
THE CAVENDISH SCHOOL (EASTBOURNE)

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 14
Governance statement	15 - 19
Statement on regularity, propriety and compliance	20
Statement of Trustees' responsibilities	21
Independent auditor's report on the financial statements	22 - 23
Independent reporting accountant's assurance report on regularity	24 - 25
Statement of financial activities incorporating income and expenditure account	26
Balance sheet	27 - 28
Statement of cash flows	29
Notes to the financial statements	30 - 49

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Members

I Ablewhite
N Askew
R Booth
S Hyde
A Jones
T Sorenson-Bentham

Trustees

I Ablewhite²
N Askew^{1,2}
S Barrow¹
R Booth¹
W Carter^{1,2}
A Cornell²
J D Harmer (appointed 26 January 2016)¹
S Hyde²
A Jones¹
P Marchant, Accounting Officer (appointed 1 September 2015)^{1,2}
K C Moore²
I Pantelidis (resigned 31 August 2016)¹
E Sier²
T Sorensen-Bentham¹
M Watts²
R Wells (resigned 12 July 2016)²

¹ Operational Resources Committee

² Pupil Outcomes Committee

Company registered number

08135372

Company name

The Cavendish School (Eastbourne)

Principal and registered office

Eldon Road, Eastbourne, East Sussex, BN21 1UE

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

Advisers (continued)

Resources Manager

J Brown

Senior Leadership Team

P Marchant, Headteacher
I Swinger, Deputy Headteacher
M Pickup, Deputy Headteacher
B Sibley, Assistant Headteacher
S Franceschi, Assistant Headteacher
B Greenhalgh, Assistant Headteacher
J Brown, Resources Manager

Independent auditor

Knill James, One Bell Lane, Lewes, East Sussex, BN7 1JU

Bankers

Lloyds TSB, Terminus Road, Eastbourne, BN21 3AH

Solicitors

Veale Wasborough Vizard, Orchard Court, Orchard Lane, Bristol, BS1 5WS

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

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

Structure, Governance and Management

a. Constitution

The Academy Trust is a charitable 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 trustees of The Cavendish School (Eastbourne) are also the directors of the charitable company for the purposes of company law. The charitable company is The Cavendish School (Eastbourne) known as The Cavendish School.

Details of the trustees, who also act as governors, who served during the year are included in the Reference and administrative details on page 1.

b. Members' Liability

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

c. Trustees' Indemnities

Governor Liability and Fidelity Guarantee is covered by an insurance policy (Education Combined) with Zurich Municipal Insurance.

d. Principal Activities

The principal activities of the Academy Trust are specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

To promote for the benefit of the inhabitants of Eastbourne and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

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

e. Method of Recruitment and Appointment or Election of Trustees

The Academy appoints governors in accordance with clauses 62 to 70 of its Articles of Association. In summary:

- Up to nine Governors appointed under Article 3;
- A minimum of two and no more than three staff Governors (for the avoidance of doubt, not including the Headteacher), if appointed under Article 50a;
- Up to one Local Authority Governor if appointed under Article 51;
- A minimum of two and no more than seven parent Governors appointed under Articles 53-58;
- The Headteacher;
- Any additional Governors, if appointed under Article 62,62a or 68a; and
- Any further Governors, if appointed under Article 63 or 68a.

f. Policies and procedures Adopted for the induction and Training of Trustees

An induction programme for new governors has recently been established. The main purpose of these pages, is to provide governors with ready access to on-line information about school governance.

Induction sessions include the following:

- Meeting with Chair of Governors - tour of school, familiarisation with on-line information and website;
- Safeguarding, confidentiality, other members, pen portraits, supporters (staff and governors);
- Standard Operating Procedures - Appreciative Friends, impact evaluation, effective running of meetings, the governing body; and
- Links - responsibilities within the school, links with our local community.

g. Pay policy for Key Management Personnel

The governing body will ensure the process of determining the pay of the leadership group is fair and transparent. All decisions on leadership pay will be clearly recorded for audit purposes. When determining the leadership pay range, the governing body must take into account all of the permanent responsibilities of the role, any challenges that are specific to the role and all other relevant considerations (such as recruitment difficulties). The governing body will ensure that there is appropriate scope within the range to allow for performance related progression over time. For headteachers on the leadership scale currently paid at the maximum of their relevant headteacher pay group range, the governing body **must not** apply any annual pay award uplift. The pay range for the Headteacher should not normally exceed the maximum of the headteacher group. However, the governing body may determine that there are specific circumstances to warrant a higher salary and may award an additional payment up to 25% above the maximum for the headteacher group. The maximum of any Deputy or Assistant Headteacher pay range must not exceed the maximum of the headteacher group for the school. The pay range for any deputy or Assistant Headteacher should only overlap the headteacher's pay in exceptional circumstances.

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

h. Organisational Structure

The Governing Body is collectively responsible for the overall direction of The Cavendish School and its strategic management. This involves determining the guiding principles within which the Academy operates, setting general policy, adopting an annual development plan and budget, monitoring the Academy activities and making major decisions about capital expenditure and senior staff appointments. The Governing Body is also responsible for ensuring that the Academy meets all its statutory obligations and through the Headteacher and Resources Manager that it complies with financial regulations. The Headteacher is the Accounting Officer of the Academy.

The Governing Body recognises that it would be impractical to undertake all the day to day activities itself in discharging its responsibilities and that it is necessary to delegate some of its functions through committees and to the Headteacher and the Senior Leadership of the Academy.

The Senior Leadership Team (SLT) of the Academy comprises the Headteacher, two Deputy Headteachers, three Assistant Headteachers and Resources Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The SLT meet at least once per week to discuss matters relating to the operation and leadership of the Academy. Members of the SLT report to their link governors on a regular basis and to the Governor sub-committees of Operational Resources and Pupil Outcomes. The sub-committees report to the Full Governing Body. The full Governing body and its committees each have their own terms of reference which governs their remit and operation.

Heads of Departments are responsible for each curriculum area and Progress Leaders for the pastoral operations of the Academy. These individuals are line managed by members of the SLT.

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

i. Risk Management

The management of risks to the School is undertaken in accordance with the Funding Agreement and the Academies Financial Handbook.

The Governing Body is responsible for risk management and for maintaining a sound system of internal controls that supports the achievement of its objectives, whilst safeguarding public funds, other funds and assets for which it is responsible. The Governing Body is advised in this role by the Operational Resources Committee and both are advised and informed by the Senior Leadership Team.

The Governing Body fulfils its Risk Management role by:

- Establishing the system of internal control;
- Approving and reviewing policies that underpin the internal control process;
- Agreeing objectives, plans and resources by means of the annual budget and School Improvement Plan;
- Approving and reviewing the risk register;
- Considering carefully the advice from the Responsible Officer, Auditor and Audit Committee on internal financial controls.

The Senior Leadership Team fulfils its risk management role by:

- Implementing governor's policies on risk management and internal control;
- Advising the Operational Resources Committee of the fundamental risks faced by the School and helping to evaluate them;
- Providing timely and sufficient information to governors and the Operational Resources Committee on the status of risk and controls;
- Assisting the Operational Resources to draw up, review and revise the Risk Register;
- Working to embed risk management and risk-based internal control in all aspects of management;
- Extracting the priority risks on the register and addressing them through effective control measures, i.e. making them a priority in the School Development Plan.

The Risk Register shall be an item on the Operational Resources Committee agenda to review and revise risks in line with specific review dates.

The Risk Register will be considered annually by the Governing Body who should consider:

- The appropriate level of exposure to risk for the school as a whole;
- Whether risk review procedures cover strategic, reputational, operational, compliance and financial to achieve the school objectives;
- Whether risk assessment and risk based internal control are embedded in on-going operations and form part of its culture;
- The extent and frequency of reports on internal control to the Governing Body and whether this is sufficient for the Governing Body to build up a cumulative assessment of the state of control and effectiveness of risk management;
- The incidence of any control failings or weaknesses identified at any point in the year and the impact that they have had or could have on financial results;
- The effectiveness of the overall approach and policy to risk management and whether changes or improvements to processes and procedures are necessary.

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

j. Connected Organisations including Related Party Relationships

The Cavendish School is a collaborative school and therefore values partnership working in a number of different ways. These partnerships and alliances are all geared towards improving standards, outcomes and opportunities for young people in our School, in the local community and throughout the region. These groups include:

The South Downs Alliance - is a group of 21 Secondary and Primary Schools whose work is primarily professional development focused. This Alliance set up in partnership with the Local Authority, has been led by the Cavendish Leadership for the last 3 years. As well as developing strategy and structure for offering school to school support, a number of leadership and middle management courses have taken place this year involving staff from all schools in the alliance.

The Eastbourne Secondary Heads Group, which includes 8 local secondary schools as well as Sussex Downs College, is a soft federation that works collaboratively for the good of the pupils across the town of Eastbourne and surrounding areas. Common protocols and a shared approach to raising standards and improving outcomes are the key objectives of this group.

The Cavendish Development Trust is a charity separate from the school whose sole aim is to raise funds to support the learning of young people.

The East Sussex Secondary and Primary Heads Groups - comprises of all secondary or primary schools in East Sussex and meets termly to promote good practice and raise standards.

Objectives and Activities

a. Objects and Aims

The Cavendish School aims to be an outstanding all through school where pupils are challenged to exceed their expected progress and meet ambitious targets. We wish to develop and prepare pupils for life and the key aspects for this to be achieved are;

Employability – this is linked to outstanding results, in a school where outstanding teaching and pupil progress are embedded

Developing life skills - developing pupils' social skills and equipping them with the skills for lifelong learning

Developing young people as active members of the community - understand the importance of community and who take an active role and pride within the school and wider community

Positive mind and body - ensuring pupils understand the significance of a healthy lifestyle and safe behaviors.

Our goal has always been, and will continue to be, an outstanding school. The central tenet of The Cavendish School is to equip our pupils with the personal and academic attributes to lead a happy and fulfilled life. We want our pupils to fulfil their potential, enjoy a positive school experience and become responsible, capable and confident citizens.

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

b. Our Values

Believing in Excellence means that we have key values that all members of the school community live by. These are:

Respect
Ambition
Confidence
Integrity
Resilience

We believe that these values apply to three important spheres of life:

Believing in Excellence for ourselves
Believing in Excellence for others
Believing in Excellence for our environment

By respect we mean that everyone

acts in a way that keeps themselves safe physically and emotionally
values all members of the school community by displaying good manners at all times including the way we speak to each other
shows respect for the school buildings, facilities and surrounding environment

By ambition we mean that everyone

seeks to do the very best they can do in all they do encourages others to be the best they can be in all they do tries to make our environment pleasant for everyone

By confidence we mean that everyone

develops confidence through participation in school and the wider community recognises their own strengths and sets personal goals for improvement
builds confidence by pursuing individual interests in a manner which broadens horizons

By integrity we mean that everyone

behaves in a manner that shows a strong sense of right and wrong, treats others fairly and with honesty cares about our shared environment

By resilience we mean that everyone

works hard to overcome the things they find difficult and does not give up
supports others to overcome difficulties, looks at a mistake, not as failure, but as an opportunity to seek a solution.

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

c. Our Mission Statement

The Cavendish School is an outstanding community school which is fully inclusive and has the highest educational standards, built around a high performing core. We offer the highest quality learning and teaching, with excellent examination results, where all pupils are challenged to exceed their expected progress and meet ambitious targets.

We believe all our pupils should have the best possible life chances. Therefore, it is important for our pupils to be:

- Respectful of themselves, others and their environment
- Functionally literate and numerate
- Technologically intelligent
- Independent, creative and enterprising
- Responsible citizens able to take their place in society by the time they leave our school.

d. Objectives, Strategies and Activities

The main objective of the academy is to equip our pupils with the personal and academic attributes to lead a happy and fulfilled life. We do this by providing a broad and balanced curriculum and extensive out of hours opportunities. Our Inclusion team provide the pastoral and behavioural support.

In addition to this, the Governors and the Senior Leadership Team write a comprehensive school development plan which identifies the improvement priorities for the year. For the Year 2015/16 the priorities were as follows:

- Improve Progress rates to a minimum of plus 5% above National Average, in all subjects.
- Continue to close the Pupil Premium Gap.
- Improve Attendance to above National Average.
- Develop financial Stability by effectively recruiting pupils to both phases of the school.

The objectives in the school development plan have been consistently and rigorously monitored by the Governing Body.

e. Public Benefit

The Governors of the Trust confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic report

a. Achievements and Performance

We continue to remain proud of the exam performance of our pupils. The progress of pupils in all year groups is at least good in most subjects and we are particularly proud of the progress of our out-going Year 11 pupils. Using the new Progress 8 score the out-going Year 11 achieved a Progress 8 score of +0.25. This places the school in the top 20% of schools nationally.

The outgoing Year 11 pupils joined the school performing broadly in line with national averages but have left performing above national rates in a range of performance indicators and in many cases were our best ever results.

In our first ever reception classes 76% of pupils made a Good Level of Development. This compares with a national rate of 66% in 2015.

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

	2016 Results	2015 Results	2015 National
Basics	70%	59%	58%
5A* - CEM	66%	56%	55%
English A*-C	85%	66%	67%
English 3 Levels of Progress	90%	73%	70%
English 4 Levels of Progress	68%	32%	32%
Maths A*-C	70%	65%	67%
Maths 3 Levels of Progress	74%	64%	65%
Maths 4 Levels of Progress	36%	32%	29%

Please note that performance has been benchmarked against 2015 national results as 2016 results are not yet fully available.

Within this there are a number of areas where we are particularly proud of the performance of our pupils. The gap between the progress of boys and girls remains small when compared to national rates of progress for both groups. In addition 65% of subjects exceeded national rates of progress by more than 10%

In addition to this there were many individual successes which should be celebrated. The number of pupils who gained 5 or more A or A* grades increased from 36 in 2015 to 40 in 2016. In total 26% of all grades gained were A* or A. Also, many pupils exceeded expectations in terms of their progress.

Pupil Premium

This year's results see a significant improvement in the progress of disadvantaged pupils. In English 82% of disadvantaged pupils made at least three levels of progress which is 8% above the national rates for non-pupil premium pupils in 2015. In Maths, rates of progress improved by 8% so that rates are now above national compared with other disadvantaged pupils. Improving rates of progress for disadvantaged pupils is also reflected by our improving Value Added score for this group of pupils which has risen from 936 in 2015 to 983 this year. This compares with a national rate of 976 in 2015. These improving rates of progress are reflected throughout the school.

In the Reception classes, progress for our Pupil Premium students was good when compared with their peers. 60% of disadvantaged students achieve GLD compared with 82% on non-disadvantaged students. This compares with national rates in 2015 of 51% of disadvantaged pupils making GLD and 69% of non-disadvantaged pupils. This shows that disadvantaged pupils make good progress in relation to their peers nationally.

Within this data disadvantaged pupils made good progress in the key areas of reading, writing and mathematics. 64% attained GLD in Reading; 64% attained GLD in Writing and 73% attained GLD in Number.

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

SEND

2016 exam results show 91% of our pupils receiving in school provision made 3LOP in English up from 50% in 2015. 73% made 4LoP up from 4% and 73% of pupils who receive in school provision made 3LoP in Maths. 71% of all pupils on the SEND register made 3LOP in English and 57% of these made 3LOP in Maths. From their starting points progress for the 2016 cohort of SEND pupils is improving and above national rates of progress for their peers.

In the reception class SEND pupils made good progress in comparison with their peers. Although SEND pupils do not make the same rates of progress as their peers when compared with SEND nationally progress is strong. One student within the cohort had an EHCP, that pupil achieved GLD.

Seven students were identified as in need of in-school support (19% of the initial entry cohort of 37). 42% of these made GLD in reading, 42% of these made GLD in writing and 57% of them made GLD in Maths. This compares with 24% of pupils in receipt of in-school support making GLD nationally.

b. Going Concern

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

c. Key Financial Performance Indicators

The school prepares management accounts, cash flow statements and an annual budget against which the actual income and expenditure is closely monitored to ensure that the school is delivering and achieving its targets to a high standard.

The Operational Resources Committee monitor the management accounts presented to them on a termly basis and, in addition, a summarised management account is sent out each month to governors. The annual budget is approved along with any changes during the financial year and budget variations are approved by the Governing Body.

The Committee monitors education performance by using extensive monitoring and evaluations by means of lesson observations and drop-in monitoring visits to the classroom, the annual school growth plan, parent voice and student voice. Tracking data for all pupils on a regular basis is carried out and much investment has been placed on small group work intervention and mentoring of individual pupils. The school's growth plan is costed/risk rated to ensure the financial implications of the plan can be met.

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

Financial Review

a. Financial and Risk Management Objectives and Policies

The Accounts relate to the period 1 September 2015 to 31 August 2016.

The majority of the Academy income comes from the Department for Education (DfE) via the Education Funding Agency (EFA). This income is known as restricted income as it is intended to be used for the core purpose of educating children and its supporting functions. The general annual grant income (GAG) for the aforementioned period was £4,449,205. Restricted fund expenditure amounted to £5,037,768. Total net income for the year was £644,187, which includes unspent CIF monies amounting to £490,740.

The value of fixed assets at 31 August 2016 was £5,360,958.

The net assets amounted to £6,209,879 which includes a Local Government Pension Scheme (LGPS) liability of £919,000 taken on at conversion and shown in note 23.

b. Principal Risks and Uncertainties

The Governors have identified the following principal risk and uncertainties facing the Academy Trust:

1. Reduction in finances due to falling roll because of changes in the local and national educational context
2. Ofsted downgrading the school's category
3. Changes to the local and national funding formula
4. A major building defect

c. Reserves Policy

The Governors aim is to use allocated funding for the benefit of our current pupils. However the Academy Trust aims to carry forward a prudent level of resources to cover medium and long term needs for renewal and replacement. For example:

meet any unforeseen emergency or unexpected needs for funds (for example: urgent repairs);
provide time to take action should funding levels fall (for example: to enable the Academy the option to respond through natural wastage rather than through redundancy of staff);
meet planned commitments that cannot be met through future income alone (for example: major asset purchase or extension); and
Fund short term deficits in cash whilst waiting receipt of funding.

As part of its reserves policy, the Governors give careful consideration to the cash flow implications that arise from increased or decreased contributions to its defined benefit scheme.

Where contributions can be met from projected future income without significant impact on the levels of activity then Governors will not designate any of their existing funds to meet future pension commitments. Where contribution increases would cause uncertainty or would result in a curtailment of activities, Governors would seek actuarial and legal advice and prudently create a designation of existing funds.

Free reserves as at 31 August 2016 amounted to £610,613.

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

d. Investment Policy

PRINCIPLES

The Governors' Operational Resources Committee aims to manage the cash balances of The Cavendish School to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Operational Resources Committee aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is an absolute minimum risk to the loss of these cash funds.

PURPOSES

- To ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements
- To minimise the risk of loss in the capital value of any cash funds invested
- To protect, as far as possible, the capital value of any invested funds against inflation
- To optimise returns on invested funds

GUIDELINES

Ethical Considerations

The Cavendish School will operate a socially responsible investment system and apply negative screening to all of its investments. This encompasses the following principles:

- Avoiding arms trade and manufacturers
- Avoiding all tobacco products
- Avoiding any company that is in violation of an international sanction
- Avoiding any company that would present a severe reputational risk to the school

Other Considerations

Regular cash flows are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested only in interest bearing deposit accounts with any banks or other financial institutions which are UK registered.

Where robust financial monitoring indicates the availability of cash funds for investment, identified proportions of the surplus may be invested for periods of between 6 weeks and 3 years provided that funds can be withdrawn before the investment term, albeit with an interest penalty.

Plans for Future Periods

As part of our self-evaluation processes the school has identified four key priorities:

Key Priorities 2016-17:

- 1- Improve progress rates in all subjects to a minimum of 10% above national for all ability bands
- 2- Improve rates of progress for Pupil Premium (PP) students from their starting points to a minimum of national Non PP students
- 3- Increase students attendance to a minimum of 96%
- 4- Work collaboratively with local schools and community to improve educational outcomes and increase student numbers

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

Disclosure of information to auditor

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

- in so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditor in connection with preparing its report and to establish that the charitable company's auditor is aware of that information.

Auditor

The auditor, Knill James, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

This report, incorporating the Strategic Report, was approved by order of the board of trustees as the company directors, on 15 November 2016 and signed on its behalf by:



N Askew
Chair of Trustees

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that The Cavendish School (Eastbourne) 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 Cavendish School (Eastbourne) 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
I Ablewhite	5	6
N Askew, Chair	6	6
S Barrow	6	6
R Booth	4	6
W Carter	4	6
A Cornell	4	6
J D Harmer	3	4
S Hyde	5	6
A Jones	4	6
P Marchant	6	6
K C Moore	5	6
I Pantelidis	4	6
E Sier	6	6
T Sorensen-Bentham	5	6
M Watts	6	6
R Wells	5	5

GOVERNANCE STATEMENT (continued)

The Operational Resources Committee is a sub-committee of the main board of trustees. They have formally met on four occasions. Its purpose is to oversee the effective operations of the Academy and ensure that the resources are deployed for the benefit of the students of the Academy. The function of the Audit Committee is carried out by the Operational Resources Committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
N Askew	4	4
S Barrow	2	4
R Booth	3	4
W Carter	2	4
J D Harmer	2	2
A Jones, Chair	4	4
P Marchant	4	4
K C Moore	4	4
I Pantelidis	3	4
T Sorensen-Bentham	3	4

The pupil outcomes committee is a sub-committee of the main board of trustees. They have formally met on three occasions. Its purpose is to oversee the quality of teaching and learning, and to monitor standards in progress, inclusion and attendance.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
I Ablewhite	2	3
N Askew	3	3
W Carter	1	3
A Cornell	3	3
P Marchant	3	3
S Hyde	3	3
E Sier	3	3
R Wells	3	3
M Watts	3	3

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the academy'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 Officer for the academy has delivered improved value for money during the year by:

Improving educational results

The academic year 2015-2016 was a very successful one for The Cavendish School. The year celebrated the best ever results for the "Basics" measure including English and Maths with our students significantly exceeding national averages in key measures of performance.

Students make good progress in a wide number of subject areas with 76% of subjects exceeding national progress rates by 5% or more. 72% of subjects exceeded national progress rates by more than 10%. Our

GOVERNANCE STATEMENT (continued)

Progress 8 Score of 0.25 indicates that teaching is good at Cavendish School and that teachers add value to students learning and they receive higher outcomes compared to national averages.

In addition, whilst ensuring that all students make the progress that they should, in the last three years we have placed particular emphasis on the performance of students who are in receipt of Pupil Premium Grant and students with special educational needs. This has been a prime focus for Governors and the Leadership of the school with specific targets set to improve their performance. Their achievements as a group have improved considerably in that time and as mentioned above, the gap between their performance and students who are not in receipt of Pupil Premium Grant has continued to narrow each year as has the gap between special educational needs and those without special educational needs. From starting points of ability, all gaps have reduced from the previous year and in some cases, students outperform non Pupil Premium students nationally.

At our last Ofsted inspection in 2011 attendance was identified as an issue for the school where it was significantly below national averages. This meant that too many students were missing lessons which has an impact on their opportunity for future success. We are pleased to be able to report that following concerted efforts by the school, and through strong leadership by Governors and the school's leadership team working in partnership with parents, our attendance rates have improved dramatically across the school, and are now exceeding national expectations for the first time ever; meaning that more students are in school receiving the education they deserve. This has had a positive impact upon individual achievement.

We are also pleased to be able to report that the number of students who are excluded from school for fixed periods of time has reduced considerably since our last Ofsted report. In the 2015/16 academic year, the number of days lost to fixed term exclusion reduced from 104 to 30. We feel strongly that as long as students are in school learning, they are being given the best possible chance to succeed and we are very pleased with the effort of all concerned to raise standards.

Financial governance and oversight

The Cavendish School receives its Responsible Officer (RO) duties from Knill James, Chartered Accountants. The school benefits from their extensive experience in this area of work. The RO reviews key financial policies, systems and procedures, including the use of tenders, and issues reports to the Governors.

The Operational Resources Committee receives monthly management accounts from the Finance Manager. These are also presented and discussed at the OR meetings.

The Full Governing Body approves the budget each year and is mindful of the need to balance income and expenditure to ensure that the academy remains a going concern. The Governing Body also receives and approves the Annual Accounts and the Auditors Management Report.

Ensuring that the Academy Trust demonstrates good value for money and efficient and effective use of resources

All contracts and services are evaluated regularly, by way of contract review meetings, to ensure that they are meeting specification and are fit for purpose. Contract review dates are noted to ensure that no contract 'rolls over' and that they are being re-tendered on a regular basis. The Governors have adopted a Financial Scheme of Delegation, which details the financial responsibilities of Governors, Leadership and Budget Holders. This feeds into the Financial Regulations and Procedures, which applies to all staff.

All purchases over £2,000 require a written quotation, and are authorised by the Resources Manager. Purchases over £5,000 require three written quotations, and are authorised by the Headteacher. Purchases and contracts above £15,000 require OR Committee authorisation. Tender exercises are undertaken to ensure that long term contracts are competitive.

The East Sussex secondary schools meet through the year and discuss financial and operational work areas which span across all schools. This provides benchmarking information and good practice, which can be adopted in the school to support the efficiency, economy and effectiveness of the school's practices and processes. They also work together on contracts and purchasing to explore ways that economies of scale can

GOVERNANCE STATEMENT (continued)

be applied to maximise the value for money. The schools also work collaboratively for professional development of staff.

Income generation

The school ensures that cashflow is closely monitored and current accounts are interest earning. The school has a number of investment accounts in which to invest surplus funds. The School is careful to ensure that no account balance goes over the sum protected by the Financial Services Compensation Scheme. The school continue to secure funding via sponsorship for school events, such as the annual Celebration of Achievement.

Reviewing controls and managing risks

Regular budget monitoring is undertaken by the Resources Manager and significant variances are investigated and reported to the Headteacher and Operational Resources Committee.

The School has insurance covering all of the major risks relating to buildings, public liability and employers liability.

The school's OR Committee has a strong oversight on the financial position of the school including future budget planning. This includes the estimated pupil numbers for the school, and the Eastbourne area as a whole, to ascertain any impact on the school's funding.

Staff absence is monitored and staff are supported through occupational health, counselling service and the attendance management policy to maintain good attendance levels.

Reviewing Operation to maximise the use of resources

The senior leadership team review the expenditure to ensure that it is closely aligned with the school development plan. They also evaluate the links between the budget and the curriculum and strive to ensure that future budget constraints do not compromise the educational outcomes for the pupils.

The Cavendish School has been heavily impacted upon by the opening of a Free School less than a mile away. In response to this the school has reviewed their financial budget plans, sustainability model and educational provision to ensure value for money continues to be achieved.

The school reduced the secondary phased planned admission number (PAN) in September 2015 to 175. The school became an 'all-through' school from September 2015, with the primary phased admission number of 60.

A new primary phase building was opened, on time, for September 2016. This is an exciting opportunity for the school, especially in terms of supporting the educational benefits for our pupils transferring between the primary and secondary phase of our all through school status.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's

GOVERNANCE STATEMENT (continued)

significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Knill James, the external auditor, to perform additional checks.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the resources 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 15 November 2016 and signed on their behalf, by:



N Askew
Chair of Trustees



P Marchant
Accounting Officer

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Cavendish School (Eastbourne) 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 trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of 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 2015.

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



P Marchant
Accounting Officer

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

The Trustees (who act as governors of The Cavendish School (Eastbourne) and 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 period. In preparing these financial statements, the Trustees are required to:

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

The 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 15 November 2016 and signed on its behalf by:



N Askew
Chair of Trustees

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
CAVENDISH SCHOOL (EASTBOURNE)**

We have audited the financial statements of The Cavendish School (Eastbourne) for the year ended 31 August 2016 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an Auditor's 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
CAVENDISH SCHOOL (EASTBOURNE)**

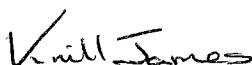
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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.



Susan Foster FCA (Senior statutory auditor)

for and on behalf of

Knill James

Chartered Accountant
Statutory Auditor

One Bell Lane
Lewes
East Sussex
BN7 1JU
22 November 2016

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
CAVENDISH SCHOOL (EASTBOURNE) AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 15 July 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Cavendish School (Eastbourne) during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE CAVENDISH SCHOOL (EASTBOURNE)'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of The Cavendish School (Eastbourne)'s funding agreement with the Secretary of State for Education dated 1 August 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
CAVENDISH SCHOOL (EASTBOURNE) AND THE EDUCATION FUNDING AGENCY (continued)**

Our normal audit procedures do provide assurance with regard to the regularity engagement, however some additional testing has been undertaken. This included:

- direct consideration and corroboration of evidence used to inform the accounting officer's statements;
- extension of procedures to assess compliance with the funding agreement and Academies Financial Handbook from those already performed as part of the audit;
- consideration of whether expenditure outside of the academies delegated authorities (if any) has received departmental approval;
- evaluation and assessment of the operating effectiveness of the general control environment and operational level which are intended to reduce the risk of irregularity;
- assessment of the adequacy of policies and procedures to ensure compliance with the framework of authorities;
- consideration of whether the absence of a control (if any) represents a breach of authorities;
- review of accounts or transactions susceptible to a greater risk of impropriety such as credit cards and cash accounts;
- extension of testing to other funds, activities conducted, consideration of propriety, or the review of high level financial controls.

CONCLUSION

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

Knill James

Susan Foster FCA (Reporting Accountant)
for and on behalf of

Knill James

Chartered Accountant

One Bell Lane
Lewes
East Sussex
BN7 1JU

22 November 2016

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	<i>As restated</i> Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	-	19,846	19,846	400
Charitable activities	3	-	5,712,101	-	5,712,101	4,987,053
Other trading activities	4	142,680	-	-	142,680	96,948
Investments	5	5,003	-	-	5,003	5,983
TOTAL INCOME		147,683	5,712,101	19,846	5,879,630	5,090,384
EXPENDITURE ON:						
Raising funds	4	86,285	-	-	86,285	54,390
Charitable activities		-	5,037,768	111,390	5,149,158	4,926,809
TOTAL EXPENDITURE	7	86,285	5,037,768	111,390	5,235,443	4,981,199
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	61,398	674,333	(91,544)	644,187	109,185
		-	(57,517)	57,517	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		61,398	616,816	(34,027)	644,187	109,185
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(455,000)	-	(455,000)	26,000
NET MOVEMENT IN FUNDS		61,398	161,816	(34,027)	189,187	135,185
RECONCILIATION OF FUNDS:						
Total funds brought forward		549,215	76,492	5,394,985	6,020,692	5,885,507
TOTAL FUNDS CARRIED FORWARD		610,613	238,308	5,360,958	6,209,879	6,020,692

THE CAVENDISH SCHOOL (EASTBOURNE)

(A company limited by guarantee)
REGISTERED NUMBER: 08135372

**BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		5,360,958		5,394,985
CURRENT ASSETS					
Debtors	15	151,177		163,062	
Cash at bank and in hand		2,288,346		1,267,855	
		<u>2,439,523</u>		<u>1,430,917</u>	
CREDITORS: amounts falling due within one year	16		<u>(665,966)</u>	<u>(382,597)</u>	
NET CURRENT ASSETS			<u>1,773,557</u>		<u>1,048,320</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,134,515</u>		<u>6,443,305</u>
CREDITORS: amounts falling due after more than one year	17		<u>(5,636)</u>		<u>(8,613)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>7,128,879</u>		<u>6,434,692</u>
Defined benefit pension scheme liability	23		<u>(919,000)</u>		<u>(414,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>6,209,879</u>		<u>6,020,692</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	1,157,308		490,492	
Restricted fixed asset funds	19	5,360,958		5,394,985	
Restricted income funds excluding pension liability		<u>6,518,266</u>		<u>5,885,477</u>	
Pension reserve		<u>(919,000)</u>		<u>(414,000)</u>	
Total restricted income funds			<u>5,599,266</u>		<u>5,471,477</u>
Unrestricted income funds	19		<u>610,613</u>		<u>549,215</u>
TOTAL FUNDS			<u>6,209,879</u>		<u>6,020,692</u>

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The financial statements were approved by the Trustees, and authorised for issue, on 15 November 2016 and are signed on their behalf, by:



N Askew
Chair of Trustees

The notes on pages 30 to 49 form part of these financial statements.

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

	Note	2016 £	<i>As restated</i> 2015 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>1,095,828</u>	<u>186,168</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		5,003	5,983
Purchase of tangible fixed assets		<u>(77,363)</u>	<u>(56,898)</u>
Net cash used in investing activities		<u>(72,360)</u>	<u>(50,915)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(2,977)</u>	<u>(2,976)</u>
Net cash used in financing activities		<u>(2,977)</u>	<u>(2,976)</u>
Change in cash and cash equivalents in the year		1,020,491	132,277
Cash and cash equivalents brought forward		<u>1,267,855</u>	<u>1,135,578</u>
Cash and cash equivalents carried forward	22	<u><u>2,288,346</u></u>	<u><u>1,267,855</u></u>

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The financial statements are prepared in sterling, which is the functional currency of the academy. Monetary amounts in these financial statements are rounded to the nearest £.

First time adoption of FRS 102

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

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

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

1.2 Fund accounting

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

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

1.4 Expenditure

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

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

Charitable activities and Governance costs are costs 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.

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

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,500 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

L/Term Leasehold Property	-	over the lease term
Fixtures and fittings	-	15% reducing balance
Computer equipment	-	25% straight line

1.7 Interest receivable

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

1.8 Operating leases

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

1.9 Debtors

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

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

1. ACCOUNTING POLICIES (continued)

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

1.13 Taxation

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

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded 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/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation

The academy exercises judgment to determine useful lives and residual values of leasehold property, fixtures and fittings and computer equipment. The assets are depreciated down to their residual values over their estimated useful lives.

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations and capital grants	19,846	19,846	400

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £ 400 was to restricted funds.

The capital grant funding above relates to the devolved formula capital fund.

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants			
General Annual Grant (GAG)	4,449,205	4,449,205	4,565,492
Other DfE/EFA grants	587,995	587,995	60,451
	<u>5,037,200</u>	<u>5,037,200</u>	<u>4,625,943</u>
Other government grants			
Local authority grants	177,638	177,638	202,258
Special educational projects	7,589	7,589	18,752
Primary/nursery funding	359,000	359,000	139,100
Primary diseconomy funding	128,334	128,334	-
	<u>672,561</u>	<u>672,561</u>	<u>360,110</u>
Other funding			
Other grants	2,340	2,340	1,000
	<u>2,340</u>	<u>2,340</u>	<u>1,000</u>
	<u>5,712,101</u>	<u>5,712,101</u>	<u>4,987,053</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £4,987,053 was to restricted funds.

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

4. TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
Income				
Letting income	3,840	-	3,840	1,858
Other income	49,420	-	49,420	37,362
School fund	87,953	-	87,953	54,862
School uniform sales	1,467	-	1,467	2,866
	<u>142,680</u>	<u>-</u>	<u>142,680</u>	<u>96,948</u>
Expenses				
School uniform purchases	2,609	-	2,609	342
School fund	83,676	-	83,676	54,048
	<u>86,285</u>	<u>-</u>	<u>86,285</u>	<u>54,390</u>
Net income from trading activities	<u>56,395</u>	<u>-</u>	<u>56,395</u>	<u>42,558</u>

In 2015, of the net income from trading activities, £41,868 was to unrestricted funds and £690 was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>As restated Total funds 2015 £</i>
Bank interest received	5,003	-	5,003	5,983
	<u>5,003</u>	<u>-</u>	<u>5,003</u>	<u>5,983</u>

In 2015, of the total investment income, £5,983 was to unrestricted funds and £ NIL was to restricted funds.

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

6. CHARITABLE ACTIVITIES

	Total funds 2016 £	<i>As restated Total funds 2015 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	2,781,349	2,708,823
National insurance	214,769	194,173
Pension cost	408,430	347,701
Depreciation	111,390	95,615
Technology costs	31,980	42,990
Educational supplies	115,866	123,424
Examination fees	71,879	73,408
Staff development	25,651	38,244
Educational consultancy	108,913	169,164
Other direct	16,575	11,729
	3,886,802	3,805,271
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	401,399	365,276
National insurance	20,631	16,562
Pension cost	116,736	110,565
Net interest cost (LGPS)	16,000	15,000
Recruitment and support	7,935	52,675
Maintenance of premises and equipment	289,270	175,018
Cleaning	91,002	89,858
Rent and rates	27,658	49,713
Energy costs	63,683	59,472
Insurance	46,259	47,311
Security and transport	17,528	8,419
Catering	65,766	52,382
Bank interest and charges	228	98
Other support costs	84,627	66,606
Audit and accountancy fees	12,401	11,900
Governor costs	1,233	684
	1,262,356	1,121,539
	5,149,158	4,926,810

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	<i>As restated</i> Total 2015 £
Expenditure on fundraising trading	-	-	86,285	86,285	54,390
Educational operations:					
Direct costs	3,404,548	-	482,254	3,886,802	3,805,271
Support costs	538,766	471,613	251,977	1,262,356	1,121,539
	<u>3,943,314</u>	<u>471,613</u>	<u>820,516</u>	<u>5,235,443</u>	<u>4,981,200</u>

In 2016, of the total expenditure, £86,285 (2015 - £54,390) was to unrestricted funds and £5,149,158 (2015 - £4,926,810) was to restricted funds.

8. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Compensation payments	85,280	21,200	Redundancy
		12,216	Early retirement
		26,078	Redundancy

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	111,390	95,615
Auditor's remuneration - audit	8,650	8,250
Auditor's remuneration - other services	2,225	3,650
Operating lease rentals	<u>10,394</u>	<u>10,294</u>

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

10. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	2,910,973	2,932,774
Social security costs	235,401	210,735
Operating costs of defined benefit pension schemes	525,166	458,266
	<u>3,671,540</u>	<u>3,601,775</u>
Supply teacher costs	186,495	136,999
Compensation payments (Note 8)	85,280	4,326
	<u>3,943,315</u>	<u>3,743,100</u>

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

	2016	2015
	No.	No.
Teaching	61	58
Teaching support	18	17
Premises	3	2
Administration	14	15
	<u>96</u>	<u>92</u>

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

	2016	2015
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £80,001 - £90,000	1	0
In the band £90,001 - £100,000	0	1

All of the higher paid employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 pension contributions for these staff amounted to £34,033 (2015: £13,258).

The remuneration and benefits received by key management personnel totalled £196,923 (2015: £189,000)

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2016	<i>2015</i>
		£	£
S Barrow	Remuneration	45,000-50,000	<i>40,000-45,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
S Hyde	Remuneration	15,000-20,000	<i>10,000-15,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>
K C Moore	Remuneration	10,000-15,000	<i>5,000-10,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>
M Watts	Remuneration	40,000-45,000	<i>40,000-45,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
P Marchant	Remuneration	80,000-85,000	
	Pension contributions paid	10,000-15,000	

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

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,745 (2015 - £1,471).

13. NET INTEREST COST

	2016	<i>As restated</i>
	£	<i>2015</i>
		£
Interest income on pension scheme assets	49,000	<i>40,000</i>
Interest on pension scheme liabilities	(65,000)	<i>(55,000)</i>
	(16,000)	<i>(15,000)</i>

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

14. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	5,369,025	55,818	206,578	5,631,421
Additions	-	-	77,363	77,363
At 31 August 2016	<u>5,369,025</u>	<u>55,818</u>	<u>283,941</u>	<u>5,708,784</u>
Depreciation				
At 1 September 2015	132,436	13,833	90,167	236,436
Charge for the year	42,953	6,298	62,139	111,390
At 31 August 2016	<u>175,389</u>	<u>20,131</u>	<u>152,306</u>	<u>347,826</u>
Net book value				
At 31 August 2016	<u>5,193,636</u>	<u>35,687</u>	<u>131,635</u>	<u>5,360,958</u>
At 31 August 2015	<u>5,236,589</u>	<u>41,985</u>	<u>116,411</u>	<u>5,394,985</u>

15. DEBTORS

	2016 £	2015 £
Trade debtors	2,115	2,788
VAT recoverable	51,543	53,755
Prepayments and accrued income	97,519	106,519
	<u>151,177</u>	<u>163,062</u>

16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	245,614	110,409
Other taxation and social security	69,311	61,653
Other creditors	66,037	61,598
Accruals and deferred income	285,004	148,937
	<u>665,966</u>	<u>382,597</u>

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

16. CREDITORS: Amounts falling due within one year (continued)

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	97,498	-
Resources deferred during the year	145,034	-
Amounts released from previous years	(97,498)	97,498
	145,034	97,498
Deferred income at 31 August 2016	145,034	97,498

Deferred income relates to funds received in advance for the 2016/17 academic year.

**17. CREDITORS:
Amounts falling due after more than one year**

	2016 £	2015 £
Other creditors	5,636	8,613
	5,636	8,613

Included within other creditors is an amount of £8,340 (2015 - £11,317) due to East Sussex County Council in respect to the Salix Project which is payable by annual installments of £2,977 and is interest free.

18. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets measured at amortised cost	2,342,004	1,324,398
Financial liabilities measured at amortised cost	380,962	233,660
	380,962	233,660

Financial assets measured at amortised cost comprise cash and debtors, excluding prepayments and accrued income.

Financial liabilities measured at amortised cost comprise creditors, excluding accruals and deferred income.

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

19. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	549,215	147,683	(86,285)	-	-	610,613
Restricted funds						
General Annual Grant (GAG)	432,056	4,820,648	(4,740,146)	(57,517)	-	455,041
Primary/nursery funding	58,436	359,000	(205,909)	-	-	211,527
Conditional Improvement Fund	-	532,453	(41,713)	-	-	490,740
Pension reserve	(414,000)	-	(50,000)	-	(455,000)	(919,000)
	<u>76,492</u>	<u>5,712,101</u>	<u>(5,037,768)</u>	<u>(57,517)</u>	<u>(455,000)</u>	<u>238,308</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	5,394,985	19,846	(111,390)	57,517	-	5,360,958
Total restricted funds	<u>5,471,477</u>	<u>5,731,947</u>	<u>(5,149,158)</u>	<u>-</u>	<u>(455,000)</u>	<u>5,599,266</u>
Total of funds	<u><u>6,020,692</u></u>	<u><u>5,879,630</u></u>	<u><u>(5,235,443)</u></u>	<u><u>-</u></u>	<u><u>(455,000)</u></u>	<u><u>6,209,879</u></u>

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

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 Department for Education where the asset acquired or created is held for a specific purpose.

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

The transfer between to the restricted fixed asset fund relates to the acquisition of fixed assets from the GAG.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	5,360,958	5,360,958	5,394,985
Current assets	1,276,578	1,162,944	-	2,439,522	1,430,918
Creditors due within one year	(665,965)	-	-	(665,965)	(382,598)
Creditors due in more than one year	-	(5,636)	-	(5,636)	(8,613)
Provisions for liabilities and charges	-	(919,000)	-	(919,000)	(414,000)
	<u>610,613</u>	<u>238,308</u>	<u>5,360,958</u>	<u>6,209,879</u>	<u>6,020,692</u>

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

	2016 £	As restated 2015 £
Net income for the year (as per Statement of financial activities)	644,187	109,185
Adjustment for:		
Depreciation charges	111,390	95,615
Dividends, interest and rents from investments	(5,003)	(5,983)
Decrease/(increase) in debtors	11,885	(46,599)
Increase/(decrease) in creditors	283,369	(9,050)
Defined benefit pension scheme cost less contributions payable	34,000	28,000
Defined benefit pension scheme finance cost	16,000	15,000
Net cash provided by operating activities	<u>1,095,828</u>	<u>186,168</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	2,288,346	1,267,855
Total	<u>2,288,346</u>	<u>1,267,855</u>

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

23. PENSION COMMITMENTS

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

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

Contributions amounting to £15,564 were payable to the schemes at 31 August 2016 (2015 - £13,676) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £352,826 (2015 - £299,015).

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

23. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £180,000 (2015 - £165,000), of which employer's contributions totalled £140,000 (2015 - £129,000) and employees' contributions totalled £40,000 (2015 - £36,000). The agreed contribution rates for future years are 18.2% for employers and 6.5% 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.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	4.10 %	4.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.4	24.4
Retiring in 20 years		
Males	24.2	24.2
Females	26.7	26.7

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

23. PENSION COMMITMENTS (continued)

The Academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,157,000	854,000
Debt instruments	264,000	192,000
Property	165,000	132,000
Cash	66,000	24,000
	<u>1,652,000</u>	<u>1,202,000</u>
Total market value of assets	<u>1,652,000</u>	<u>1,202,000</u>

The actual return on scheme assets was £226,000 (2015 - £40,000).

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

	2016 £	As restated 2015 £
Current service cost (net of employee contributions)	(170,000)	(157,000)
Net interest cost	(16,000)	(15,000)
Past service cost	(4,000)	-
	<u>(190,000)</u>	<u>(172,000)</u>
Total	<u>(190,000)</u>	<u>(172,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	1,616,000	1,396,000
Current service cost	170,000	157,000
Interest cost	65,000	55,000
Contributions by employees	40,000	36,000
Actuarial losses/(gains)	678,000	(27,000)
Past service costs	4,000	-
Benefits paid	(2,000)	(1,000)
	<u>2,571,000</u>	<u>1,616,000</u>
Closing defined benefit obligation	<u>2,571,000</u>	<u>1,616,000</u>

THE CAVENDISH SCHOOL (EASTBOURNE)
(A company limited by guarantee)

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

23. PENSION COMMITMENTS (continued)

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

	2016	<i>As restated</i>
	£	2015 £
Opening fair value of scheme assets	1,202,000	999,000
Interest income	49,000	40,000
Return on plan assets (excluding net interest on the net defined pension liability)	223,000	(1,000)
Contributions by employer	140,000	129,000
Contributions by employees	40,000	36,000
Benefits paid	(2,000)	(1,000)
	1,652,000	1,202,000
Closing fair value of scheme assets	1,652,000	1,202,000

24. OPERATING LEASE COMMITMENTS

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

	2016	2015
	£	£
Amounts payable:		
Within 1 year	10,394	10,294
Between 1 and 5 years	13,735	4,294
	24,129	14,588
Total	24,129	14,588

25. RELATED PARTY TRANSACTIONS

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

Mrs Booth, the wife of a trustee and a teacher at the Academy, was paid a salary of £6,368 (2015 - £14,998) in the period.

Mr W Carter, a trustee, was paid £Nil (2015 - £339) for consultancy services provided in the period. There was no amount outstanding at the year end (2015 - £nil).

During the year, E Sier, a trustee, was paid £1,184 (2015 - £1,159) for exam invigilation.

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

26. FIRST TIME ADOPTION OF FRS 102

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

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

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