annual report together with the financial statements and auditor's report of the academy for the year ended 31 August 2015. The annual report serves the purposes of both a governors' report and a directors' report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The trustees of Forest Way School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Forest Way School.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on pages 1 to 2.

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.

Governors' Indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect governors from claims arising from negligent acts, errors or omissions occurring on academy business.

Principal activities

The academy trust's principal activity, as set out in its articles of association and funding agreement is to advance for the public benefit, education in the United Kingdom through its carrying on as a school offering a broad curriculum for pupils with special educational needs.

Method of recruitment and appointment of new governors

The term of office for any governor shall be four years but governors are eligible for re-election at the meeting at which they retire.

The governors who were in office at 31 August 2015 and served throughout the period are listed on page 1.

Policies and procedures adopted for the induction and training of new governors

During the period under review the governors held three meetings. The training and induction provided for new governors will depend on their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All new governors will be given a tour of the academy and the chance to meet with staff and pupils. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. Induction tends to be done informally and is tailored specifically to the individual. The following Policies and Procedures have been adopted for the Induction and Training of Trustees:-

Governor Code of Conduct and visits
Governor Allowances
Governor Development Service Training Programme
Memorandum and Articles of Association
Academy Funding Agreement
Academies Handbook and Accounts Direction
Register of Pecuniary Interests
Safeguarding Policy and DBS information
School Improvement Plan
School Prospectus

FOREST WAY SCHOOL

Report of the Governors for the year ended 31 August 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The management structure consists of three levels, the governors, the headteacher, and the leadership team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The restructuring of the leadership team in 2013 with a view to succession planning has been implemented.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and as appropriate the appointment of the headteacher and other senior leaders.

The leadership team consists of the headteacher, executive deputy headteacher (whilst current post holder in post only), deputy headteachers, assistant headteachers and the business manager. These members of staff are responsible for the day to day operation of the departments within the academy and for a whole approach.

Connected Organisations including Related Party Relationships

Forest Way School was a member of the first cohort of Teaching Schools in 2011.

Forest Way School owns 100% of the issued ordinary share capital of Forest way Teaching School Alliance Limited, a company incorporated in England and Wales (company registration number 08044876). Further details regarding the subsidiary company are given in the note 16 to the accounts.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal object and activity of the academy is to provide education for pupils with special educational needs between the ages of 3 and 19.

In accordance with the articles of association the academy 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 pupils to the academy and that the curriculum should comply with the substance of the national curriculum with an emphasis on communication.

FOREST WAY SCHOOL

Report of the Governors for the year ended 31 August 2015

OBJECTIVES AND ACTIVITIES

Objectives, strategies and activities

The main objectives of the academy during the year ended 31 August 2015 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, teaching, learning and care.
- to improve effectiveness of the academy by keeping the curriculum and organisational structure under continual review.
- to provide value for money for the funds expended.
- to comply with all appropriate statutory and curriculum requirements.
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness.
- to ensure that the academy is financially secure and sustainable.

The academy's main strategy to carry out the objects is to provide education for pupils appropriate to their needs in a learning environment utilising the best possible teaching facilities and staff. The activities provided include:

- teaching and learning opportunities for all pupils.
- a programme of sporting and leisure activities for all pupils.
- training opportunities for all staff.

Equality policy

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

Disabled persons

As a significant proportion of our pupils have a physical disability the whole site has been designed carefully to meet their needs.

Public benefit

The governors have regard to the Charity Commission's guidance on public benefit Section 4 of the Charities Act 2006. The governors ensure that the academy's activities are undertaken in line with the charitable aims and objectives.

FOREST WAY SCHOOL

Report of the Governors for the year ended 31 August 2015

STRATEGIC REPORT

Achievement and performance

Ofsted

Forest Way was subject to a full Section 5 Inspection in November 2010. A team of one HMI and two additional Ofsted inspectors visited for two days, observing 21 lessons, interviewing senior leaders, staff, students and the Chairman of Governors.

Forest Way was judged to be outstanding in all areas and was praised in every aspect including leadership, teaching and governance. The report commented: "The highest of expectations are evident in all aspects of the school's work and it is conspicuously successful in all that it does." "Pupils' excellent progress reflects the outstanding teaching seen throughout the inspection."

We were all delighted with the outcome of the inspection as it provided us with the necessary criteria to be designated as a National Teaching School in the first cohort of Teaching Schools in September 2011.

External Healthcheck Assessments commissioned in September 2013 and September 2014 both confirmed that the school was still outstanding. Another Ofsted inspection is expected imminently.

National Teaching School

Forest Way School became a National Teaching School in September 2011. The Forest Way Teaching School Alliance now comprises of a total of 49 partners including 36 primary, 5 high, 2 upper and 6 special schools. The Alliance also works collaboratively with 4 universities: Derby, Leicester, Loughborough and Northampton.

Staffing

Forest Way is fully staffed for the current academic year with the appointment of two additional teachers to meet the increase in pupil intake.

Learning Environment

In January 2009 we moved into a brand new purpose built school which we believe is one of the best buildings in the country. This was supported in June 2009 when the school won the TES Best New Building Award. Staff, governors, parents/carers and pupils were closely involved at all stages of the design and the local community contributed unprecedented support to provide extra facilities and resources. These include state of the art sensory rooms, a swimming pool and exciting outdoor equipment, including a woodland area and horticultural centre with geodesic dome. There are also specialist rooms for science, food technology, art, drama/music and a life skills apartment.

The building offers excellent indoor and outdoor learning environments and the significant improvement in pupils' behaviour emphasises this.

In December 2012 Forest Way School completed the purchase of a private residential property called The Croft which has been successfully converted from residential use to educational use, providing an excellent Post-16 and Post-14 Life Skills Development Centre and also additional conference/office facilities for Forest Way Teaching School Alliance.

The Life Skills Centre has now been fully integrated successfully into the school timetable and has been particularly popular with our more able students in Post-14 and Post-16.

FOREST WAY SCHOOL

Report of the Governors for the year ended 31 August 2015

STRATEGIC REPORT

Achievement and performance

Admissions

In all cases Forest Way School is its own Admissions Authority. This means that the Academy Trust will be responsible for things such as setting oversubscription criteria and complying with provisions of the admissions code. However, with regard to children with a statement of special educational needs there are separate rules governing the actual admissions arrangements. Annex B of Forest Way School's Funding Agreement states it must only admit children with a statement, unless the conditions in paragraph 3 of the same document are satisfied. Annex B, along with the Admissions Code, also makes clear that it is the Local Authority's responsibility to draw up a statement of Special Educational Needs (SEN) and may name an academy school in that statement. This means that although Forest Way School is its own Admissions Authority, in practice, the Local Authority will be responsible for the majority of the admissions to the school, by naming the academy in a child's statement of SEN.

Admissions arrangements are the responsibility of the Local Authority in consultation with parents and governors in line with available places. At present, October 2015, there are 201 pupils on roll. Pupils can be admitted at any time during the academic year if the school is able to accommodate the additional space but are usually admitted in August/ September.

Criteria for admission are recommendations on a pupil's Statement of Special Educational Needs or Education, Health and Care Plan, or for assessment purposes.

Forest Way Teaching School Alliance Limited

During the year the subsidiary above continued to receive grant funding to enable it to provide training for teachers and assist their professional development. Training courses held in the year increased giving the opportunity for many more delegates to attend and improve their general teaching skills and awareness of issues specific to teaching children with special educational needs.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the present. For this reason it continues to adopt the going concern basis in preparing the financial statements. There is, however, no doubt that failure to address the financial pressure on schools' funding levels in the very near future will continue to threaten the sustainability of the academy model in the future.

FOREST WAY SCHOOL

Report of the Governors for the year ended 31 August 2015

STRATEGIC REPORT

Achievement and performance

Key financial performance indicators

The Academy Trust prepares comprehensive monthly management reports where a thorough review of actual income and expenditure incurred is conducted. The management reports which include a monthly variance report on both overspends and underspends are presented to the Headteacher as Accounting Officer and Finance Committee together with relevant supporting documentation. All material budget variations are agreed with governors prior to commitment of the expenditure. The annual budget is approved by the Full Board of Governors annually.

During the year ended 31 August 2015, the total revenue expenditure of the group £4,090,375 was met by General Annual Grant funding from the DfE together with special educational needs funding local authorities, Pupil Premium income and other fund income and the use of reserve funds from previous years. The incoming resources during the year ended 31 August 2015 were £3,894,484. The overall deficit for the year ended 31 August 2015 was £168,891 after depreciation charges and actuarial adjustments on the LGPS pension scheme.

The net profit contributed by the trading subsidiary Forest Way School Teaching Alliance Limited was £8,394.

As at 31 August 2015 the net book value of tangible fixed assets of the group was £10,660,528.

The academy group held fund balances at 31 August 2015 of £38,628 of restricted funds and £240,287 of unrestricted funds.

Financial review

Reserves policy

The governors review the reserve levels of the academy annually. The purchase of the bungalow in December 2012 reduced our reserves substantially. 2013-15 has enabled some of these funds to be replaced but there is a focus to continue to create adequate reserves to meet the challenges of sustainability and rising academy running costs in the future. The retention of reserves is considered by the Trustees to be critical to the sustainability of the trust, particularly in the current economic climate. Equally important is the balance between reserves and ensuring that pupils at school are benefiting in full from all available funding whilst at school now. The achievement of the board in this respect is to achieve the right balance. Reserves will also be required in the event of any future expansion to the school building. Overall, the level of reserves should not fall below £50,000 in any month with an overall objective of carrying forward no less than £150,000.

In accounting for the Local Government Pension Scheme (LGPS) the academy trust has recognised a pension fund deficit included in restricted funds, resulting in a deficit on the restricted funds. The amount of the deficit on the pension scheme does not represent an immediate liability which will crystallise but rather is expected to result in an increase in contributions by the academy trust over a period of years, to be met from the academy trust's budgeted annual income. Whilst the increased contributions may not eliminate the deficit on the scheme there should be no actual cashflow deficit on the fund, or direct impact on the free reserves of the academy trust as a consequence of recognising the deficit.

FOREST WAY SCHOOL

Report of the Governors for the year ended 31 August 2015

STRATEGIC REPORT

Financial review

Principal funding sources

Forest Way School's income in respect of place funding is obtained from the Department for Education through the Education Funding Agency (EFA) as defined in the formal Funding Agreement agreed with the Secretary of State on conversion. Pupils' Top Up Funding is provided by the appropriate Local Authority responsible for the pupil on a daily basis. The funding is forwarded monthly in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA / Top Up Funding from Local Authorities during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

In accordance with the Charities Statement of Recommended Practice, 'Account Activities by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition, funds are received from various activities carried out to generate funds such as lettings, provision of catering, etc. Any surplus is carried forward as an unrestricted fund in the balance sheet.

Investment policy

Reserve funding at the present time is not of a value in order to consider investment. The reserve funding is held on current account that's pays interest at a better rate of interest than could be obtained from short term deposits. The situation is monitored closely and at an appropriate time a strategic investment policy will be put in place taking into account social, ethnic and environmental considerations.

Principal risks and uncertainties

The governors have reviewed the principal risks and uncertainties facing the Academy Trust and consider the followings to be the primary issues:

- Pupil Places

The potential threat to pupil intake continues against continuing competition from other local special schools in the area. However, our national reputation and Ofsted outstanding rating has enabled us to continue to increase our pupil intake to mitigate this risk.

- Academy Funding

The current method of distributing top up cover funding to academies by Local Authority on a daily basis for pupils can produce uncertainties in budget forecasting/staffing commitment. It is also an ongoing administrative challenge to calculate whether the correct amount of top up funding has been transferred over from Local Authorities.

Risk management

The governors have a duty to identify and review the risks to which the academy is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

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

Responsible Officer checks are complete and have been conducted on a regular basis with all findings where applicable being reported to the Governing Body.

FOREST WAY SCHOOL

**Report of the Governors
for the year ended 31 August 2015**

STRATEGIC REPORT

Future projects

Forest Way School was originally designed for 125 pupils. The number on roll at conversion on 1 March 2012 had risen to 180. The number on roll at the start of the current academy year has subsequently risen to 201. Whilst the Post-14 and Post-16 Life Skills Development Centre has recreated some additional space, the success of the school in improving children's outcomes has further increased the demand for places both locally and further afield. To address this challenge a feasibility study is being considered to add two additional classrooms to the existing school building. An Academies Capital Maintenance application in the future will hopefully be successful and provide funding for this project. This initiative is reported and considered at each Full Governing Meeting on an ongoing basis.

A proposal from a renewable energy company to replace and install an additional wind turbine at no cost will generate sufficient energy to cover 50% of our existing electricity costs over the next 20 years at today's energy prices. The proposal has been agreed in principle by both Leicestershire County Council (as leaseholder) and the Education Funding Agency. Costs in respect of planning, installation and ongoing maintenance will be the responsibility of the renewable energy company. A full planning application in order to proceed with the replacement turbine has been granted and work is due to commence early in 2016.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the governors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the academy's auditors are unaware, and each governor has taken all the steps that they ought to have taken as a governor in order to make them aware of any audit information and to establish that the academy's auditors are aware of that information.

AUDITORS

The auditors, Accapita LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the governors, incorporating a strategic report, approved by order of the board of governors, as the company directors, on18.12.15..... and signed on the board's behalf by:



.....
A G Norwell - Chair of Governors

FOREST WAY SCHOOL

Governance Statement for the Year Ended 31 August 2015

Scope of Responsibility

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

The board of the governors has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Forest Way School and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Governors and in the Statement of Governors Responsibilities. The board of governors has formally met 3 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of a possible
A G Norwell	3	3
J Rees	2	3
R A Baker	2	3
D R Beaumont	3	3
K J Brinkley	3	3
J J Conway	1	1
J Watkinson	2	2
P A Marney	3	3
J P Quinn	0	3
L J Slinger	3	3
Dr L Trivett	3	3
S A Harris	3	3

An external Healthcheck carried out by an ex HMRI in September 2013, 2014 and 2015 confirmed the academy's Ofsted rating as outstanding.

The Finance is a sub-committee of the main board of trustees. It also encompasses the terms of reference for the Audit Committee. Its purpose is to ensure that the academy is operating financially in a prudent and effective manner and in line with the terms of the Academies Handbook. Committee members attendance was as follows:

Members	Meetings attended	Out of a possible
A G Norwell	3	3
L J Slinger	3	3
J Rees	2	3
R A Baker	3	3
D R Beaumont	0	1
Dr L Trivett	2	3
K J Brinkley	3	3
J P Quinn	3	3

FOREST WAY SCHOOL

Governance Statement for the Year Ended 31 August 2015

Review of Value for Money

Forest Way School is a special school providing education for 200 pupils with a wide range of special needs from moderate, to severe and profound. The governing body considers that the best use of academy resources is to invest in staffing and ensuring that our children receive the best quality of teaching thereby maximising the outcomes for our children. This is reflected in our staffing costs ratio which continues to exceed 90%. Additional specialist services such as nursing, speech and language therapy, and aromatherapy have also been provided to further enhance the pupils' school experience and allow them to reach their full potential. The individual needs of pupils with specific needs including behavioural difficulties and complex medical and health issues are supported by targeting extra staffing across the timetable and at key times of the day.

Forest Way School is a centre of excellence and is highly regarded locally, nationally and internationally. It has had 2 outstanding Ofsted reports with no key issues identified on either occasion. It was designated in the first cohort of 100 schools nationally as a Teaching School. It facilitates an alliance of 49 schools, primary, secondary and special, providing a wide range of courses to share delivery and good practice. This has impacted on improvements across the whole alliance. The school is also a National Support School and the Headteacher a National Leader in Education. Extensive support is provided to other schools to help them raise standards for their pupils.

We are extremely proud of our school and ensure that we provide the appropriate financial provision to maintain the high standards of equipment/decoration/maintenance, so that our pupils continue to benefit from the positive educational environment that we have created. Demand for places at what is a sought after education establishment has pushed our numbers on roll to unprecedented levels. The acquisition of an adjoining residential property and successful integration into the curriculum has been hugely successful and has become a place where our more able students can enhance their learning in a real life environment. The governors continue to challenge all our service levels and contract costs, deploying excellent value maintenance schemes to minimise our risks and enabling more accurate budget planning. We will, however, always strive to achieve the appropriate balance between quality of workmanship that preserves/enhances the appearance of the school against competitive costs. This was our third year as an academy. We are confident in our business dealings and have strong internal financial controls that permeate down from the governing body throughout all aspects of school life. Members of the governing body play an active part in their governance, leading the school strategically and providing challenging monitoring in all areas to ensure a positive impact on the quality of teaching and learning for the pupils and continuing to improve and produce outstanding outcomes for pupils.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The governing body 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 governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September to 31 August 2015 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the governing body and a Risk Register completed.

FOREST WAY SCHOOL

Governance Statement for the Year Ended 31 August 2015

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 board of trustees.
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties.
- identification and management of risks.

In addition, the governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the academy it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have set policies on internal controls which cover the following:

- the type of risks the academy faces.
- the level of risks which they regard as acceptable.
- the likelihood of the risks materialising.
- the academy's ability to reduce the incidence and impact on the academy's operations of risks that do materialise.
- the costs of operating particular controls relative to the benefits obtained.
- clarified the responsibility of the leadership team to implement the governors' policies and to identify and evaluate risks for the governors' consideration.
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives.
- embedded the control system in the academy's operations so that it becomes part of the culture of the academy.
- developed systems to respond quickly to evolving risks arising from factors within the academy and to changes in the external environment.
- including procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action to be taken.

The board of governors has considered the need for a specific internal audit function and has decided that Accapita LLP will be appointed to conduct Responsible Officer checks and additional checks where required. The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems and controls. Reports on any findings/recommendations or confirmation that no issues have arisen are submitted to the Accounting Officer following a review visit being undertaken. These reports are then considered at the Finance Committee meetings on the dates mentioned previously. No significant issues have arisen in the period 1 September 2014 to 31 August 2015.

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

Review of Effectiveness

As Accounting Officer the Headteacher has responsibility for reviewing the effectiveness of the system of internal control during the year in question the review has been informed by:

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

FOREST WAY SCHOOL

**Governance Statement
for the Year Ended 31 August 2015**

Review of Effectiveness

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

Approved by order of the members of the board of trustees on18.12.15..... and signed on its behalf by:



.....
A G Norwell - Chair of Governors



.....
L J Slinger - Accounting Officer

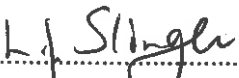
FOREST WAY SCHOOL

**Statement on Regularity, Propriety and Compliance
for the year ended 31 August 2015**

As accounting officer of Forest Way School I have considered my responsibility to notify the academy board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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


.....
L J Slinger - Accounting Officer

Date: 18/12/15

FOREST WAY SCHOOL

**Statement of Governors Responsibilities
for the year ended 31 August 2015**

The governors (who act as trustees of Forest Way School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Governors 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 governors to prepare financial statements for each financial year. Under company law the governors 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 academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for that period. In preparing those financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP 2005;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

The governors are responsible for ensuring that in its conduct and operation the academy 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 governors are responsible for the maintenance and integrity of the corporate and financial information included on the academy'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 board of governors on18.12.15..... and signed on it's behalf by:



.....
A G Norwell - Chair of Governors

Report of the Independent Auditors to the Members of Forest Way School

We have audited the financial statements of Forest Way School for the year ended 31 August 2015 which comprise the Group Statement of Financial Activities, the Group and Parent Academy Trust's Balance Sheet, the Group and Parent Academy Trust's Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Governors Responsibilities set out on page sixteen, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent academy's affairs as at 31 August 2015 and of the groups' 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;
- = have been prepared in accordance with the requirements of the Companies Act 2006; and
- = have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
FOREST WAY SCHOOL**

Matters on which we are required to report by exception

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

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



Rakesh Sonigra FCCA (Senior Statutory Auditor)
for and on behalf of Accapita LLP
Statutory Auditor
Christopher House
94b London Road
Leicester
LE2 0QS

Date: 21/12/2015

Independent Reporting Accountant's Assurance Report on Regularity to Forest Way School and the Education Funding Agency

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

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

Respective responsibilities of Forest Way School's accounting officer and the reporting accountant

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

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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


The work undertaken to draw our conclusions includes:

- a review of activities undertaken by the academy to confirm that they conform with the academy trust's framework of authorities.
- a review of expenditure confirming items are authorised within the academy trust's delegated authorities and are within the academy trust's framework of authorities.
- an evaluation of the general control environment of the academy trust for the purposes of regularity.

**Independent Reporting Accountant's Assurance Report on Regularity to
Forest Way School and the Education Funding Agency**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Accapita LLP
Chartered Certified Accountants
Christopher House
94b London Road
Leicester
LE2 0QS

Date: 21/12/2015

FOREST WAY SCHOOL

**Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the year ended 31 August 2015**

				Year Ended 31.8.15	Year Ended 31.8.14	
	Not es	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset Fund £	Total funds £	Total funds £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	3	-	19,876	-	19,876	61,714
Activities for generating funds	4	403,215	33,687	-	436,902	398,751
Investment income	5	416	-	-	416	536
Incoming resources from charitable activities						
Academy's educational operations	6	-	3,426,946	10,344	3,437,290	3,283,608
Total incoming resources		403,631	3,480,509	10,344	3,894,484	3,744,609
RESOURCES EXPENDED						
Costs of generating funds						
Fundraising trading: cost of goods sold and other costs	8	228,920	-	1,891	230,811	187,378
Charitable activities						
Academy's educational operations	9	-	3,584,273	252,253	3,578,351	3,578,351
Governance costs	10	-	23,038	-	23,038	25,791
Total resources expended	7	228,920	3,607,311	254,144	4,090,375	3,791,520
Net incoming/(outgoing) resources before transfers						
		174,711	(126,802)	(243,800)	(195,891)	(46,911)
Gross transfers between funds	22	(13,255)	2,590	10,665	-	-
Net income/(expenditure) for the year		161,456	(124,212)	(233,135)	(195,891)	(46,911)

The notes form part of these financial statements

FOREST WAY SCHOOL

Consolidated Statement of Financial Activities - continued (Incorporating an Income and Expenditure Account) for the Year Ended 31 August 2015

Notes	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset Fund £	Year ended 31.8.15 Total funds £	Year ended 31.8.14 Total funds £
Actuarial losses gains on defined benefit pension scheme	-	27,000	-	27,000	(2,000)
Net movement in funds	161,456	(97,212)	(233,135)	(168,891)	22,514
RECONCILIATION OF FUNDS					
Total funds brought forward	78,831	(1,384,160)	10,893,663	9,588,334	10,201,759
TOTAL FUNDS CARRIED FORWARD	<u>240,287</u>	<u>(1,481,372)</u>	<u>10,660,528</u>	<u>9,419,443</u>	<u>10,179,245</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

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

The notes form part of these financial statements

FOREST WAY SCHOOL

Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the year ended 31 August 2015

		2015	2014			
	Unrestricted fund	Restricted funds	Restricted Fixed Asset fund	Total funds	Total funds	
Not es	£	£	£	£	£	
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	3	133,363	19,876	-	153,239	61,714
Activities for generating funds	4	35,386	33,687	-	69,073	64,814
Investment income	5	389	-	-	389	341
Incoming resources from charitable activities						
Academy's educational operations	6	-	3,426,946	10,344	3,437,290	3,283,608
Total incoming resources		169,138	3,480,509	10,344	3,659,991	3,410,477
RESOURCES EXPENDED						
Costs of generating funds						
Fundraising trading: cost of goods sold and other costs	8	3,070	-	-	3,070	3,876
Charitable activities						
Academy's educational operations	9	-	3,585,915	252,253	3,838,168	3,440,285
Governance costs	10	-	23,038	-	23,038	25,791
Total resources expended	7	3,070	3,608,953	252,253	3,864,276	3,469,952
Net incoming/(outgoing) resources before transfers		166,068	(128,444)	(241,909)	(204,285)	(59,475)
Gross transfers between funds	22	-	(7,474)	7,474	-	-
Net income/(expenditure) for the year before other recognised gains and losses		166,068	(135,918)	(234,435)	(204,285)	(59,475)
Actuarial gains/(losses) on defined benefit pension schemes		-	27,000	-	27,000	(544,000)
Net movement in funds		166,068	(108,918)	(234,435)	(177,285)	(603,475)

The notes form part of these financial statements

FOREST WAY SCHOOL

Statement of Financial Activities - continued (Incorporating an Income and Expenditure Account) for the Year Ended 31 August 2015

				2015	2014
Not es	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset fund £	Total funds £	Total funds £
RECONCILIATION OF FUNDS					
Total funds brought forward	50,463	(1,372,951)	10,885,267	9,562,779	10,166,254
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS CARRIED FORWARD	<u>216,531</u>	<u>(1,481,869)</u>	<u>10,650,832</u>	<u>9,385,494</u>	<u>9,562,779</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

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

The notes form part of these financial statements

**FOREST WAY SCHOOL
(REGISTERED NUMBER 07931627)**

**Consolidated Balance Sheet
At 31 August 2015**

	Notes	2014 £	2014 £
FIXED ASSETS			
Tangible assets	15	10,660,528	10,893,663
Investments	16	<u> </u>	<u> </u>
		10,660,528	10,893,663
 CURRENT ASSETS			
Debtors	17	46,382	30,771
Cash at bank and in hand		<u>419,119</u>	<u>320,460</u>
		465,501	351,231
 CREDITORS			
Amounts falling due within one year	18	<u>(184,647)</u>	<u>(190,881)</u>
 NET CURRENT ASSETS		<u>280,854</u>	<u>160,350</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		10,941,283	11,054,013
PROVISIONS FOR LIABILITIES	28	(1,939)	(1,679)
PENSION LIABILITY	23	<u>(1,520,000)</u>	<u>(1,464,000)</u>
 NET ASSETS		<u>9,419,443</u>	<u>9,588,334</u>
 FUNDS	22		
Unrestricted funds:			
General fund		240,287	78,131
Restricted funds:			
Restricted General Fund		38,628	79,840
Restricted Fixed Asset Fund		10,660,528	10,893,663
Pension Reserve		<u>(1,520,000)</u>	<u>(1,464,000)</u>
		<u>9,179,156</u>	<u>9,509,503</u>
 TOTAL FUNDS		<u>9,419,443</u>	<u>9,588,334</u>

The notes form part of these financial statements

**FOREST WAY SCHOOL
(REGISTERED NUMBER 07931627)**

**Consolidated Balance Sheet - continued
At 31 August 2015**

The financial statements were approved by the Board of Governors and authorised for issue on
.....18.12.15..... and were signed on its behalf by:

A G Norwell

.....
A G Norwell - Chair of Governors

FOREST WAY SCHOOL (REGISTERED NUMBER: 07931627)

**Balance Sheet
At 31 August 2015**

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	15	10,650,832	10,885,267
Investments	16	<u>100</u>	<u>100</u>
		10,650,932	10,885,367
 CURRENT ASSETS			
Debtors	17	42,934	32,493
Cash at bank and in hand		<u>243,088</u>	<u>178,635</u>
		286,022	211,128
 CREDITORS			
Amounts falling due within one year	18	<u>(31,460)</u>	<u>(69,716)</u>
 NET CURRENT ASSETS		<u>254,562</u>	<u>141,412</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		10,905,494	11,026,779
 PENSION LIABILITY	23	<u>(1,520,000)</u>	<u>(1,464,000)</u>
 NET ASSETS		<u>9,385,494</u>	<u>9,562,779</u>
 FUNDS	22		
Unrestricted funds:			
General fund		216,531	50,463
Restricted funds:			
Restricted General Fund		38,131	91,049
Restricted Fixed Asset fund		10,650,832	10,885,267
Pension Reserve		<u>(1,520,000)</u>	<u>(1,464,000)</u>
		<u>9,168,963</u>	<u>9,512,316</u>
 TOTAL FUNDS		<u>9,385,494</u>	<u>9,562,779</u>

The notes form part of these financial statements

FOREST WAY SCHOOL (REGISTERED NUMBER: 07931627)

**Balance Sheet - continued
At 31 August 2015**

The financial statements were approved by the Board of Governors and authorised for issue on
.....15.12.15..... and were signed on its behalf by:



.....
A G Norwell - Chair of Governors

FOREST WAY SCHOOL

**Consolidated Cash Flow Statement
for the year ended 31 August 2015**

	Notes	2015 £	2014 £
Net cash inflow from operating activities	29	120,714	198,856
Returns on investments and servicing of finance	30	416	536
Taxation		(1,462)	(3,248)
Capital expenditure and financial investment	30	(21,009)	(194,267)
		<u>98,659</u>	<u>1,607</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	31		
Increase in cash in the period		<u>98,659</u>	<u>1,607</u>
Change in net debt resulting from cash flows		<u>98,659</u>	<u>1,607</u>
Movement in net debt in the period		98,659	1,607
Net debt at 1 September		<u>320,460</u>	<u>318,853</u>
Net debt at 31 August		<u>419,119</u>	<u>320,460</u>

The notes form part of these financial statements

FOREST WAY SCHOOL

notes to the financial statements for the year ended 31 August 2015

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking Forest Way Teaching School Alliance Limited. The results of the subsidiary are consolidated on a line by line basis.

Going concern

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

Incoming resources

All incoming resources are recognised when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund

Sponsorship income

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations

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

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the discretionary allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

1. ACCOUNTING POLICIES - continued

Other income

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

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy's policies.

Resources expended

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

All resources expended are inclusive of irrecoverable VAT.

Cost of generating funds

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

Charitable activities

These are costs incurred on the academy's educational operations.

Governance costs

These include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line/reducing balance basis over its expected useful lives, as follows:

Land	not depreciated
Freehold buildings	2% on cost
Long leasehold buildings	2% on cost
Fixtures, fittings and equipment	10% on reducing balance
Office and computer equipment	33% on reducing balance
Motor Vehicles	25% on reducing balance

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

The school buildings have been leased to the academy trust on a 125 year lease at a peppercorn rent. It has been ascertained that the risks and rewards of the property lie substantially with the academy and a reasonable estimate of the gross value is included within fixed assets. Their valuation is at an estimation of depreciated replacement cost on the basis that the assets represent specialised property and an open market value for existing use is not readily available

Leased Assets

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

Taxation

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

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

1. ACCOUNTING POLICIES - continued

Fund accounting

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

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

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

Pension benefits

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

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

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Investments

The academy's shareholding in the wholly owned subsidiary, Forest Way School Teaching Alliance Limited, is included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

2. GENERAL ANNUAL GRANT

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2014 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 2015.

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

3. VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Donations	133,363	-	133,363	42,714
Grants	-	19,876	19,876	19,000
	<u>133,363</u>	<u>19,876</u>	<u>153,239</u>	<u>61,714</u>

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Hire of facilities	22,861	-	22,861	14,988
Parental contributions	-	33,687	33,687	37,303
Other income	12,525	-	12,525	12,523
	<u>35,386</u>	<u>33,687</u>	<u>69,073</u>	<u>64,814</u>

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Deposit account interest	389	-	389	341
	<u>389</u>	<u>-</u>	<u>389</u>	<u>341</u>

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	Total 2015 £	Total 2014 £
DfE/EFA revenue grants				
- General Annual Grant (GAG) note 2	-	2,060,629	2,060,629	2,052,168
- Capital grants	-	10,345	10,345	10,143
- Other DfE/EFA grants	-	85,866	85,866	83,920
		- 2,156,840	2,156,840	2,146,231
Other Government grants				
- Local authority grants - special educational needs	-	1,278,450	1,278,450	1,135,377
- Other government funding	-	2,000	2,000	2,000
		- 3,437,290	3,437,290	3,283,608

7. RESOURCES EXPENDED

	Staff Costs £	Non Pay Premises £	Expenditure Other Costs £	Total 2015 £	Total 2014 £
Costs of activities for generating funds Academy's educational operations	-	-	230,811	230,811	187,378
Direct costs	2,600,806	252,253	79,422	2,932,481	2,798,253
Allocated support costs	470,629	176,928	256,488	904,045	780,098
	3,071,435	429,181	566,721	4,067,337	3,765,729
Governance costs including allocated support costs	-	-	23,038	23,038	25,791
	3,071,435	429,181	589,759	4,090,375	3,791,520

Net resources are stated after charging/(crediting):

	2015 £	2014 £
Auditors' remuneration	6,175	6,350
Auditors' remuneration for non-audit work	4,492	5,889
Depreciation - owned assets	52,525	40,943
Depreciation - leased assets	199,728	199,728
Operating leases	13,387	2,663

FOREST WAY SCHOOL

**Notes to the Financial Statements - continued
for the year ended 31 August 2015**

8. FUNDRAISING TRADING: COST OF GOODS SOLD AND OTHER COSTS

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Purchases	<u>3,070</u>	<u>-</u>	<u>3,070</u>	<u>3,876</u>

9. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Direct costs				
Teaching and educational support staff	-	2,600,806	2,600,806	2,465,346
Depreciation	-	252,253	252,253	240,671
Technology costs	-	14,519	14,519	12,892
Educational supplies	-	40,288	40,288	24,158
Staff development	-	11,891	11,891	13,478
Contribution towards costs	-	-	-	(129,586)
Other direct costs	-	15,204	15,204	14,614
Bursary payments	-	-	-	22,693
	<u>-</u>	<u>2,934,961</u>	<u>2,934,961</u>	<u>2,664,266</u>
Allocated support costs				
Support staff costs	-	470,629	470,629	394,586
Technology costs	-	37,521	37,521	20,319
Maintenance of premises and equipment	-	110,197	110,197	75,595
Cleaning	-	13,081	13,081	10,667
Rent and rates	-	2,476	2,476	6,466
Energy costs	-	51,174	51,174	51,779
Insurance	-	56,614	56,614	58,802
Transport	-	5,883	5,883	7,357
Catering	-	55,377	55,377	51,044
Telephone	-	3,145	3,145	2,662
Postage and stationery	-	15,652	15,652	15,967
Pension finance costs	-	28,000	28,000	29,000
Other support costs	-	53,458	53,458	51,775
	<u>-</u>	<u>903,207</u>	<u>903,207</u>	<u>776,019</u>
	<u>-</u>	<u>3,838,168</u>	<u>3,838,168</u>	<u>3,440,285</u>

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

10. GOVERNANCE COSTS

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Legal and professional fees	-	12,371	12,371	13,552
Auditors' remuneration	-	6,175	6,175	6,350
Auditors' remuneration for non-audit work	-	4,492	4,492	5,889
	<u>-</u>	<u>23,038</u>	<u>23,038</u>	<u>25,791</u>

11. GOVERNORS' REMUNERATION AND BENEFITS

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

L J Slinger (principal and staff trustee)	
Remuneration	£100,000 - £105,000 (2014 : £95,000 - £100,000)
Employer's pension contributions	£10,000 - £15,000 (2014 : £10,000 - £15,000)
K J Brinkley (staff governor)	
Remuneration	£45,000 - £50,000 (2014 : £45,000 - £50,000)
Employer's pension contributions	£5,000 - £10,000 (2014 : £5,000 - £10,000)
P A Marney (staff governor)	
Remuneration	£25,000 - £30,000 (2014 : £25,000 - £30,000)
Employer's pension contributions	£5,000 - £10,000 (2014 : £5,000 - £10,000)

Other related party transactions involving the governors are set out in note 25.

Governors' expenses

During the year ended 31 August 2015 travel and subsistence expenses totalling £172 (2014 - £92) were reimbursed to 1 governor.

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

12. STAFF COSTS

Staff costs during the period were:	2015	2014
	£	£
Wages and salaries	2,463,555	2,370,163
Social security costs	147,191	135,459
Pension costs	452,782	341,557
	3,063,528	2,847,179
Supply teacher costs	7,907	12,753
	3,071,435	2,859,932

Staff numbers

The average number of persons (including senior management team) employed by the academy during the year, and the full time equivalents, was as follows:

	2015 No.	2015 Full-time equivalent	2014 No.	2014 Full-time equivalent
Charitable Activities				
Teachers	27	24	23	21
Administration and support	108	88	106	88
Management	1	1	1	1
	136	113	130	110

Higher paid staff

The number of employees whose emoluments fell within the following:

	2015 No.	2014 No.
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

All of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £25,788 (2014 - £24,441).

13. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,451 (2014 - £1,172). The cost of this insurance is included in the total insurance cost.

FOREST WAY SCHOOL

**Notes to the Financial Statements - continued
for the year ended 31 August 2015**

14. ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Academy 2015 £	Subsidiary 2015 £	Intra group transactions 2015 £	Total 2015 £
Incoming resources				
Voluntary income	153,239	-	(133,363)	19,876
Activities for generating funds	69,073	397,604	(29,775)	436,902
Investment income	389	27	-	416
Incoming resources from charitable activities	<u>3,437,290</u>	<u>-</u>	<u>-</u>	<u>3,437,290</u>
Total incoming resources	<u>3,659,991</u>	<u>397,631</u>	<u>(163,138)</u>	<u>3,894,484</u>
Resources expended				
Fundraising trading	3,070	389,237	(161,496)	230,811
Charitable activities :				
-direct costs	2,934,961		(2,480)	2,932,481
-allocated support costs	903,207		838	904,045
Governance costs	<u>23,038</u>	<u>-</u>	<u>-</u>	<u>23,038</u>
Total resources expended	<u>3,864,276</u>	<u>389,237</u>	<u>(163,138)</u>	<u>4,090,375</u>
Net incoming/(outgoing) resources	<u>(204,285)</u>	<u>8,394</u>	<u>-</u>	<u>(195,891)</u>

FOREST WAY SCHOOL

**Notes to the Financial Statements - continued
for the year ended 31 August 2015**

15. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold land and buildings £	Fixtures, fittings and equipment £
COST			
At 1 September 2014	705,708	10,474,545	143,640
Additions	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2015	<u>705,708</u>	<u>10,474,545</u>	<u>143,640</u>
 DEPRECIATION			
At 1 September 2014	17,062	499,320	17,201
Charge for year	<u>11,214</u>	<u>199,728</u>	<u>12,645</u>
At 31 August 2015	<u>28,276</u>	<u>699,048</u>	<u>29,846</u>
 NET BOOK VALUE			
At 31 August 2015	<u>677,432</u>	<u>9,775,497</u>	<u>113,794</u>
At 31 August 2014	<u>688,646</u>	<u>9,975,225</u>	<u>126,439</u>
	Motor vehicles £	Office and computer equipment £	Totals £
COST			
At 1 September 2014	96,370	47,919	11,468,182
Additions	<u>-</u>	<u>17,818</u>	<u>17,818</u>
At 31 August 2015	<u>96,370</u>	<u>65,737</u>	<u>11,486,000</u>
 DEPRECIATION			
At 1 September 2014	35,407	13,925	582,915
Charge for year	<u>15,240</u>	<u>13,426</u>	<u>252,253</u>
At 31 August 2015	<u>50,647</u>	<u>27,351</u>	<u>835,168</u>
 NET BOOK VALUE			
At 31 August 2015	<u>45,723</u>	<u>38,386</u>	<u>10,650,832</u>
At 31 August 2014	<u>60,963</u>	<u>33,994</u>	<u>10,885,267</u>

Included in cost or valuation of land and buildings is freehold land of £633,150 (2014 - £633,150)

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

16. FIXED ASSET INVESTMENTS

The academy owns the entire ordinary share capital of Forest Way School Teaching Alliance Limited, a company registered in England and Wales. The company provides training and professional development for teachers. The investment is shown in the balance sheet at cost.

All activities have been consolidated on a line by line basis in the statement of financial activities.

A summary of the results of the subsidiary is shown below:

	2015	2014
	£	£
Turnover	397,604	357,380
Cost of sales and administrative expenses	(387,138)	(341,870)
Interest receivable	27	195
	<hr/>	<hr/>
Net profit	10,493	15,705
Taxation	(2,099)	(3,141)
	<hr/>	<hr/>
Retained profit	8,394	12,564

The aggregate of the assets and liabilities of the subsidiary were:

Tangible fixed assets	9,696	8,396
Debtors	3,945	9,387
Cash at bank and in hand	176,031	141,825
Creditors amounts due within one year	(153,684)	(132,274)
Provisions for liabilities	(1,939)	(1,679)
	<hr/>	<hr/>
Net assets	34,049	25,655
	<hr/>	<hr/>
Called up share capital	100	100
Profit and loss account	33,949	25,555
	<hr/>	<hr/>
Shareholder's funds	34,049	25,655

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2015	Group 2014	Academy 2015	Academy 2014
	£	£	£	£
Trade debtors	-	5,645	-	-
Amounts owed by group undertakings	-	-	-	11,109
Value added tax	11,538	5,401	11,538	5,401
Prepayments and accrued income	34,844	19,725	31,396	15,983
	<hr/>	<hr/>	<hr/>	<hr/>
	46,382	30,771	42,934	32,493

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2015 £	Group 2014 £	Academy 2015 £	Academy 2014 £
Trade creditors	10,000	49,537	10,000	32,325
Amounts owed by group undertakings	-	-	497	-
Accruals and deferred income	172,808	139,882	20,963	37,391
Taxation and social security	1,839	1,462	-	-
	184,647	190,881	31,460	69,616

Deferred income

	Group £'000	Academy £'000
As at 1 September	119,553	6,993
Resources deferred in year	143,745	5,493
Amounts released from previous years	(119,553)	(6,993)
Deferred income at 31 August 2015	143,745	5,493

At the balance sheet date the academy trust was holding funds received in advance for free school meals, bursary fund income unspent, deferred grant income and course fees received in advance.

19. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Other operating leases	
	2015 £	2014 £
Expiring:		
Between one and five years	37,730	10,650

20. MEMBERS' LIABILITY

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

FOREST WAY SCHOOL

**Notes to the Financial Statements - continued
for the year ended 31 August 2015**

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

				2015	2014
	Unrestricted fund	Restricted funds	Restricted Fixed Asset fund	Total funds	Total funds
	£	£	£	£	£
Fixed assets	-	-	10,660,528	10,660,528	10,893,663
Current assets	396,010	59,491	10,000	465,501	351,231
Current liabilities	(153,784)	(20,863)	(10,000)	(184,647)	(190,881)
Provisions for liabilities	(1,939)	-	-	(1,939)	(1,679)
Pension liability	-	(1,520,000)	-	(1,520,000)	(1,464,000)
	<u>240,287</u>	<u>(1,418,372)</u>	<u>10,660,528</u>	<u>9,419,443</u>	<u>9,588,334</u>

22. MOVEMENT IN FUNDS

	Balance at				Balance at
	1 September	Incoming	Resources	Gains, Losses and	31 August
	2014	Resources	Expended	Transfers	2015
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	79,840	2,060,629	(2,104,431)	2,590	38,628
Other DfE/EFA grants	-	85,866	(85,866)	-	-
Local authority grants	-	1,278,451	(1,278,451)	-	-
Other restricted	-	55,563	(55,563)	-	-
Pension reserve	(1,464,000)	-	(83,000)	27,000	(1,520,000)
	<u>(1,384,169)</u>	<u>3,480,509</u>	<u>3,607,311</u>	<u>29,590</u>	<u>(1,481,372)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	-	10,344	-	(10,344)	-
Capital expenditure from GAG	805,265	-	(33,530)	21,009	792,744
Transfer on conversion	10,053,970	-	(212,632)	-	9,841,338
Voluntary income	34,428	-	(7,982)	-	26,446
	<u>10,893,663</u>	<u>10,344</u>	<u>(254,144)</u>	<u>10,665</u>	<u>10,660,528</u>
Total restricted funds	<u>9,509,503</u>	<u>3,490,853</u>	<u>(3,861,455)</u>	<u>40,255</u>	<u>9,179,156</u>
Unrestricted funds					
Unrestricted funds	<u>78,831</u>	<u>403,631</u>	<u>(228,920)</u>	<u>(13,255)</u>	<u>240,287</u>
Total unrestricted funds	<u>78,831</u>	<u>403,631</u>	<u>(228,920)</u>	<u>(13,255)</u>	<u>240,287</u>
Total funds	<u>9,588,334</u>	<u>3,894,484</u>	<u>(4,090,375)</u>	<u>27,000</u>	<u>9,419,443</u>

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

22. MOVEMENT IN FUNDS – continued

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

Restricted General Funds represent unspent General Annual Grant (GAG) which must be used for the normal recurring costs of the academy. The academy is allowed to carry forward up to 12% of the amount of (GAG), of the carried forward amount, up to 2% of the GAG can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes.

Restricted Fixed Asset Funds represent resources which have been applied to specific capital purposes imposed by the funder together with cash resources still to be expended. During the year a transfer of £10,665 was made from restricted general funds to represent capital expenditure met from GAG income.

Restricted Pension Reserve Funds represent the academy's share of the assets and liabilities of the Local Government Pension Scheme.

During the year a transfer of £13,255 was made from unrestricted funds to restricted general funds representing a contribution towards capital maintenance costs.

23. PENSION COMMITMENTS

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

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

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

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

23. 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; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to TPS in the period amounted to £224,652 (2014: £212,515).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The 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.

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

23. PENSION COMMITMENTS – continued

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £345,026, of which employer's contributions totalled £267,591 and employees' contributions totalled £77,435. The agreed contribution rates for future years are 21.2% for employers and between 5.5% and 12.5% dependent on pay rates for employees.

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

Principal Actuarial Assumptions	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	4.60%	4.50%
Rate of increase for pensions in payment/inflation	2.70%	2.70%
Discount rate for scheme liabilities	3.80%	3.70%
Inflation assumption (CPI)	2.70%	2.70%
Commutation of pensions to lump sums - Pre April 2008 service	50%	50%
Post April 2008 service	75%	75%

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

	At 31 August 2015	At 31 August 2014
Retiring today		
Males	22.2	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	24.2	24.2
Females	26.6	26.6

FOREST WAY SCHOOL

**Notes to the Financial Statements - continued
for the year ended 31 August 2015**

23. PENSION COMMITMENTS - continued

Local government pension scheme - continued

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015	Fair value at 31 August 2015	Expected return at 31 August 2014	Fair value at 31 August 2014
Equities	3.80%	1,109	6.30%	921
Bonds	3.80%	353	3.30%	224
Property	3.80%	185	4.50%	132
Cash	3.80%	<u>34</u>	3.30%	<u>39</u>
Total market value of assets		1,681		1,316
Local government pension scheme				
Present value of scheme liabilities				
- Funded		<u>(3,201)</u>		<u>(2,780)</u>
Surplus/(deficit) in the scheme		<u><u>(1,520)</u></u>		<u><u>(1,464)</u></u>

The expected returns are based on the proprietary asset model of Hymans Robertson LLP, the model parameters are calibrated to market conditions on a monthly basis. The return on bonds is based on redemption yields at the accounting date on suitable bond indices.

The actual return on scheme assets was £58,000 (2014 - £137,000).

Amounts recognised in the statement of financial activities

	2015 £000	2014 £000
Current service cost (net of employee contributions)	<u>(323)</u>	<u>(239)</u>
Total operating charge	<u><u>(323)</u></u>	<u><u>(239)</u></u>
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	81	64
Interest on pension liabilities	<u>(109)</u>	<u>(93)</u>
Pension finance income / (costs)	<u><u>(28)</u></u>	<u><u>(29)</u></u>

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £50,000 loss (2014 - £77,000 loss).

FOREST WAY SCHOOL

**Notes to the Financial Statements - continued
for the year ended 31 August 2015**

23. PENSION COMMITMENTS - continued

Local government pension scheme - continued

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

	2015 £000	2014 £000
At 1 September	2,780	1,883
Current service cost	323	239
Interest cost	109	93
Employee contributions	77	67
Actuarial (gain)/loss	(50)	522
Benefits paid	(24)	(24)
	3,201	2,780
At 31 August	3,201	2,780

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

	2015 £000	2014 £000
At 1 September	1,316	1,004
Expected return on assets	81	64
Actuarial gain/(loss)	(23)	(22)
Employer contributions	268	227
Employee contributions	77	67
Benefits paid	(38)	(24)
	1,681	1,316
At 31 August	1,681	1,316

The estimated value of employer contributions for the year ended 31 August 2016 is £286,000.

The history of experience adjustments is as follows:

	2015 £000	2014 £000	2013 £000	2012 £000
Present value of defined benefit obligations	(3,201)	(2,780)	(1,883)	(1,503)
Fair value of share of scheme assets	1,681	1,316	1,004	650
Surplus/(Deficit) in the scheme	(1,520)	(1,464)	(879)	(853)
Experience adjustments on share of scheme assets	(23)	(22)	53	(15)
Experience adjustments on scheme liabilities	50	522	55	-

FOREST WAY SCHOOL

Notes to the Financial Statements - continued for the year ended 31 August 2015

24. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means, of any assets for which a Government grant was received, the Academy is required, either to reinvest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original costs met by the Secretary of State

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

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

25. RELATED PARTY DISCLOSURES

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

The following related party transactions took place in the period of account:

Forest Way Teaching School Alliance Limited - a subsidiary company

-The academy received a donation and rendered charges in respect of hire of facilities as detailed in note 14. The amount owing to /owed by Forest Way Teaching School Alliance Limited at 31 August 2015 was £497 (2014 - £11,109).

-The contributions and charges were received at arm's length in accordance with its financial regulations,

-In entering into the transactions the trust has complied with the requirements of the EFA's Academies Financial Handbook.

26. AGENCY ARRANGEMENTS

The academy distributes 16-19 bursary funds to students as an agent for EFA. In the accounting year ending 31 August 2015 the trust received £34,328 and disbursed £34,250 from the fund.

An amount of £1,362 is included in creditors relating to undistributed funds.

27. ULTIMATE CONTROLLING PARTY

The academy is under the control of the governors.

FOREST WAY SCHOOL

**Notes to the Financial Statements - continued
for the year ended 31 August 2015**

28. PROVISIONS FOR LIABILITIES

	Group 2015 £	Group 2014 £
Deferred tax		
Accelerated capital allowances	<u>1,939</u>	<u>1,679</u>
	<u>1,939</u>	<u>1,679</u>

	Deferred tax £
As at 1 September 2014	1,679
Charge to statement of financial activities during year	<u>260</u>
As at 31 August 2015	<u>1,939</u>

29. RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net outgoing resources	(193,819)	(43,965)
Depreciation charges	254,144	241,945
Interest received	(389)	(341)
FRS 17 pension cost less contributions payable	55,000	12,000
FRS 17 pension finance costs	28,000	29,000
Movement in provisions	-	(16,000)
(Increase)/decrease in debtors	(4,999)	4,297
(Decrease) in creditors	<u>(17,223)</u>	<u>(28,350)</u>
Net cash inflow from operating activities	<u>120,714</u>	<u>198,856</u>

30. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	<u>416</u>	<u>536</u>
Net cash inflow for returns on investments and servicing of finance	<u>416</u>	<u>536</u>

FOREST WAY SCHOOL

**Notes to the Financial Statements - continued
for the year ended 31 August 2015**

30. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued

	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(21,009)</u>	<u>(194,267)</u>
Net cash outflow for capital expenditure and financial investment	<u><u>(21,009)</u></u>	<u><u>(194,267)</u></u>

31. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.14 £	Cash flow £	At 31.8.15 £
Net cash:			
Cash at bank and in hand	320,460	98,659	419,119
	<hr/>	<hr/>	<hr/>
Total	<u><u>320,460</u></u>	<u><u>98,659</u></u>	<u><u>419,119</u></u>

32. POST BALANCE SHEET EVENTS

After the year end the activity of the academy's subsidiary Forest Way Teaching School Alliance Limited was transferred into the academy trust.