

Registered company number: 07849259 (England and Wales)

**THE MATTHEW ARNOLD SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

THE MATTHEW ARNOLD SCHOOL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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THE MATTHEW ARNOLD SCHOOL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

Reference and Administrative Details

Members	Mr P G Stubbs Mrs L J Wheeler Ms A E Bowen Ms M C Gould
Trustees	Mr P G Stubbs Mrs L J Wheeler Ms A E Bowen Ms M C Gould
Company Secretary	Mrs K Sanders
Leadership team Headteacher	Mrs M C Gould (Accounting Officer)
Principal and Registered Office	Kingston Road Staines Surrey TW18 1PF
Company Registration Number	07849259 (England and Wales)
Independent Auditors	UHY Hacker Young Quadrant House 4 Thomas Square London E1W 1YW
Bankers	Lloyds Bank Tolworth Branch 402/404 Ewell Road Tolworth, Surbiton KT6 7HG
Solicitors	Stone King Solicitors LLP 16 St Johns Lane London EC1M 4BS

THE MATTHEW ARNOLD SCHOOL

TRUSTEES' REPORT

The Trustees present their annual report, together with the accounts and independent auditors' report of the Charitable Company for the year ended 31 August 2015. The annual report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust. The Academy was incorporated on 16 November 2011, in the name of The Matthew Arnold School, and commenced as an academy on 1 September 2012. The Academy has entered into a funding agreement with the Department for Education which provides the framework within which the Academy must operate.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 2.

With effect from 1 December 2014, all the operating activities of the school, together with all the related assets and liabilities, were transferred as a going concern to Bourne Education Trust. After the transfer, the Academy Trust ceased to be active.

Funds held as Custodian Trustee on behalf of others

Neither The Matthew Arnold School nor any of its Trustees act as a custodian trustee.

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the members of the governing body on 16 December 2015 and signed on its behalf by:



P G Stubbs
Chair of Trustees

THE MATTHEW ARNOLD SCHOOL

GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

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

Trustees	Meetings attended	Out of a possible
P G Stubbs	1	1
L J Wheeler	1	1
A E Bowen	1	1
M C Gould	1	1

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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Matthew Arnold School for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

THE MATTHEW ARNOLD SCHOOL

GOVERNANCE STATEMENT

Review of Effectiveness

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

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

Approved by order of the members of the Board of Trustees on 16 December 2015 and signed on its behalf by:



P G Stubbs
Chair of Trustees



M C Gould
Accounting Officer

THE MATTHEW ARNOLD SCHOOL

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

Approved on 16 December 2015 and signed by:



M C Gould
Accounting Officer

THE MATTHEW ARNOLD SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 16 December 2015 and signed on its behalf by:



P G Stubbs
Chair of Trustees

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MATTHEW ARNOLD SCHOOL

We have audited the financial statements of The Matthew Arnold School for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

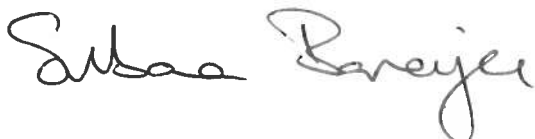
In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE MATTHEW ARNOLD SCHOOL (continued)**

Matters on which we are required to report by exception

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

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



**Subarna Banerjee (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young, Statutory Auditor**

Quadrant House
4 Thomas More Square
London
E1W 1YW

17 December 2015

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BOARD OF TRUSTEES OF THE MATTHEW ARNOLD SCHOOL AND THE EDUCATION FUNDING AGENCY

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

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

Respective responsibilities of The Matthew Arnold School's accounting officer and the reporting auditor

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

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

Approach

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

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

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

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

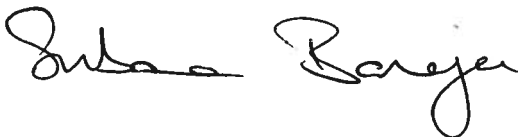
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BOARD OF TRUSTEES OF THE MATTHEW ARNOLD SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)

The work undertaken to draw our conclusion includes:

- Review and corroboration of the most recent financial management and governance evaluation
- Evaluation of the general control environment
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education
- Review of the declaration of interests to ensure completeness
- Review of minutes for evidence of declaration of interest
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the Academy Trust's delegated authorities
- A sample of cash payments were reviewed for unusual transactions
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement
- Formal representations have obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety

Conclusion

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



Subarna Banerjee
Senior Statutory Auditor
For and on behalf of UHY Hacker Young, Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

17 December 2015

THE MATTHEW ARNOLD SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2015

(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES)

	Notes	Unrestricted fund £	Restricted funds General funds £	Fixed asset fund £	2015 Total £	2014 Total £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	-	-	-	-	72,465
Activities for generating funds	3	143,928	-	-	143,928	175,424
Investment income	4	234	-	-	234	4,166
<i>Incoming resources from charitable activities</i>						
Funding for the academy's educational operations	5	-	1,313,847	-	1,313,847	5,738,107
Total incoming resources		144,162	1,313,847	-	1,458,009	5,990,162
Resources expended						
<i>Cost of generating funds:</i>						
Costs of activities for generating funds	6 & 7	-	-	-	-	9,999
<i>Charitable activities:</i>						
Academy's educational operations	6 & 8	80,094	1,296,211	126,660	1,502,965	6,467,850
Governance costs	6 & 9	-	2,677	-	2,677	25,466
Total resources expended	6	80,094	1,298,888	126,660	1,505,642	6,503,315
Net incoming/(outgoing) resources before transfers		64,068	14,959	(126,660)	(47,633)	(513,153)
Gross transfers between funds	17	-	-	-	-	-
Net income/(expenditure) for the year		64,068	14,959	(126,660)	(47,633)	(513,153)
Discontinued operations						
Transfer of activities to Bourne Education Trust		(619,802)	1,787,452	(12,810,694)	(11,643,044)	(478,000)
Net movement in funds		(555,734)	1,802,411	(12,937,354)	(11,690,677)	(991,153)
Total funds brought forward at 31 August 2014		555,734	(1,802,411)	12,937,354	11,690,677	12,681,830
Total funds carried forward at 31 August 2015	17	-	-	-	-	11,690,677

All of the academy's activities derive from operations during the financial period, which ceased after the operating activities, assets and liabilities were transferred to Bourne Education Trust. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

THE MATTHEW ARNOLD SCHOOL

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

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	13	-	13,090,843
Investments	14	-	1
		-	13,090,844
Current assets			
Debtors	15	-	312,486
Cash in hand and at bank		-	678,361
		-	990,847
Liabilities			
Creditors: amounts falling due within one year	16	-	(575,014)
Net current assets		-	415,833
		-	13,506,677
Pension scheme liability	27	-	(1,816,000)
Net assets including pension liability		-	11,690,677
The funds of the academy:			
Restricted income funds			
Fixed asset funds	17	-	12,937,354
General funds	17	-	13,589
Pension reserve	17	-	(1,816,000)
Total restricted funds		-	11,134,943
Unrestricted income fund			
General fund	17	-	555,734
Total funds		-	11,690,677

The financial statements on pages 12 to 27 were approved by the Board of Trustees, and authorised for issue on 16 December 2015 and are signed on their behalf by:



M C Gould
Accounting Officer
Company registration no: 07949259

THE MATTHEW ARNOLD SCHOOL

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

	Notes	2015 £	2014 £
Net cash outflow from operating activities	21	(107,239)	(52,149)
Returns on investments and servicing of finance	22	234	4,166
Capital expenditure	23		
Payments to acquire tangible fixed assets		(49,906)	(141,145)
Capital grant income		-	72,465
Transfer of cash to Bourne Education Trust		(521,450)	-
		<hr/>	<hr/>
(Decrease) in cash in the year		(678,361)	(116,663)
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014		678,361	795,024
		<hr/>	<hr/>
Net funds at 31 August 2015 – Cash in hand and at bank	24	-	678,361
		<hr/> <hr/>	<hr/> <hr/>

THE MATTHEW ARNOLD SCHOOL

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

1 Statement of accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

On 1 December 2014, the operating activities of the school transferred to Bourne Education Trust at which time all the assets and liabilities of the academy were transferred to the Bourne Education Trust. The Academy Trust is consequently not a going concern, however, no additional accounting adjustments were required to prepare the accounts on a break-up basis.

Incoming resources

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

Grants receivable

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

Donations

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

Other income

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

Donated services and gifts in kind

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

THE MATTHEW ARNOLD SCHOOL

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

1 Statement of accounting policies (continued)

Resources expended

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

Costs of generating funds

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

Charitable activities

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

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

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 or donated market value 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. Fixed assets below £3,000 are not capitalised.

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 basis over its expected useful lives, as follows:

Long leasehold land	over 125 years
Long leasehold building	over 2 to 50 years
Plant and machinery	over 2 to 10 years

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 MATTHEW ARNOLD SCHOOL

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

1 Statement of accounting policies (continued)

Leased assets

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

Taxation

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

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year as allowed by the relevant accounting standard FRS 17 'Retirement Benefits'.

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

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

THE MATTHEW ARNOLD SCHOOL

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

2 Voluntary income	Unrestricted fund £	Restricted funds £	Total 2015 £	Total 2014 £
Capital grant funding	-	-	-	72,465
	-----	-----	-----	-----
	-	-	-	72,465
	=====	=====	=====	=====
3 Activities for generating funds	Unrestricted fund £	Restricted funds £	Total 2015 £	Total 2014 £
Catering	51,074	-	51,074	-
Hire of facilities	1,214	-	1,214	8,516
Other income	91,640	-	91,640	166,908
	-----	-----	-----	-----
	143,928	-	143,928	175,424
	=====	=====	=====	=====
4. Investment income	Unrestricted fund £	Restricted funds £	Total 2015 £	Total 2014 £
Bank interest receivable	234	-	234	2,744
Rent receivable under operating leases	-	-	-	1,422
	-----	-----	-----	-----
	234	-	234	4,166
	=====	=====	=====	=====

THE MATTHEW ARNOLD SCHOOL

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

5 Funding for academy's educational operations

	Unrestricted fund £	Restricted funds £	Total 2015 £	Total 2014 £
Restricted general funds				
DfE / EFA revenue grants				
- General Annual Grant (GAG)	-	1,214,831	1,214,831	4,914,820
- Other DfE / EFA grants	-	91,606	91,606	251,468
	-	1,306,437	1,306,437	5,166,288
Other Government grants				
- Local authority grants	-	-	-	216,148
	-	1,306,437	1,306,437	5,382,436
Other school income				
	-	7,410	7,410	355,671
	-	1,313,847	1,313,847	5,738,107

6 Resources expended

	Staff costs £ (note 10)	Non pay expenditure		Total 2015 £	Total 2014 £
		Premises £	Other costs £		
Academy's educational operations (note 8)					
- direct costs	926,077	-	18,490	944,567	4,542,101
- allocated support costs	181,366	205,709	171,323	558,398	1,925,749
	1,107,443	205,709	189,813	1,502,965	6,467,850
Other expenditure					
Governance costs including allocated support costs	-	-	2,677	2,677	25,466
Costs of activities for generating funds	-	-	-	-	9,999
	1,107,443	205,709	192,490	1,505,642	6,503,315

THE MATTHEW ARNOLD SCHOOL

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FOR THE YEAR ENDED 31 AUGUST 2015

7 Costs of activities for generating funds

	Unrestricted fund £	Restricted funds £	Total 2015 £	Total 2014 £
Other expenditure	-	-	-	9,999

8 Charitable activities – Academy’s educational operations

	Unrestricted fund £	Restricted funds £	Total 2015 £	Total 2014 £
Direct costs				
Teaching and educational support staff costs	-	926,077	926,077	3,667,760
Educational supplies	-	17,912	17,912	631,181
Examination fees	-	578	578	67,099
	-	-	-	176,061
	-	944,567	944,567	4,542,101
Allocated support costs				
Support staff costs	47,175	134,191	181,366	740,334
Depreciation (fixed asset restricted fund)	-	126,660	126,660	526,718
Recruitment and support	-	7,632	7,632	-
Maintenance of premises and equipment	-	32,719	32,719	234,262
Cleaning	-	4,173	4,173	-
Energy costs	-	28,523	28,523	-
Rent & rates	-	13,634	13,634	208,254
Insurance	-	11,411	11,411	-
Staff development	-	1,322	1,322	-
Catering	32,919	-	32,919	-
Stationery costs	-	11,778	11,778	-
Other support costs	-	92,240	92,240	52,113
IT costs	-	14,021	14,021	-
Exceptional item – learning network transfer	-	-	-	164,068
	80,094	478,304	558,398	1,925,749
	80,094	1,422,871	1,502,965	6,467,850

THE MATTHEW ARNOLD SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
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9 Governance costs	Unrestricted fund £	Restricted funds £	Total 2015 £	Total 2014 £
Legal and professional fees	-	2,100	2,100	3,086
Auditors' remuneration	-	577	577	16,830
- audit of financial statements	-	-	-	5,550
- accountancy and advisory fees	-	-	-	-
	<u>-</u>	<u>2,677</u>	<u>2,677</u>	<u>25,466</u>
	<u><u>-</u></u>	<u><u>2,677</u></u>	<u><u>2,677</u></u>	<u><u>25,466</u></u>

10 Staff costs

Staff costs during the year were:

	2015 Total £	2014 Total £
Wages and salaries	793,134	3,501,492
Social security costs	51,557	257,238
Pension costs	115,340	524,915
	<u>960,031</u>	<u>4,283,645</u>
Supply teacher costs	147,412	52,621
Staff severance payments	-	21,850
	<u>1,107,443</u>	<u>4,358,116</u>
	<u><u>1,107,443</u></u>	<u><u>4,358,116</u></u>

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

	2015 Number	2014 Number
Teachers	40	58
Administration, support and management	44	72
	<u>84</u>	<u>130</u>
	<u><u>84</u></u>	<u><u>130</u></u>

THE MATTHEW ARNOLD SCHOOL

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

10 Staff costs (continued)

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

	2015 Number	2014 Number
£60,001 - £70,000	-	1
£80,001 - £90,000	-	1
	<u> </u>	<u> </u>

11 Trustees' remuneration and expenses

The Headteacher and Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments from the academy in respect of their role as Trustees. The value of trustees' remuneration was as follows:

	Total emoluments for qualifying services £
M C Gould (Accounting officer)	-
A E Bowen (Staff trustee)	11,325
L Wheeler	7,387
	<u> </u>
	<u>18,712</u>

M C Gould was employed by Bourne Education Trust and seconded to Matthew Arnold School. Her remuneration of £22,092 was paid by Bourne Education Trust and then recharged to the school.

12 Trustees' and Officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 (2014: £2,000,000) on any one claim.

The cost of this insurance is included in the total insurance cost.

THE MATTHEW ARNOLD SCHOOL

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

13 Tangible fixed assets – Academy

	Long Leasehold & Land and Buildings £	Assets in the course of constructions £	Plant & machinery £	Total £
Cost				
At 1 September 2014	13,797,764	51,607	269,593	14,118,964
Additions	-	49,906	-	49,906
Disposals	(13,797,764)	(101,513)	(269,593)	(14,168,870)
	-----	-----	-----	-----
At 31 August 2015	-	-	-	-
	-----	-----	-----	-----
Depreciation				
At 1 September 2014	925,968	-	102,153	1,028,121
Charge in year	107,594	-	19,066	126,660
Elimination on disposal	(1,033,562)	-	(121,219)	(1,154,781)
	-----	-----	-----	-----
At 31 August 2015	-	-	-	-
	-----	-----	-----	-----
Net book values				
At 31 August 2015	-	-	-	-
	=====	=====	=====	=====
At 31 August 2014	12,871,796	51,607	167,440	13,090,843
	=====	=====	=====	=====

The disposal represents the transfer of assets to Bourne Education Trust on 1 December 2014.

14 Investments - Academy

	Total 2015 £	Total 2014 £
Shares in subsidiary undertaking	-	1
	-----	-----
	-	1
	=====	=====

15 Debtors

	2015 £	2014 £
Trade debtors	-	32,690
Other debtors	-	63,714
Prepayments	-	216,082
	-----	-----
	-	312,486
	=====	=====

THE MATTHEW ARNOLD SCHOOL

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

16 Creditors: amounts falling due within one year		2015	2014
		£	£
Trade creditors		-	172,659
PAYE & NIC creditor		-	77,411
Pension contributions payable		-	70,694
Other creditors		-	169,007
Accruals and deferred income		-	85,243
			575,014

17 Funds – Academy	Balance at 31 August 2014	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2015
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	-	1,214,831	(1,298,888)	84,057	-
Other DfE/EFA grants	-	91,606	-	(91,606)	-
Other government grants	13,589	7,410	-	(20,999)	-
Pension reserve	(1,816,000)	-	-	1,816,000	-
Total restricted general funds	(1,802,411)	1,313,847	(1,298,888)	1,787,452	-
Restricted fixed asset funds					
Acquired on conversion	12,654,497	-	(107,594)	(12,546,903)	-
DfE/EFA capital grants	175,533	-	(19,066)	(156,467)	-
Capital expenditure from GAG	107,324	-	-	(107,324)	-
	12,937,354	-	(126,660)	(12,810,694)	-
Total restricted funds	11,134,943	1,313,847	(1,425,548)	(11,023,242)	-
Unrestricted funds					
Unrestricted funds	555,734	144,162	(80,094)	(619,802)	-
Total unrestricted funds	555,734	144,162	(80,094)	(619,802)	-
Total funds	11,690,677	1,458,009	(1,505,642)	(11,643,044)	-

Funds were transferred to the Bourne Education Trust on 1 December 2014.

THE MATTHEW ARNOLD SCHOOL

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

18 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2015 £	Total funds 2014
Tangible fixed assets	-	-	-	-	13,090,843
Current assets	-	-	-	-	990,847
Current liabilities	-	-	-	-	(575,014)
Pension scheme liability	-	-	-	-	(1,816,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>11,690,677</u></u>

19 Capital commitments

	Freehold land & buildings 2015 £	Freehold land & buildings 2014 £
Contracted for, but not provided in the financial statements	<u><u>-</u></u>	<u><u>-</u></u>

20 Financial commitments

The school has no annual commitments under non-cancellable operating leases at the year-end (2014: £Nil).

21 Net cash flow from operating activities

	2015 £	2014 £
Net expenditure for the year	(47,633)	(513,153)
Depreciation	126,660	526,718
Capital grant income	-	(72,465)
Investment income receivable	(234)	(4,166)
FRS17 pension cost less contributions payable	-	50,000
FRS17 pension finance costs	-	(46,000)
Increase in debtors	296,832	(121,384)
Increase in creditors	(482,864)	28,302
	<u>-</u>	<u>-</u>
Net cash outflow from operating activities	<u><u>(107,239)</u></u>	<u><u>(52,149)</u></u>

THE MATTHEW ARNOLD SCHOOL

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

22 Returns on investments and servicing of finance

	2015 £	2014 £
Interest received	234	4,166
Net cash inflow from returns on investment and servicing of finance	<u>234</u>	<u>4,166</u>

23 Capital expenditure and financial investment

	2015 £	2014 £
Purchases of tangible fixed assets (note 13)	49,906	141,145
Net cash outflow from capital expenditure and financial investment	<u>49,906</u>	<u>141,145</u>

24 Analysis of changes in net funds

	At 31 August 2014 £	Cash flows £000	At 31 August 2015 £000
Cash in hand and at bank	678,361	(678,361)	-

25 Contingent liabilities

There are no contingent liabilities at 31 August 2015 (2014: £Nil).

26 Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the academy 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 (2014: £10) for the debts and liabilities contracted before he/she ceases to be a member.

27 Pension and similar obligations

The academy's employees belonged 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 Surrey County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2014 and of the LGPS was 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2014: £Nil).

THE MATTHEW ARNOLD SCHOOL

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

27 Pension and similar obligations (continued)

Teachers' pension scheme

Under the definition set out in Financial report Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy Trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

On 1 December 2014, the operating activities, assets and liabilities of the school were transferred to the Bourne Education Trust. The liability of £1,816,000 in respect of the LGPS was included within this transfer.

28 Related party transactions

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

There are no related party transactions in the year other than those disclosed in note 11.

No other transactions have been entered into in which governors have an interest. There were no other related party transactions during the current or previous period.