

**REGISTERED COMPANY NUMBER: 07931627 (England and Wales)**

**Report of the Governors and  
Financial Statements for the Year Ended 31 August 2018  
for  
FOREST WAY SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

## **FOREST WAY SCHOOL**

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## FOREST WAY SCHOOL

### Reference and Administrative Details for the Year Ended 31 August 2018

#### Members

R A Baker (Stepped down October 2017)  
J Rees (Resigned March 2018)  
M Snow  
J Shanley (Appointed March 2018)  
K Riley (Resigned March 2018)  
R Cafferty (Appointed February 2018)  
L Trivett (Appointed June 2018)

#### Trustees/Directors

J Rees (Chairperson) – (Resigned March 2018\*)  
R A Baker (Vice Chair) (Stepped down October 2017\*)  
Dr L Trivett \*  
J Watkinson  
K Riley\* Resigned March 2018  
J Shanley (Appointed Interim Chair March 2018)  
M Snow\*Vice Chair (Appointed March 2018)  
G Seaton (Headteacher and Accounting Officer)\*  
K Booth – Staff Trustee\*  
R Hayes – Staff Trustee\*  
L Brown  
P Marney  
Roy Cafferty\* (Appointed October 2017)  
Jason Brookes (Appointed February 2018)  
\* Members of the Finance Committee

#### Company Secretary

I M Wood

#### Senior Leadership Team

Headteacher	G Seaton
Director of Teaching Schools	L J Slinger
Deputy Headteacher	K Fox
Assistant Headteacher	H Joy (Lead Practitioner Teaching School)
Assistant Headteacher	B Howard
Assistant Headteacher	S Woodward/L Larder
Assistant Headteacher	T Lees (Temporary) (Appointed January 2018)
Assistant Headteacher	B Tocker (Appointed January 2018)

#### 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 2018**

**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 2018**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The trust operates a special academy in the Leicestershire area for pupils aged 3 to 19 with multiple and profound learning difficulties. It has a pupil capacity of 220 pupils and a current on roll of 220 on October 11th 2018.

#### **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 trustees for the purposes of charity law and 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 trustees 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 Trustees**

The members of the academy trust comprise of the signatories to the Memorandum, and any person appointed under Article 16 of the Articles of Association which states that members may agree unanimously in writing to appoint such additional members as they think fit and may unanimously agree to remove any such additional members. All members are also Trustees/Directors but it is the intention to create separation between the roles of Trustee/Director and member in future through the recruitment process.

The term of office for any Trustee/Director shall be four years but trustees are eligible for re-election at the meeting at which they retire. The academy trust's Articles of Association and Funding Agreement state that we shall have the Headteacher, 1 Trustee appointed by the members, a minimum of 2 Parent Trustees elected by parents, 2 staff Trustees elected by staff, up to 6 Community Trustees and up to 2 Co-Opted Trustees appointed by the Board of Trustees/Directors. The Trustees who were in office at 31 August 2018 and served throughout the period are listed on page 1.

The academy trust recruitment process to the Director/Trustee role is driven by completion of an ongoing analysis of skills to seek assurances that boards have the right skillset required to undertake this crucial role.

## FOREST WAY SCHOOL

### Report of the Governors for the year ended 31 August 2018

#### **Organisational structure**

The leadership structure consists of the Trustees/Directors, the Headteacher, and the Leadership Team. The Forest Way Teaching School Alliance also has a Director of Teaching Schools. The aim of the structure is one of distributed leadership which facilitates decision making at all levels.

The Trustees 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, Deputy Headteachers, Assistant Headteachers, two Teachers with TLR responsibilities and the Business Manager. These members of staff are responsible for both the day to day operations within the academy and for implementing the strategic priorities as outlined in the School Improvement Plan.

The structure ensures that major risks have been reviewed and systems and procedures are established to manage those risks.

#### **Policies and procedures adopted for the induction and training of new Trustees**

The training and induction provided for new Trustees/Directors will depend on their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All new Trustees will be given a tour of the academy and the chance to meet with staff and pupils. All Trustees 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:-

- Trustee Code of Conduct and visits
- Trustee Allowances
- NGA Code of Conduct
- Trustee 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
- Keeping Children Safe in Education
- School Improvement Plan
- School Prospectus

The Academy Trust will perform an annual skills audit of trustees. Should any gaps be identified appropriate training courses will be offered to address these issues.

#### **Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The arrangements for setting the pay and remuneration for key management personnel are in line with the academy trust's pay policy. All pay awards are agreed and approved by the Pay Committee. The pay policy underpins the Academies Performance Management Policy which provides the opportunity for all staff to discuss their performance and development needs in relation to their job role and pay progression. Where eligible for pay progression, the recommendation made by the appraiser is based on the assessment of their performance against the agreed objectives. The final decision lies with the Pay Committee, made up of trustees and is based on the statutory criteria and guidance set out in the STPCD and the relevant teachers standards. No remuneration payments are made to Trustees/Directors.

## FOREST WAY SCHOOL

### Report of the Governors for the year ended 31 August 2018

#### Trade union facility time

This information is published in accordance with the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017 because the academy had a full-time equivalent employee number of more than 49 throughout the entirety of any seven of the months within the year ended 31 August 2018

#### Relevant union officials

Number of employees who were relevant union officials during the relevant period

1

Full-time equivalent employee number

1

#### Percentage of time spent on facility time

Percentage of time

0%

1-50%

51-99%

100%

Number of employees

Nil

1

Nil

Nil

#### Percentage of pay bill spent on facility time

Total cost of facility time

Total pay bill

Percentage of the total pay bill spent on facility time, calculated as:

$(\text{total cost of facility time} \div \text{total pay bill}) \times 100$

£

39

3,259,538

0%

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:

$(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$

1%

#### Connected Organisations including Related Party Relationships

Forest Way School is also a Teaching School established as part of the first cohort of Teaching Schools in 2011. Forest Way School is a single Academy, financially independent but works collaboratively with other schools, universities, ITT providers and businesses to help raise achievement and gain best value.

#### 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 2018**

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

The main objectives of the academy during the year ended 31 August 2018 are summarised below:

- to ensure that every child accesses 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.
- to prepare students for life after school including work experience opportunities, smooth transition for Post 19.

#### **Equality policy**

The trustees 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 trustees have regard to the Charity Commission's guidance on public benefit Section 17 of the Charities Act 2011. The trustees 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 2018**

#### **STRATEGIC REPORT**

##### **Achievement and performance**

Forest Way was subject to a short Inspection in May 2016. A team of two HMI Ofsted inspectors completed a one day visit observing lessons, interviewing senior leaders, staff, students and a number of Trustees including Chair of Trustees. The school was judged to be outstanding in all areas and was praised in every aspect including leadership, teaching and governance, continuing to demonstrate inspirational leadership and maintaining quality of education throughout. Healthchecks carried out annually in 2016, 2017 and 2018 have confirmed that progress continues to be made since the last inspection.

Ongoing rigorous self assessment since this visit has confirmed the following:

##### **Overall effectiveness: The quality and standards of education**

- Outstanding in all areas
- Judgement confirmed by Ofsted May 2016
- Consistent trend of improving pupils' progress based on accurate moderated assessment, clear target setting and exceptional teaching by all staff.
- Embedded culture of ambition and high expectations of all pupils.
- Effective recruitment, subsequent CPD and challenging performance management ensures high quality staff.

##### **Effectiveness of leadership and management of the school**

- School Improvement Plan at heart of school's drive for improvement.
- NLE Director of FWTSA Leads School to School support in other mainstream and special schools and a Teaching School Alliance. SLEs support in ICT, behaviour, business and outreach.
- Monitoring and evaluation significantly impacts on improving teaching and learning through lesson observation, learning walks, performance management and moderation, both internal and external.
- Strong subject leaders have clearly defined roles and autonomy. Innovation is encouraged.
- Comprehensive induction and high quality CPD develops staff who work in teams, are flexible and embrace change.
- Full Board of Trustees/Directors, high attendance at meetings. Meet all statutory duties and hold the school to account (Evidence - see minutes of meetings). Range of committee meetings to inform full Board of Trustees/Directors.
- An External Review of Governance undertaken in June 2018 by a National Leader in Governance concluded that "While there are naturally a number of areas for development and evolution, the current effectiveness of governance at FWSAT is good".
- Excellent budget planning. Balanced in year budget for the next 3 years. Reserves in excess of £500k. Follow Best Value principles. Trustees have additional curriculum responsibilities and clear monitoring and evaluation role. (Evidence - see Finance Meeting minutes and monthly finance reports).
- The curriculum is broad, balanced and stimulating. It prepares pupils for life in modern Britain, encouraging mutual respect and tolerance for each other. Daily act of Collective Worship encourages spiritual reflection. There is cultural enrichment through workshops, visits etc and SMSC permeates the whole curriculum. Range of successful inclusion links including support for gifted and talented pupils with subjects such as design technology, art, high quality arts programme, excellent life-skills opportunities and close community links support this. Comprehensive, targeted programme of sports activities that enables as many pupils as possible to participate in festivals and events, as well as including a route for gifted and talented athletes that has resulted in success extending to national level for the previous 5 years. Range of after school clubs offered including sports, drama, forest schools. Play Club is offered to targeted pupils who find accessing other clubs difficult.
- Pupils have a strong voice in decision making. Active Student Council meet weekly. Sports Council meet regularly. Close links with parent/carers to support pupils' progress including a Parent Swim Club. Very popular school and social events held regularly that are well supported. Parent Carers group meet weekly. No unauthorised absences or exclusions and no NEETs Post 19. Clear regularly reviewed policies underpin the school's work.

## FOREST WAY SCHOOL

### Report of the Governors for the year ended 31 August 2018

#### STRATEGIC REPORT

##### Achievement and performance

##### The Quality of Teaching, Learning and Assessment

- Analysis of quality of teaching over time shows exceptional progress. The last inspection found the teaching to be outstanding. This supports the school's own current judgement (Evidence Ofsted - May 2016 and Healthchecks undertaken annually).
- This judgement is based on lesson observations, learning walks, drop-ins, pupils' work and pupil assessment data.
- A range of data, 'basket of indicators', confirms the sustained progress leading to outstanding achievement made by pupils in all subjects (Evidence see Data Files). Internal moderation ensures consistency which is confirmed by external moderation with other schools, both locally and wider.
- Pupil Premium and Primary PE Funding analysis shows significant positive impact on pupils' learning, Gold Sports Mark Award achieved. Specialist PE teacher teaches in key stages 2-Post 16.
- Tracking system in place for pupils' achievement to show trends in performance over previous 3 years for P Level progress and small step assessment.
- There is a whole school approach to planning and assessment which involves parents, pupils and other professionals. Recording and oral feed-back is consistent and informs the next steps (Evidence - Work Scrutiny analysis). All staff have high expectations of all pupils.
- Induction procedures are thorough to ensure Leadership Team, teachers and support staff become outstanding as quickly as possible. This includes extensive training (Evidence - CPD database) Coaching/team teaching and planning are provided initially.
- Performance Management is key to sustaining and improving standards for all staff.
- The school is well resourced and has state of the art facilities

##### Personal development, behaviour and welfare

- There is a high level of engagement in all lessons with a calm atmosphere, positive ethos and mutual respect which impacts very positively on progress in lessons and throughout the school. There is very rarely any low-level disruption and any incidents of challenging behaviour are dealt with consistently and effectively. All staff receive behaviour training both bespoke 'Behaviour Can Change' theory and EDR - Engage, Disengage, Re-engage.. All staff are trained in EDR and key trainers lead in house sessions, and wider.
- Almost all pupils say they feel safe and this is supported by the views of parents/carers. (Evidence - pupil/parent/carers' questionnaires May and June 2018 Annual Reviews, home/school contact etc).
- Pupils are proud of the school and keen to gain positive rewards like praise, stickers, leaves for the Tree of Achievement, Student of the Week, choosing baskets etc.
- Analysis of behaviour incidents show that behaviour is managed extremely well with potentially very challenging pupils. Any physical intervention used is either part of a planned response consistent with behaviour/crisis plan, or it is an unplanned response which triggers a behaviour/crisis plan being written. This is regularly monitored by Trustees/Directors (See pupils' files, Analysis of Behaviour reports - Reports to Trustees/Directors, records of racist and e-safety incidents)
- Clear policies for Behaviour and Equality.
- Our attendance figure for 2017-18 was 91%. As a high percentage of our non-attendance is due to medical appointments or illness and some of our pupils require frequent hospitalisation for life threatening conditions, it would be inappropriate to compare a school such as ours with mainstream schools. Attendance analysis shows boys (91.4%) have slightly better attendance than girls (87.0%). There were no observable trends to cause concern for the different ethnic groups. There were no persistent absentees other than pupils with complex, often terminal conditions.

## **FOREST WAY SCHOOL**

### **Report of the Governors for the year ended 31 August 2018**

#### **STRATEGIC REPORT**

##### **Achievement and performance**

-Attendance for pupils in receipt of Pupil Premium for 2017-18 is as follows:

Children in Care (87.3%), pupils Adopted from Care had individual attendance of 82.7%, 65.4%, 0%, 6.12%, 87.5% and 98.4%. Service Children (97.3%) and Free School Meals (92.91%). Attendance figures for Children in Care and those adopted from care are lower due to the number of pupils who have very complex needs and spend a lot of time hospitalised.

-There is no unauthorised absence.

-There are 7 pupils living in care, 6 pupils Adopted from Care and 5 Child in Need. Meetings take place with all professionals and carers involved.

##### **Outcomes for pupils**

-The majority of pupils consistently make outstanding progress (Evidence - Data Files and Individual Pupils' Files).

-Percentage of IEP targets achieved shows outstanding progress with challenging targets as does our own small steps assessment.

-Moderation is robust, within and beyond Forest Way.

-Targeted strategies for vulnerable groups has impacted extremely positively (Evidence - see Pupil Premium Policy and Progress and Achievement Report to Trustees/Directors - Oct 2018).

-Pupils are exceptionally well prepared for their next stages in education. This includes an exciting life-skills based curriculum, close links with FE provision, independent careers advice by a Prospects advisor and work with LEBC to source exciting work experience placements which has led to employment opportunities.

##### **The effectiveness of the early years provision : quality and standards**

-Teaching is of an exceptional standard which ensures outstanding pupil progress.

-EYFS class established with appropriately trained early year's staff.

-Assessment is rigorous and reflects individual learners small step progress against Development Matters.

-The classrooms are well planned and resourced, enabling an exciting curriculum to be delivered to all the pupils. The classroom environment encourages all learners to explore and they are enthusiastic, participating in a range of exciting, varied learning opportunities. Outdoor provision updated to promote outdoor learning and inspire pupils to engage.

-Pupils are highly motivated to participate in active learning due to the exciting and imaginative activities on offer. They are encouraged by skilled staff to be creative and where appropriate think critically.

-Children's wellbeing and education are enhanced by careful timetabling ensuring access to specialised rooms/facilities and a high staff/pupil ratio.

-A close relationship between all those involved in the pupils' learning including parents/ carers, multi-professionals and teaching staff ensures a child centred approach to spiritual, moral, cultural and social development.

-Regular training is provided to staff to ensure excellent, consistent practice.

-EYFS moderation meetings are attended to ensure teachers are being consistent with assessment across the alliance.

-EYFS network meetings are attended to ensure teachers are up to date with the latest statutory information.

## **FOREST WAY SCHOOL**

### **Report of the Governors for the year ended 31 August 2018**

#### **STRATEGIC REPORT**

##### **Achievement and performance**

##### **16 - 19 study programmes**

- Data shows progress is outstanding - no evidence of pupils plateauing in sixth form.
- Challenging targets, robustly moderated.
- Pupils enjoy a life skills based curriculum, developing basic skills through functional situations, this includes mini enterprise, cook and eat, woodworking.
- Accreditation for all pupils at entry level 1, 2 or 3.
- BTEC courses offered to ensure maximum achievement in Construction and Hair and Beauty.
- A close relationship between students and all those involved in the transition process leading to high quality Post 19 provision.
- Internal and external work experience enable students to make informed career choices.
- Keeping themselves safe is emphasised in our PSHEC, Life Skills, Community Skills and Independent Travel training.
- All pupils when they leave go onto Post 19 education, Apprenticeships or Social Care provision.
- Exceptional life-skills provision through The Croft and life-skills apartment.
- Curriculum continued to be developed in response to changing needs of students. Wider opportunities provided to reduce social isolation eg key stage cinema trips, sports trips, links with local schools, wider range of work experience opportunities eg Sandicliffe Garage, Santander, Sue Townsend Theatre, work in mainstream primaries as an LSA and social link opportunities with other special schools. Structured options to develop leisure interests and social events within school. Involvement in Coalville Heroes community project which has been recognised by Government.

The annual healthcheck carried out in the Autumn term confirms that progress has continued since the last inspection.

There is a continued programme of improvement and maintenance which maintains the high standards of the school both inside and out and ensures that a high demand for pupil places continues. The quality of Teaching and Learning was confirmed as outstanding. The building offers excellent indoor and outdoor learning environments which enable and the significant improvement in pupils' behaviour emphasises this. Further investment to update and modify our Sensory Rooms during the summer of 2018 has enhanced the sensory experience for pupils at school using the latest technology. In addition to this development all of the whiteboards in classrooms have been replaced.

## FOREST WAY SCHOOL

### Report of the Governors for the year ended 31 August 2018

#### STRATEGIC REPORT

##### Achievement and performance

##### Key Performance Indicators

The Academy Trust prepares comprehensive monthly management reports where a thorough review of actual income and expenditure incurred is conducted against forecast projections. The management reports include a monthly variance report on both overspends and underspends together with information on the impact of these variances on the end of year and 3 and 5 year financial position. These reports are the basis for ongoing strategic discussions with the Headteacher as Accounting Officer and Finance Committee/Full Board of Trustees/Directors together with relevant supporting documentation. All material budget variations are agreed with Trustees/Directors through the Finance Committee and Full Board of Trustees/Directors Meetings as appropriate prior to commitment of the expenditure. The annual budget is approved by the Full Board of Trustees/Directors annually. The Academy has successfully managed to increase its reserves at 31st August through consistently challenging and driving down costs, use of effective SLA's where appropriate and ensuring value for money in all procurement

##### Fundraising activities

The academy raises funds for the benefit of the pupils through events held throughout the year at the school for parents and children to attend.

##### Key financial performance indicators

During the year ended 31 August 2018, the total revenue expenditure of the academy trust of £4,851,314 was met by General Annual Grant funding from the DfE together with special educational needs funding received from local authorities, Pupil Premium income and other fund income. The incoming resources during the year ended 31 August 2018 were £4,496,034. The overall surplus for the year ended 31 August 2018 was £494,720 after depreciation charges of £240,085 and actuarial adjustments on the LGPS pension scheme of £850,000.

As at 31 August 2018 the net book value of tangible fixed assets of the academy trust was £10,017,261.

The academy trust held fund balances at 31 August 2018 of £8,429,016 of restricted funds and £278,317 of unrestricted funds.

The in-year surplus on restricted general funds and unrestricted funds was £79,461. The actual position of reserves excluding the pension reserve as at 31 August 2018 was £675,099.

##### Going concern

After making appropriate enquiries, the board of trustees has an expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. The academy continues to challenge and drive down costs where possible and meet its obligations towards strong financial management and governance.

##### 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 and Skills Funding Agency (ESFA) as defined in the formal Funding Agreement agreed with the Secretary of State on conversion. Pupils' Top Up Funding and additional place funding where applicable 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 ESFA / Top Up Funding from Local Authorities during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

## **FOREST WAY SCHOOL**

### **Report of the Governors for the year ended 31 August 2018**

#### **STRATEGIC REPORT**

##### **Financial review**

##### **Principal funding sources**

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.

The Teaching School Alliance continues its success in providing support to the Northwest Leicestershire Area. The Alliance receives grant funding to enable it to provide Initial Teacher training and provide ongoing Continuing Professional Development opportunities.

##### **Investment policy**

In view of the increasing level of reserves a strategic investment policy will be considered and put in place taking into account social, ethnic and environmental considerations. The Board of Trustees/Directors will ensure that the investments are properly managed and in accordance with the requirements of the Academies Handbooks and above all provide value for money and security.

##### **Reserves policy**

The Trustees review the reserve levels of the academy annually. There is a continued 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 level of reserves at the end of the year ended 31st August 2018 has increased further to in excess of £500,000. The increase in Reserves meets the objectives of the Trustees/Directors to create funding in order to improve the fabric and capacity of the current school building. The Board of Trustees/Directors are now considering plans for installation of a new Modular build classroom that will increase the number of pupil places for pupils with effect from 1st September 2019. Reserve funding will be used for this purpose during the Spring and Summer Term 2019.

The current level of funds held is £8,707,333 of which £10,017,261 can only be realised by disposing of tangible fixed assets.

In accounting for the Local Government Pension Scheme (LGPS) the academy trust has recognised a pension fund deficit of £1,996,000 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 2018

#### STRATEGIC REPORT

##### Financial review

##### Principal risks and uncertainties

The Trustees have considered the major risks to when the charity is exposed and have reviewed these risks and established systems and procedures to manage these risks.

The Academy Trust has undertaken a financial risk assessment based on potential key risks identified as:-

- Not-operating within its budget and running a deficit
- Changes in funding
- Inappropriate or ineffective financial controls and systems
- Fraudulent activity
- Financial commitments made without adequate authorisation

The key controls used by the academy to reduce risk:

- Detailed terms of reference for Academy Board meetings
- Formal agendas for the Academy board
- Schemes of Delegation and formal financial regulations
- Formal written policies
- Clear authorisation and approval levels
- Monthly comprehensive financial reporting to Headteacher/Trustees/Directors
- Monthly variance reports

The governors of the academy trust 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 academy has a Risk Register which highlights potential risks facing the academy. These are managed through financial procedures, policies and delegation of the financial activities of the academy which are reviewed on a regular basis.

##### Plans for future periods

Plans for the future are detailed within the School Improvement Plan as follows:

- To continue to develop teaching and learning ensuring that monitoring and evaluation is robust and use is made of knowledge gained through FWTSA, including research and innovation, links with other special schools, both locally and nationally. Ensure training needs are identified and met
- To continue to develop the work on assessment to ensure that using a 'basket of indicators' captures the progress of all of our students and is in line with changes to national and local legislation and guidance, including the new KS standards for pupils working at P4-8 (using previous assessment)
- For all pupils to achieve the highest level of communication possible.
- To continue to develop the Forest Way curriculum to ensure it meets the needs of all pupils and considers any changes to national legislation and guidance.
- To develop team working across the organisation, including a focus on developing the effectiveness of the new Leadership Team to improve capability and raise outcomes for pupils.
- To continue to develop the Post 16 students to include work experience for all leavers, independent travel training in the local area (where appropriate) and external qualifications.
- To ensure all leavers have smooth transition to their preferred placement, through liaison with parents, education and social care providers.
- To develop and implement a careers action plan that reflects the needs of the school and the national careers strategy
- To improve and support all aspects of a pupil's physical and mental wellbeing
- To be aware of the importance of staff well-being and provide strategies within school that support this.
- To ensure that the school building fully supports and enables delivery of a high quality curriculum and high quality pupil outcomes.
- To ensure that trustees, parents and other stakeholders are engaged effectively to maximise pupil outcomes.

**FOREST WAY SCHOOL**

**Report of the Governors  
for the year ended 31 August 2018**

**STRATEGIC REPORT**

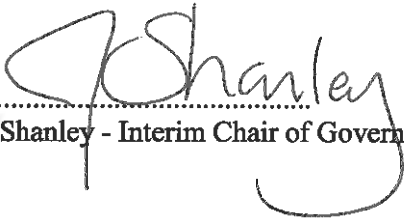
**Plans for future periods**

The current on roll figure is 219, following a successful approval to increase the Academy's pupil capacity to 220 during the academic year 2016-17. The continued success of the school in improving children's outcomes increases the demand for places both locally and further afield. Whilst the school can accommodate this number of pupils consideration is being given to the creation of additional classroom/teaching space by internal alterations and possibly the addition of a modular classroom to be erected in the existing grounds of the school. Further development through Condition Improvement Grants are also being considered to create additional sports and recreation areas.

**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.

Report of the governors, incorporating a strategic report, approved by order of the board of governors, as the company directors, on .....17.12.18..... and signed on the board's behalf by:



J Shanley - Interim Chair of Governors



## FOREST WAY SCHOOL

### Governance Statement for the Year Ended 31 August 2018

#### Scope of Responsibility

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

#### Governance

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

Governors	Meetings attended	Out of a possible
J Rees (Ex Chair)	2	2
J Watkinson	2	3
P A Marney	3	3
G Seaton (headteacher)	3	3
Dr L Trivett	2	3
K Booth (staff Trustee)	3	3
K Riley	2	2
R Cafferty	3	3
J Shanley (Chair)	3	3
M Snow	2	3
R Hayes (staff Trustee)	3	3
J Brookes	1	1
L Browne (parent governor)	3	3

There has been a number of changes involving trustee/director resignations and appointments during the year. As a result of these resignations the trust has recruited an additional Community Trustee/Director with the appropriate skills to replace any shortfall in skillsets emerging following the resignations. The current Board of Trustees/Directors now have the relevant skillset, as confirmed by the External Review of Governance undertaken in June 2018, it requires to meet the challenge of governance in a successful academy, particularly in areas involving finance, education, HR and curriculum areas. The analysis of Trustee skills conducted annually is ongoing with any necessary recruitment targeting perceived possible areas of weakness resulting from Trustee resignations.

The Board of Trustees/Directors' role is informed by both financial and non-financial data provided by the members of the Senior Leadership team and designated committees. The Board of Trustees/Directors consider that the data supplied is accurate, sufficient and relevant for their decision making purposes.

In order to strengthen our governance and effective financial management further for 2018-19, the Board of Trustees/Directors have taken the decision to increase the number of meetings to a minimum of six in line with the requirements of the Academies Financial Handbook.

## FOREST WAY SCHOOL

### Governance Statement for the Year Ended 31 August 2018

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
G Seaton	3	3
J Rees	2	2
R A Baker	1	1
M Snow	3	3
Dr L Trivett	3	3
K Riley	2	2
K Booth	2	3
R Hayes	1	1

#### Review of Value for Money

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

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

The accounting office for the academy trust has delivered improved value for money during the year by efficient use of staffing resources increasing the reserves of the trust in excess of £500k. Forest Way School is a special school providing education for pupils with a wide range of special needs from moderate, to severe and profound. The Board of Trustees/Directors 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 3 consecutive outstanding Ofsted reports with no key issues identified on any occasion. It was designated in the first cohort of 100 schools nationally as a Teaching School. It facilitates an alliance of 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.

We 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 Trustees 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.. We are confident in our business dealings and have strong internal financial controls that permeate down from the Board of Trustees/Directors throughout all aspects of school life. Members of the Board of Trustees/Directors 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.

## FOREST WAY SCHOOL

### Governance Statement for the Year Ended 31 August 2018

#### **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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The Board of Trustees/Directors 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 Board of Trustees/Directors 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 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees/Directors including review and an ongoing assessment of the Risk Register.

#### **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 monthly 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 Trustees 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 Trustees' policies and to identify and evaluate risks for the Trustees' 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 Trustees together with details of corrective action to be taken.

**FOREST WAY SCHOOL**

**Governance Statement  
for the Year Ended 31 August 2018**

**The Risk and Control Framework**

The board of Trustees has considered the need for a specific internal audit function and has decided that Accapita LLP will be appointed to conduct quarterly internal control checks. 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 including financial records relating to the Teaching School. 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 2017 to 31 August 2018 with any appropriate action being taken on all minor issues raised where applicable.

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.

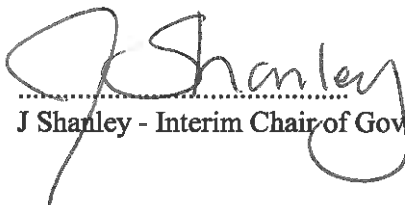
**Review of Effectiveness**

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

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

Approved by order of the members of the board of trustees on ..... 17.12.18 ..... and signed on its behalf by:

  
.....  
J Shanley - Interim Chair of Governors

  
.....  
G Seaton - Accounting Officer

**FOREST WAY SCHOOL**

**Statement on Regularity, Propriety and Compliance  
for the year ended 31 August 2018**

As accounting officer of Forest Way School I have considered my responsibility to notify the academy board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, 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 2017.

I confirm that I and the academy board of governors are able to identify any material irregular or improper use of all 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 2017.

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 ESFA.

  
.....  
G Seaton - Accounting Officer

Date: 17.12.18 .....

## FOREST WAY SCHOOL

### Statement of Governors Responsibilities for the year ended 31 August 2018

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 Academies Accounts Direction issued by the Education and Skills 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

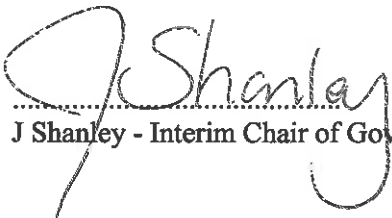
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 ESFA/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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the board of governors on .....17.12.18..... and signed on it's behalf by:

  
.....  
J Shanley - Interim Chair of Governors

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

### **Opinion**

We have audited the financial statements of Forest Way School (the 'academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 2017 to 2018 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

### **Opinion on other matters prescribed by the Companies Act 2006**

- 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; and
- the Report of the Governors has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors.

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

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

### **Responsibilities of governors**

As explained more fully in the Statement of Governors Responsibilities, 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, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

### **Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

### **Use of our report**

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.



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

*D. Ferguson*

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

Date: .....*18-12-18*.....

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

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 ESFA 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 ESFA 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 ESFA, 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. 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 and Skills 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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Accapita*

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

Date: .....18.12.18.....

## FOREST WAY SCHOOL

### Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the year ended 31 August 2018

					2018	2017
	Unrestricted funds	Restricted funds	Restricted Fixed Asset fund	Total	Total	Total
Notes	£	£	£	£	£	£
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and capital grants	2	1,668	94,513	10,973	107,154	11,318
<b>Charitable activities</b>						
Funding for the academy's educational operations	3	-	3,766,064	-	3,766,064	3,669,765
Teaching schools	23	580,293	-	-	580,293	589,079
Other trading activities	4	4,856	37,264	-	42,120	44,406
Investment income	5	399	4	-	403	735
<b>Total</b>		<b>587,216</b>	<b>3,897,845</b>	<b>10,973</b>	<b>4,496,034</b>	<b>4,315,303</b>
<b>EXPENDITURE ON</b>						
<b>Charitable activities</b>						
Academy's educational operations		-	4,030,071	255,324	4,285,395	4,105,967
Teaching schools	23	565,919	-	-	565,919	590,816
<b>Total</b>	<b>6</b>	<b>565,919</b>	<b>4,030,071</b>	<b>255,324</b>	<b>4,851,314</b>	<b>4,696,783</b>
<b>NET INCOME/(EXPENDITURE)</b>						
		21,297	(132,226)	(244,351)	(355,280)	(381,480)
<b>Transfers between funds</b>	<b>18</b>	<b>-</b>	<b>(93,091)</b>	<b>93,091</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>						
Actuarial losses gains on defined benefit pension scheme		-	850,000	-	850,000	6,000
<b>Net movement in funds</b>		<b>21,297</b>	<b>624,683</b>	<b>(151,260)</b>	<b>494,720</b>	<b>(375,480)</b>

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 2018

				2018	2017
Not es	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset fund £	Total funds £	Total funds £
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>	257,020	(2,223,901)	10,179,494	8,212,613	8,588,093
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>278,317</u>	<u>(1,599,218)</u>	<u>10,028,234</u>	<u>8,707,333</u>	<u>8,212,613</u>

#### CONTINUING OPERATIONS

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the period.

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

**Balance Sheet  
At 31 August 2018**

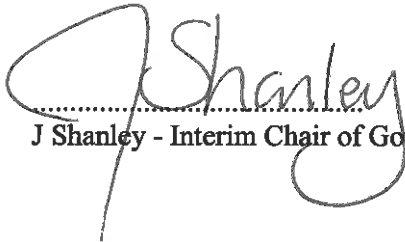
	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	12	10,017,261	10,179,494
<b>CURRENT ASSETS</b>			
Debtors	13	72,941	60,082
Cash at bank and in hand		<u>699,926</u>	<u>556,409</u>
		772,867	616,491
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(86,795)</u>	<u>(115,372)</u>
<b>NET CURRENT ASSETS</b>		<u>686,072</u>	<u>501,119</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,703,333	10,680,613
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		10,703,333	10,680,613
<b>PENSION LIABILITY</b>	19	<u>(1,996,000)</u>	<u>(2,468,000)</u>
<b>NET ASSETS</b>		<u><u>8,707,333</u></u>	<u><u>8,212,613</u></u>
<b>FUNDS</b>	18		
Unrestricted funds:			
General fund		278,317	257,020
Restricted funds:			
Restricted General Fund		302,263	244,099
Restricted Fixed Asset fund		10,028,234	10,179,494
Pension Reserve		<u>(1,996,000)</u>	<u>(2,468,000)</u>
Restricted Private fund		94,519	-
		<u>8,429,016</u>	<u>7,955,593</u>
<b>TOTAL FUNDS</b>		<u><u>8,707,333</u></u>	<u><u>8,212,613</u></u>

The notes form part of these financial statements

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

**Balance Sheet - continued  
At 31 August 2018**

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

  
.....  
J Shanley - Interim Chair of Governors

**FOREST WAY SCHOOL**

**Cash Flow Statement  
for the year ended 31 August 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	24	227,495	147,472
Tax paid		<u>(2,263)</u>	<u>(4,500)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>225,232</u>	<u>142,972</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(93,091)	(22,199)
Capital grants from DfE Group		10,973	10,818
Interest received		403	408
Dividends received		<u>-</u>	<u>327</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(81,715)</u>	<u>(10,646)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		143,517	132,326
<b>Cash and cash equivalents at the beginning of the reporting period</b>	25	<u>556,409</u>	<u>424,083</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	25	<u>699,926</u>	<u>556,409</u>

The notes form part of these financial statements



# FOREST WAY SCHOOL

## Notes to the Financial Statements for the year ended 31 August 2018

### 1. ACCOUNTING POLICIES

#### **General information and basis of preparation**

Forest Way School is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page one of these financial statements. The nature of the academy trusts operations and principal activities are set out in the Trustees' Report on page 3.

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

#### **Going concern**

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

#### **Income**

All income is recognised in the Statement of Financial Activities once the academy has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

#### **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 1. ACCOUNTING POLICIES - continued

##### **Donations**

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

##### **Agency arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA 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 22.

##### **Other income**

Other income including the hire of facilities, is recognised in the period it is receivable and to the extent the academy has provided the goods or services.

##### **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

##### **Expenditure**

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

##### **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

##### **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 2018

#### 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 life, as follows:

Land	straight line over the period of the lease
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.

##### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

##### **Leased Assets**

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

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 1. ACCOUNTING POLICIES - continued

##### **Financial instruments**

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

##### **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 2018

#### 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 Department for Education Group.

##### **Critical accounting estimates and areas of judgement**

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

##### **Critical accounting estimates and assumptions**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 1. ACCOUNTING POLICIES - continued

##### **Pension benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

#### 2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Donations	1,668	94,513	96,181	500
Capital grants	<u>-</u>	<u>10,973</u>	<u>10,973</u>	<u>10,818</u>
	<u>1,668</u>	<u>105,486</u>	<u>107,154</u>	<u>11,318</u>

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
<b>DfE/ESFA revenue grants</b>				
- General Annual Grant (GAG)	-	1,956,974	1,956,974	1,978,487
- Other DfE group grants	-	112,963	112,963	102,022
National College grants (within Teaching Schools Income)	-	46,000	46,000	46,000
	<u>-</u>	<u>2,115,937</u>	<u>2,115,937</u>	<u>2,125,509</u>
<b>Other Government grants</b>				
- Local authority grants - special educational needs	-	1,693,127	1,693,127	1,586,256
- Other government funding	-	3,000	3,000	3,000
	<u>-</u>	<u>1,696,127</u>	<u>1,696,127</u>	<u>1,589,256</u>
	<u>-</u>	<u>3,812,064</u>	<u>3,812,064</u>	<u>3,715,765</u>

#### 4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Hire of facilities	3,071	-	3,071	1,193
Parental contributions	-	37,264	37,264	38,284
Other income	<u>1,785</u>	<u>-</u>	<u>1,785</u>	<u>4,929</u>
	<u>4,856</u>	<u>37,264</u>	<u>42,120</u>	<u>44,406</u>

#### 5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Shares in group undertakings	-	-	-	327
Deposit account interest	<u>399</u>	<u>4</u>	<u>403</u>	<u>408</u>
	<u>399</u>	<u>4</u>	<u>403</u>	<u>735</u>

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 6. EXPENDITURE

	Non-pay expenditure			2018	2017
	Staff costs	Premises	Other costs	Total	Total
	£	£	£	£	£
<b>Charitable activities</b>					
<b>Academies educational operations</b>					
Direct costs	2,698,065	253,011	84,585	3,035,661	3,038,917
Allocated support costs	724,586	220,369	304,779	1,249,734	1,067,050
<b>Teaching schools</b>					
Direct costs	87,028	-	368,427	455,455	476,701
Allocated support costs	<u>71,017</u>	<u>5,200</u>	<u>34,247</u>	<u>110,464</u>	<u>114,115</u>
	<u>3,580,696</u>	<u>478,580</u>	<u>792,038</u>	<u>4,851,314</u>	<u>4,696,783</u>

Net resources are stated after charging/(crediting):

	2018	2017
	£	£
Auditors' remuneration	8,770	8,970
Auditors' remuneration for non-audit work	5,409	5,940
Depreciation - owned assets	36,452	39,450
Depreciation - leased assets	203,633	203,633
Deficit on disposal of fixed asset	15,239	-
Operating leases	<u>39,808</u>	<u>37,621</u>

#### 7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	2018	2017
	Total funds	Total funds
	£	£
Direct costs - academy's educational operations	3,035,661	3,038,917
Direct costs - teaching schools	455,455	476,701
Support costs - academy's educational operations	1,249,734	1,067,050
Support costs - teaching schools	<u>110,464</u>	<u>114,115</u>
	<u>4,851,314</u>	<u>4,696,783</u>

Analysis of support costs	Educational Operations	Teaching Schools	2018 Total	2017 Total
	£	£	£	£
Support staff costs	724,586	71,017	795,603	793,471
Technology costs	62,821	-	62,821	68,345
Other support costs	215,610	32,207	247,817	203,419
Governance costs	<u>30,831</u>	<u>2,040</u>	<u>32,871</u>	<u>27,214</u>
	<u>1,249,734</u>	<u>110,464</u>	<u>1,360,198</u>	<u>1,276,946</u>



## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 8. 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. The value of governors' remuneration and other benefits was as follows:

G Seaton (principle and staff governor)	
Remuneration	£75,000 - £80,000 (2017 - £70,000 - £75,000)
Employer's pension contributions	£10,000 - £15,000 (2017 - £10,000 - £15,000)
R Hayes (staff governor)	
Remuneration	£20,000 - £25,000 (2017 - £10,000 - £15,000)
Employer's pension contributions	£0 - £5,000 (2017 - £0 - £5,000)
K Booth (staff governor)	
Remuneration	£40,000 - £45,000 (2017 - £40,000 - £45,000)
Employer's pension contributions	£5,000 - £10,000 (2017 - £5,000 - £10,000)
P Marney (staff governor)	
Remuneration	£20,000 - £25,000 (2017 - £15,000 - £20,000)
Employer's pension	£5,000 - £10,000 (2017 - £5,000 - £10,000)

Other related party transactions involving the governors are set out in note 21.

#### Governors' expenses

During the year ended 31 August 2018 travel and subsistence expenses totalling £351 were reimbursed to 3 governors (2017 - £354 to 3 governors).

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 9. STAFF COSTS

Staff costs during the period were:	2018	2017
	£	£
Wages and salaries	2,575,478	2,630,935
Social security costs	191,419	196,219
Pension costs	<u>758,848</u>	<u>664,911</u>
	3,525,745	3,492,065
Supply staff costs	30,196	28,612
Staff restructuring costs	<u>24,755</u>	<u>-</u>
	<u><u>3,580,696</u></u>	<u><u>3,520,677</u></u>

Staff restructuring costs comprise :  
Severance payments

<u><u>24,755</u></u>	<u><u>-</u></u>
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Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £24,755 (2017 - nil). Individually the payments were £19,755 made in October 2017 and £5,000 made in December 2017.

#### Staff numbers

The average number of persons employed by the academy during the year, and the full time equivalents, was as follows:

	2018 No.	2018 Full-time equivalent	2017 No.	2017 Full-time equivalent
<b>Charitable Activities</b>				
Teachers	24	19	27	22
Administration and support	114	95	118	98
Management	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>139</u>	<u>115</u>	<u>146</u>	<u>121</u>

#### Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	<u>1</u>	<u>1</u>

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £538,664 (2017 - £428,300).

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 10. 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 2018 was £177 (2017 - £259). The cost of this insurance is included in the total insurance cost.

#### 11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset fund £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and capital grants	500	-	10,818	11,318
<b>Charitable activities</b>				
Funding for the academy's educational operations	-	3,669,765	-	3,669,765
Teaching schools	589,079	-	-	589,079
Other trading activities	6,122	38,284	-	44,406
Investment income	735	-	-	735
<b>Total</b>	<b>596,436</b>	<b>3,708,049</b>	<b>10,818</b>	<b>4,315,303</b>
<b>EXPENDITURE ON</b>				
<b>Charitable activities</b>				
Academy's educational operations	-	3,862,884	243,083	4,105,967
Teaching schools	590,816	-	-	590,816
<b>Total</b>	<b>590,816</b>	<b>3,862,884</b>	<b>243,083</b>	<b>4,696,783</b>
<b>NET INCOME/(EXPENDITURE)</b>	<b>5,620</b>	<b>(154,835)</b>	<b>(232,265)</b>	<b>(381,480)</b>
<b>Transfers between funds</b>	<b>(18,402)</b>	<b>7,021</b>	<b>11,381</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>				
Actuarial losses gains on defined benefit pension scheme	-	6,000	-	6,000
<b>Net movement in funds</b>	<b>(12,782)</b>	<b>(141,814)</b>	<b>(220,884)</b>	<b>(375,480)</b>

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset fund £	Total funds £
<b>RECONCILIATION OF FUNDS</b>				
<b>Total funds brought forward</b>	269,802	(2,082,087)	10,400,378	8,588,093
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>257,020</u>	<u>(2,223,901)</u>	<u>10,179,494</u>	<u>8,212,613</u>

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 12. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold land and buildings £	Fixtures, fittings and equipment £
<b>COST</b>			
At 1 September 2017	705,708	10,482,423	152,368
Additions	-	-	-
Disposals	-	-	(10,994)
At 31 August 2018	<u>705,708</u>	<u>10,482,423</u>	<u>141,374</u>
 <b>DEPRECIATION</b>			
At 1 September 2017	50,704	1,106,340	52,024
Charge for year	11,214	203,791	9,318
Eliminated on disposal	-	-	(3,841)
At 31 August 2018	<u>61,918</u>	<u>1,310,131</u>	<u>57,501</u>
 <b>NET BOOK VALUE</b>			
At 31 August 2018	<u>643,790</u>	<u>9,172,292</u>	<u>83,873</u>
At 31 August 2017	<u>655,004</u>	<u>9,376,083</u>	<u>100,344</u>
 <b>Motor vehicles</b>			
	£	Office and computer equipment £	Totals £
<b>COST</b>			
At 1 September 2017	96,370	71,330	11,508,199
Additions	-	93,091	93,091
Disposals	-	(35,999)	(46,993)
At 31 August 2018	<u>96,370</u>	<u>128,422</u>	<u>11,554,297</u>
 <b>DEPRECIATION</b>			
At 1 September 2017	70,651	48,986	1,328,705
Charge for year	6,432	9,330	240,085
Eliminated on disposal	-	(27,913)	(31,754)
At 31 August 2018	<u>77,083</u>	<u>30,403</u>	<u>1,537,036</u>
 <b>NET BOOK VALUE</b>			
At 31 August 2018	<u>19,287</u>	<u>98,019</u>	<u>10,017,261</u>
At 31 August 2017	<u>25,719</u>	<u>22,344</u>	<u>10,179,494</u>

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	10,130	4,820
Value added tax	21,108	9,707
Prepayments and accrued income	<u>41,703</u>	<u>45,555</u>
	<u>72,941</u>	<u>60,082</u>

#### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	8,440	35,727
Tax	4,605	2,263
Accruals and deferred income	<u>73,750</u>	<u>77,382</u>
	<u>86,795</u>	<u>115,372</u>

#### Deferred income

	2018	2017
	£	£
Deferred income at 1 September 2017	55,228	37,373
Resources deferred in year	52,333	55,228
Amounts released from previous years	<u>(55,228)</u>	<u>(37,373)</u>
Deferred income at 31 August 2018	<u>52,333</u>	<u>55,228</u>

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

#### 15. LEASING AGREEMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was :

	2018	2017
	£	£
Expiring:		
Within one year	<u>5,608</u>	<u>28,298</u>
	<u>5,608</u>	<u>28,298</u>

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 16. 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.

#### 17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset fund £	2018 Total funds £
Fixed assets	-	-	10,017,261	10,017,261
Current assets	345,217	416,677	10,973	772,867
Current liabilities	(66,900)	(19,895)	-	(86,795)
Pension liability	-	(1,996,000)	-	(1,996,000)
	<u>278,317</u>	<u>(1,599,218)</u>	<u>10,028,234</u>	<u>8,707,333</u>

Comparative information in respect of the preceding period is as follows:

	Unrestricted funds	Restricted funds	Restricted Fixed Asset fund £	2017 Total funds £
Fixed assets	-	-	10,179,494	10,179,494
Investments	-	-	-	-
Current assets	349,217	267,274	-	616,491
Current liabilities	(92,197)	(23,175)	-	(115,372)
Pension liability	-	(2,468,000)	-	(2,468,000)
	<u>257,020</u>	<u>(2,223,901)</u>	<u>10,179,494</u>	<u>8,212,613</u>

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 18. MOVEMENT IN FUNDS

	Balance at			Balance at	
	1 September	Incoming	Resources	Gains, Losses and Transfers	31 August
	2017	Resources	Expended		2018
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant (GAG)	244,099	1,956,974	(1,805,717)	(93,091)	302,265
Pupil Premium	-	79,697	(79,697)	-	-
Other grants and restricted pension reserve	(2,468,000)	-	(378,000)	850,000	(1,996,000)
	<u>(2,223,901)</u>	<u>3,897,845</u>	<u>(4,030,071)</u>	<u>756,909</u>	<u>(1,599,218)</u>
<b>Restricted fixed asset funds</b>					
DfE Group capital grants	22,199	10,973	-	(22,199)	10,973
Capital expenditure from GAG	730,869	-	(41,209)	115,290	804,950
Transfer on conversion	9,412,550	-	(210,747)	-	9,201,803
Voluntary income	13,876	-	(3,368)	-	10,508
	<u>10,179,494</u>	<u>10,973</u>	<u>(255,324)</u>	<u>93,091</u>	<u>10,028,234</u>
<b>Total restricted funds</b>	<u>7,955,593</u>	<u>3,908,818</u>	<u>(4,285,395)</u>	<u>850,000</u>	<u>8,429,016</u>
<b>Total unrestricted funds</b>	<u>257,020</u>	<u>587,216</u>	<u>(565,919)</u>	<u>-</u>	<u>278,317</u>
<b>Total funds</b>	<u>8,212,613</u>	<u>4,496,034</u>	<u>(4,851,314)</u>	<u>850,000</u>	<u>8,707,333</u>

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.

During the year funds were donated to the academy by a connected charity upon its closure which are held in restricted funds. These funds, totalling £94,157, are to be spent on the provision of facilities and equipment for pupils.

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 £93,091 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.



**FOREST WAY SCHOOL**

**Notes to the Financial Statements - continued  
for the year ended 31 August 2018**

**18. MOVEMENT IN FUNDS - continued**

Comparative information in respect of the preceding period is as follows :

	Balance at			Balance at	
	1 September	Incoming	Resources	Gains, Losses and Transfers	31 August
	2016	Resources	Expended		2017
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant (GAG)	129,913	1,978,487	(1,871,322)	7,021	244,099
Pupil Premium		75,547	(75,547)		
Other grants and restricted Pension reserve	(2,212,000)	1,654,015	(1,654,015)	-	
	<u>(2,212,000)</u>	<u>-</u>	<u>(262,000)</u>	<u>6,000</u>	<u>(2,468,000)</u>
	<u>(2,082,087)</u>	<u>3,708,049</u>	<u>(3,862,884)</u>	<u>13,021</u>	<u>(2,223,901)</u>
<b>Restricted fixed asset funds</b>					
DfE Group capital grants		10,818	-	11,381	22,199
Capital expenditure from GAG	758,098	-	(27,229)	-	730,869
Transfer on conversion	9,624,320	-	(211,770)	-	9,412,550
Voluntary income	17,960	-	(4,084)	-	13,876
	<u>10,400,378</u>	<u>10,818</u>	<u>(243,083)</u>	<u>11,381</u>	<u>10,179,494</u>
<b>Total restricted funds</b>	<u>8,318,291</u>	<u>3,718,867</u>	<u>(4,105,967)</u>	<u>24,402</u>	<u>7,955,593</u>
<b>Total unrestricted funds</b>	<u>269,802</u>	<u>596,436</u>	<u>(590,816)</u>	<u>(18,402)</u>	<u>257,020</u>
<b>Total funds</b>	<u>8,588,093</u>	<u>4,315,303</u>	<u>(4,696,783)</u>	<u>6,000</u>	<u>8,212,613</u>

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 18. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows :

	Balance at				Balance at
	1 September	Incoming	Resources	Gains, Losses and	31 August
	2016	Resources	Expended	Transfers	2018
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant (GAG)	129,913	3,935,461	(3,677,039)	(86,070)	302,263
Pupil Premium		155,244	(155,244)		
Other grants and restricted Pension reserve		- 3,515,189	(3,420,672)	-	94,517
	<u>(2,212,000)</u>	<u>-</u>	<u>(640,000)</u>	<u>856,000</u>	<u>(1,996,000)</u>
	<u>(2,082,087)</u>	<u>7,605,894</u>	<u>(7,892,955)</u>	<u>769,930</u>	<u>(1,599,218)</u>
<b>Restricted fixed asset funds</b>					
DfE Group capital grants	22,199	21,791	-	(10,818)	10,973
Capital expenditure from GAG	758,098	-	(68,438)	115,290	804,950
Transfer on conversion	9,624,320	-	(422,517)	-	9,201,803
Voluntary income	17,960	-	(7,452)	-	10,508
	<u>10,400,378</u>	<u>21,791</u>	<u>(498,407)</u>	<u>104,472</u>	<u>10,028,234</u>
<b>Total restricted funds</b>	<u>8,318,291</u>	<u>7,627,685</u>	<u>(8,391,362)</u>	<u>874,402</u>	<u>8,429,016</u>
<b>Total unrestricted funds</b>	<u>269,802</u>	<u>1,183,652</u>	<u>(1,156,735)</u>	<u>(18,402)</u>	<u>278,317</u>
<b>Total funds</b>	<u>8,588,093</u>	<u>8,811,337</u>	<u>(9,548,097)</u>	<u>856,000</u>	<u>8,707,333</u>

#### 19. PENSION COMMITMENTS

The academy trust'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 multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

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

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 19. PENSION COMMITMENTS - continued

##### Teachers' pension scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £125,562 (2017: £131,392).

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

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

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 19. 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 2018 was £412,316 (2017 - £413,339) of which employer's contributions totalled £324,254 (2017 - £324,318) and employees' contributions totalled £88,062 (2017 - £89,021). The agreed contribution rates for future years are 21.2% for employers and between 5.5% and 12.5% for employees.

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

<b>Principal Actuarial Assumptions</b>	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.30%	3.40%
Rate of increase for pensions in payment/inflation	2.30%	2.40%
Discount rate for scheme liabilities	2.80%	2.50%
Inflation assumption (CPI)	2.30%	2.40%
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 2018	At 31 August 2017
Retiring today		
Males	22.1	22.1
Females	24.3	24.3
Retiring in 20 years		
Males	23.8	23.8
Females	26.2	26.2
<b>Sensitivity analysis</b>	At 31 August 2018	At 31 August 2017
	£'000	£'000
Discount rate +0.5%	(960)	(937)
Discount rate -0.5%	960	937
Mortality assumption - 1 year increase	234	173
Mortality assumption - 1 year decrease	(234)	(173)
CPI rate +0.5%	738	690
CPI rate -0.5%	(738)	(690)

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 19. PENSION COMMITMENTS – continued

##### Local government pension scheme

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equity instruments	2,400	2,221
Bonds	1,045	663
Property	348	265
Cash	78	166
	3,871	3,315
<b>Total market value of assets</b>	<b>3,871</b>	<b>3,315</b>

The actual return on scheme assets was £169,000 (2017 : £372,000)

##### Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost	(637)	(537)
Interest income	88	55
Interest cost	(153)	(104)
	(702)	(586)
<b>Total amount recognised in the SOFA</b>	<b>(702)</b>	<b>(586)</b>

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

	2018 £000	2017 £000
At 1 September	5,783	4,669
Current service cost	637	537
Interest cost	153	104
Employee contributions	89	89
Actuarial (gain)/loss	(773)	422
Benefits paid	(22)	(38)
	5,867	5,783
<b>At 31 August</b>	<b>5,867</b>	<b>5,783</b>

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 19. PENSION COMMITMENTS – continued

##### Local government pension scheme

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

	2018 £000	2017 £000
At 1 September	3,315	2,457
Actuarial gain/(loss)	77	428
Employer contributions	324	324
Employee contributions	89	89
Benefits paid	<u>(22)</u>	<u>(38)</u>
At 31 August	<u>3,871</u>	<u>3,315</u>

#### 20. 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

#### 21. RELATED PARTY DISCLOSURES

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 8.

#### 22. AGENCY ARRANGEMENTS

The academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31 August 2018 the trust received £21,266 (2017 - £24,866) and disbursed £23,690 (2017 - £23,741) from the fund.

An amount of £1,744 (2017 - £4,512) is included in creditors relating to undistributed funds.

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 23. TEACHING SCHOOL TRADING ACCOUNT

	2018		2017	
	£	£	£	£
<b>Income</b>				
<b>Direct Income</b>				
Other income	344,391		300,709	
<b>Other income</b>				
Fundraising and other trading activities	<u>235,902</u>		<u>288,369</u>	
<b>Total Income</b>		580,293		589,079
<b>Expenditure</b>				
<b>Direct costs</b>				
Direct staff costs	87,028		118,664	
Other direct costs	<u>368,427</u>		<u>358,037</u>	
<b>Total direct costs</b>	455,455		476,701	
<b>Other costs</b>				
Support staff costs	71,017		77,671	
Other support costs	<u>39,447</u>		<u>36,444</u>	
<b>Total other costs</b>	110,464		114,115	
<b>Total Expenditure</b>		<u>565,919</u>		<u>590,816</u>
<b>Surplus/(Deficit) from all sources</b>		14,374		(1,737)
<b>Teaching Schools balance at 1 September</b>		<u>20,797</u>		<u>2,534</u>
<b>Teaching Schools balance at 31 August</b>		<u><u>35,171</u></u>		<u><u>20,797</u></u>

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2018

#### 24. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£	£
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	(355,280)	(381,480)
<b>Adjustments for:</b>		
Depreciation	240,085	243,083
Capital grants from DfE Group	(10,973)	(10,818)
Loss on disposal of fixed assets	15,239	-
Interest received	(403)	(408)
Dividends received	-	(327)
Investment in subsidiary written off	-	(1,087)
Defined benefit pension scheme cost less	313,000	213,000
Defined benefit pension scheme finance c	65,000	49,000
Increase in debtors	(12,859)	(2,690)
(Decrease)/increase in creditors	<u>(26,314)</u>	<u>39,199</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>227,495</u></u>	<u><u>147,472</u></u>

#### 25. ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 August 2018	At 31 August 2017
	£	£
Cash at bank and in hand	<u>669,926</u>	<u>556,409</u>
	<u><u>669,926</u></u>	<u><u>556,409</u></u>