

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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THE FREE SCHOOL NORWICH
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

R Margand
S Starr
P Howe
M Papageorgiou (appointed 13 July 2016)
P Bourgeois (resigned 13 July 2016)
T Sidney-Roberts

Governors

P Bourgeois * (resigned 13 July 2016)
M Burdett*
D Ghimire (resigned 23 January 2016)
L Lee (resigned 13 July 2016)
M Papageorgiou, Chair
T Sidney-Roberts *
G Stevens
P Tapping (resigned 23 January 2016)
H Waring
D Webster
C Woodhouse *
A Gurney (appointed 25 January 2016)
R Nash (appointed 23 January 2016)

* = member of the Finance Committee

Company registered number

07408229

Company name

The Free School Norwich

Principal and registered office

Kings House, 15 Surrey Street, Norwich, Norfolk, NR1 3NX

Principal

T Sidney-Roberts

Senior management team

D Webster, Vice Principal
P Weeks, Bursar

Independent auditors

Larking Gowen, King Street House, 15 Upper King Street, Norwich, NR3 1RB

THE FREE SCHOOL NORWICH
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Bankers

Lloyds TSB Commercial, 16 Gentleman's Walk, Norwich, Norfolk, NR2 1LZ

THE FREE SCHOOL NORWICH
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors 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 Governors' report, and a Directors' report under company law.

Since the school qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Objectives and Activities

a. OBJECTS AND AIMS

The object of the school is to advance for 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.

The Free School Norwich welcomes primary aged children of all abilities, faiths, social and cultural backgrounds.

The school aims to:

- Provide a truly broad and balanced primary school education for children.
- Enable children to identify and develop their individual strengths and interests so that they can achieve their potential in life.
- Help increase the economic well-being of children by enabling their parents to work.

The ethos of The Free School Norwich is 'Opportunity and Achievement for All'.

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

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The School is a primary school for children aged 4 to 11 years old. It is housed in Kings House, a Grade II listed Georgian house located in central Norwich, close to all public transport services.

The School is fully modernised and adapted for use as a primary school, whilst retaining many of its original Georgian features. A purpose-designed, children's play garden is situated at the rear of Kings House. The garden has a wooded area and children's vegetable garden, hard playground and a specialist early years playground with two canopied areas for outdoor activities in all weathers.

The School year comprises of six terms, with a two week holiday between each and a four week holiday in August. Our terms are named Harvest, Christmas, Winter, Spring, Whitsun and Summer.

Squirrels Extended School is open for use by working parents for five days a week during term time and throughout the school holiday periods. The School is closed on Bank Holidays and for one week at Christmas.

The School actively promotes the use of public transport to help reduce city centre traffic congestion. Our convenient location enables parents to use public transport to travel easily to the School and their place of work in Norwich. The School also provides a free Pedal and Park service for families who wish to cycle to school and work.

The summative SATs results of KS1 showed that 83% of children achieved the expected standard in Maths, 88% achieved the expected standard in Reading and 83% achieved the expected standard in Writing. The results were well above the national averages for each subject.

By KS2 91% of children achieved the expected standard in Maths, 87% achieved the expected standard in Reading and 91% achieved the expected standard in Writing. The results were well above the national averages for each subject.

In the Year 1 Phonics Screening Check, 83% of children achieved the expected standard in 2016.

The actions for improvement outlined in the SIDP for 2015 – 2016 have been highly successful in raising standards in pupil progress and attainment in Maths, Reading and Writing between KS1 and KS2 and in raising standards in Year 1 Phonics.

The school's RAISE Online report 2016 indicated that the school now has no major areas of weakness and identified only four minor areas for improvement within monitored sub groups. Actions for improvement in these areas will be incorporated into the SIDP for 2016 – 2017.

c. PUBLIC BENEFIT

The Governors recognise their charitable responsibilities for the advancement of education as described in the Charity Commission's Statement of Recommended Practice. They have also considered public benefit guidance issued by the Charity Commission. The Governors have recorded in this report the activities carried out by the school in furtherance of the charitable purposes for the public benefit.

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

Achievements and performance

a. REVIEW OF ACTIVITIES

The focus for the period under review was successfully expanding the Free School in Norwich to full capacity within budget. This was successfully achieved with a unrestricted surplus of £56,961, which when added to unrestricted funds brought forward, brings the total unrestricted reserves carried forward of £169,092.

Most of the trust's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the Education Funding Agency (EFA) during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the financial year ended 31 August 2016, total expenditure of £1,001,762 (excluding restricted fixed asset funds) was more than covered by recurrent grant funding from the EFA together with unrestricted incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £99,202 prior to actuarial losses on defined benefit pension schemes. This is £(8,288) after deducting £89,000 actuarial losses on defined benefit pension schemes.

At 31 August 2016 the net book value of fixed assets was £655,839 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Free School.

In accordance with FRS102, the Free School received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31 August 2016 and supporting notes to the accounts (note 22).

b. GOING CONCERN

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

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

Financial review

a. RESERVES POLICY

The Governors have reviewed the level of free reserves they wish to hold. In reaching this decision the Governors were mindful of:

- The need to spend funds in the year of receipt or subsequently. This entails holding appropriate reserves.
- The need to show a level of prudence and good financial planning to cover the unexpected and unplanned so that the free school's primary object is preserved under unforeseen circumstances.

The policy is to set aside £30,000 per year for 5 years, commencing on 1 September 2012 with the ultimate aim of having free reserves of £150,000. At the year ended 31 August 2016 the level of free reserves stood at £169,092.

At the year end the pension reserve fund was in deficit by £143,000, matching the net liability of the Local Government Pension Scheme (see note 22). Contributions are being made to the scheme at the agreed rate.

Structure, governance and management

a. CONSTITUTION

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

The charitable company's Memorandum of Association 14/10/2010 is the primary governing document of the academy trust. This was amended by a special resolution dated 28/03/2011.

The Governors of The Free School Norwich are also the directors of the charitable company for the purpose of company law.

Details of the Governors who served during the year are included in the Reference and Administrative Details on page 1.

The principal object of the school is 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.

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.

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

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

Governors are appointed under the Articles. The number of Governors shall not be less than three but is not subject to any maximum. The Academy Trust shall have the following Governors:

- Up to six Governors appointed by Members
- Up to one Local Authority Governor
- Up to four Staff Governors (The number of Staff Governors should not exceed one third of the total number of Governors).
- A minimum of two Parent Governors
- Up to three co-opted Governors appointed by existing non co-opted Governors
- The Principal
- Any additional Governors appointed by the Secretary of State

Prospective Governors are invited to apply in writing, with the application being subject to a formal review prior to any appointment.

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

Training and induction provided for new governors is assessed based on their existing experience. Where necessary induction includes training on education, legal and financial matters. All new governors are encouraged to visit the school on a termly basis and are provided with key documents such as the Articles of Association, policies, procedures, accounts and other documents they need to undertake their role as a Governor.

All Governors give of their time freely and no remuneration was paid in the period for their role as a Governor.

e. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The school annually review their pay policy which is applied to the pay of all staff employed to work at The Free School Norwich. The policy sets out the framework for making decisions on staff pay. It has been developed to comply with current legislation and the requirements of the School Teachers' Pay and Conditions Document (STPCD).

For all staff, pay progression will be clearly attributable to the individual's performance and the Finance Committee will be able to objectively justify its decisions. Assessment will be based on evidence from a range of sources, as described in the school's Appraisal Policy.

The headteacher is subject to an annual performance review.

f. ORGANISATIONAL STRUCTURE

The governors are responsible for setting general policy, adopting an annual plan and budget, monitoring its financial and operational performance and making strategic decisions about the operation and management of the school including making senior staff appointments.

The Board of Governors, also known as the Governing Body, meets six times a year and the Finance Committee also meets six times a year.

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

g. RISK MANAGEMENT

The governors have assessed the major risks to which the trust is exposed, in particular those relating to finances, teaching, facilities and other operational issues. Risks are considered under educational, financial, health and safety and reputational headings. The governors have implemented a number of systems to assess and minimise those risks, including internal controls. Where significant financial risk still remains they have ensured they have adequate insurance cover.

As free schools are mainly funded directly by the Department for Education, funding streams are considered to be reasonably safe and secure. However, the risk remains of changes in government policy, how funding is distributed between schools or pupil groups, or falls in pupil numbers.

The governors regularly review financial performance against budgets and pupil attainment at Governing Body and Finance Committee meetings both held six times a year to coincide with each of the six terms at the Free School Norwich.

The school has a comprehensive Risk Management Plan which identifies the main risks to the school and the methods and strategies employed to mitigate those risks. The governors review the plan and the controls in place on an annual basis.

h. GOVERNORS' INDEMNITIES

Governors benefit from indemnity insurance purchased at the trust's expense to cover the liability of the governors which by virtue of any role law would otherwise attach them in respect of any negligence, default or breach of trust or duty of which they may be guilty in relation to the trust, providing that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or duty or which was committed with reckless disregard to whether it was breach of trust or duty or not and provided also that any such insurance shall not extend to the costs of an unsuccessful defence to a criminal prosecution brought against the governors in their capacities as directors of the trust.

In accordance with normal commercial practice the trust has purchased insurance to protect the governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1m in any claim.

Plans for future periods

a. FUTURE DEVELOPMENTS

The Governors will continue to pursue the aims and objects of the trust according to the prevailing circumstances. This is underpinned by the school Development Plan. Governors will continue to focus on:

- Maintaining the quality of educational facilities at the school within the constraints of current and predicted funding levels;
- Evolving the school's role in the local community and developing new links with the local community and supporting education in the wider community;
- Continuing to develop the academic achievements of the school by continuous challenge, finding innovative ways to deliver education and supporting new ways to improve the provision of education by the senior leadership team, teachers and staff;
- Consider opportunities for better use of the built environment and outside space.

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

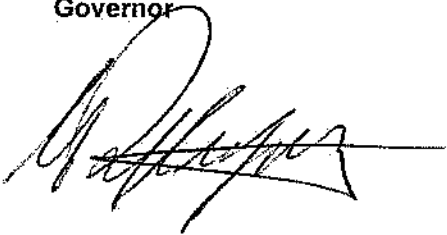
DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

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

This report was approved by order of the Governing body as the company directors, on 16 November 2016 and signed on its behalf by:

M Papageorgiou, Chair
Governor



THE FREE SCHOOL NORWICH
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that The Free School Norwich 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 Governing body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Free School Norwich and the Secretary of State for Education. They are also responsible for reporting to the Governing body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The Governing body has formally met 7 times during the year. Attendance during the year at meetings of the Governing body was as follows:

Governor	Meetings attended	Out of a possible
P Bourgeois *	7	7
M Burdett*	3	7
D Ghimire	2	7
L Lee	5	7
M Papageorgiou, Chair	6	7
T Sidney-Roberts *	5	7
G Stevens	7	7
P Tapping	0	7
H Waring	7	7
D Webster	6	7
C Woodhouse *	5	7
A Gurney	5	5
R Nash	4	5

* = member of Finance Committee

The Finance Committee is a sub-group of the main Governing Body. Its purpose is to review finances and approve the formal budget each financial year. The permanent members of this Committee are T Sidney-Roberts, C Woodhouse, P Bourgeois, M Burdett and the Bursar P Weeks. Other Governors attend specific meetings as and when required.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
T Sidney-Roberts	3	6
C Woodhouse	5	6
P Bourgeois	0	6
P Weeks	6	6
M Burdett	0	4

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Free School Norwich 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 Governing body 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 Governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing body.

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 Governing body;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- 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 Governing body has considered the need for a specific internal audit function and has decided to appoint Lovewell Blake LLP as internal auditor.

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 termly basis, the internal auditor reports to the Governing body on the operation of the systems of control and on the discharge of the Governing body's financial responsibilities.

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

- review of financial planning, oversight, monitoring and management
- review and testing of income systems
- review and testing of payroll system

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal 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 auditors;
- 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 Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal 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 Governing body 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 Senior Leadership Team and Governing Body ensures that funds are allocated to the most appropriate areas throughout the school with the primary focus being the continuing development of our pupils. This includes our diverse curriculum, specialist staff to support our SEN pupils as well as specialist staff in areas such as sport and music. The staff are deployed appropriately to ensure pupils are getting the best from their time and supported in all areas (with a particular focus on the differing needs of each pupil).

The school regularly reviews performance of staff and pupils to ensure it is being effective in achieving its educational aspirations. These reviews help to highlight areas that may need attention so that staffing arrangements can be revised if required to help focus on specific areas if appropriate.

Financial Governance

The Finance Committee meet every six weeks to review the schools finances to ensure the school is functioning in line with expectations and funds are being managed effectively in line with the schools needs that the school is fulfilling its primary function as an educator.

This function is supported by one annual audit and three internal audits to ensure the controls and procedures within the school are effective and fit for purpose.

All annual and periodic findings are reported to the Board of Governors at each of the six Governing Body Meetings.

Cost Effective Purchasing

The Finance and Procurement policy sets out how the school will ensure value for money. The consideration of value for money is not solely based on cost alone, consideration is also given to the quality of the service/products, reputation of the business and ongoing service/guarantees for the products and/or services provided.

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GOVERNANCE STATEMENT (continued)

Existing contracts with providers are reviewed either annually or when they reach the end of the term to ensure that they are still suitable for the school both in terms of quality and value for money.

Income Generation

The school continues to run its out of hours Squirrels club to support working parents. This helps to generate some additional income for the school which in turn contributes to added value expenditures the whole school benefits from.

Approved by order of the members of the Governing body on 16 November 2016 and signed on their behalf, by:



**M Papageorgiou, Chair
Governor**



**T Sidney-Roberts
Accounting Officer**

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Free School Norwich 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.



T Sidney-Roberts
Accounting Officer

Date: 16 November 2016

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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors (who act as governors of The Free School Norwich and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 Governors 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Approved by order of the members of the Governing body and signed on its behalf by:



**M Papageorgiou, Chair
Governor**

Date: 16 November 2016

THE FREE SCHOOL NORWICH
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
FREE SCHOOL NORWICH**

We have audited the financial statements of The Free School Norwich for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Statement of Governors' responsibilities, the Governors (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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
FREE SCHOOL NORWICH

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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Larking Gowen

Christopher Yeates ACA DChA (Senior statutory auditor)

for and on behalf of

Larking Gowen

Chartered Accountants
Statutory Auditors

Norwich

Date:

2 December 2016

THE FREE SCHOOL NORWICH
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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE FREE SCHOOL NORWICH AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 21 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Free School Norwich 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 Free School Norwich and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Free School Norwich 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 Free School Norwich and the EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE FREE SCHOOL NORWICH'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Free School Norwich's funding agreement with the Secretary of State for Education dated 19 April 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

APPROACH (CONTINUED)

In planning and conducting our work we had due regard to professional guidance, including the Academies Accounts Direction 2015 to 2016 and the ICAEW Assurance Sourcebook. The work undertaken to draw to our conclusion, included, but was not limited to:

- Enquiry of senior management and the Academy's Governors.
- Inspection and review of the accounting records, meeting minutes, prior year regularity report, internal control procedures, management representations and declarations of interest.
- Observation and re-performance of the financial controls.
- Review of the results of the internal audit function.

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.

Larking Gowen

Larking Gowen

Chartered Accountants
Statutory Auditors

Norwich

Date: *2 December 2016*

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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

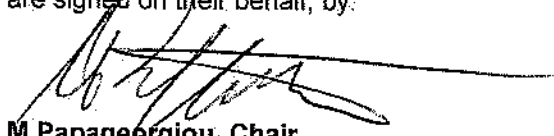
	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Investments	3	161	-	-	161	107
Charitable activities	4	58,139	1,010,114	-	1,068,253	933,929
Other income	5	32,550	-	-	32,550	37,977
TOTAL INCOME		90,850	1,010,114	-	1,100,964	972,013
EXPENDITURE ON:						
Charitable activities		33,889	967,873	46,473	1,048,235	1,002,731
TOTAL EXPENDITURE	6	33,889	967,873	46,473	1,048,235	1,002,731
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	56,961	42,241	(46,473)	52,729	(30,718)
		-	(18,490)	18,490	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		56,961	23,751	(27,983)	52,729	(30,718)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(89,000)	-	(89,000)	4,000
NET MOVEMENT IN FUNDS		56,961	(65,249)	(27,983)	(36,271)	(26,718)
RECONCILIATION OF FUNDS:						
Total funds brought forward		112,131	(50,000)	683,822	745,953	772,671
TOTAL FUNDS CARRIED FORWARD		169,092	(115,249)	655,839	709,682	745,953

THE FREE SCHOOL NORWICH
(A company limited by guarantee)
REGISTERED NUMBER: 07408229

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		655,839		683,822
CURRENT ASSETS					
Stocks	15	400		2,250	
Debtors	16	99,697		90,360	
Cash at bank and in hand		163,188		98,483	
			263,285		191,093
CREDITORS: amounts falling due within one year	17	(66,442)		(78,962)	
NET CURRENT ASSETS			196,843		112,131
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	22		(143,000)		(50,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			709,682		745,953
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	18	27,751		-	
Restricted fixed asset funds	18	655,839		683,822	
Restricted funds excluding pension liability		683,590		683,822	
Pension reserve		(143,000)		(50,000)	
Total restricted funds			540,590		633,822
Unrestricted funds	18		169,092		112,131
TOTAL FUNDS			709,682		745,953

The financial statements were approved by the Governors, and authorised for issue, on 16 November 2016 and are signed on their behalf, by:


M Papageorgiou, Chair
Governor

The notes on pages 23 to 42 form part of these financial statements.

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	<u>83,034</u>	<u>(12,663)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		161	107
Purchase of property, plant and equipment		<u>(18,490)</u>	<u>(8,171)</u>
Net cash used in investing activities		<u>(18,329)</u>	<u>(8,064)</u>
Change in cash and cash equivalents in the year		64,705	(20,727)
Cash and cash equivalents brought forward		<u>98,483</u>	<u>119,210</u>
Cash and cash equivalents carried forward	21	<u><u>163,188</u></u>	<u><u>98,483</u></u>

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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 Free School Norwich constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of The Free School Norwich 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 Free School Norwich 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 Governors 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 Governors.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy 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.

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £200 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:

S/Term Leasehold Property	-	4% (25yrs) Straight line
Fixtures & fittings	-	20% (5yrs) Straight line
Computer equipment	-	33% (3yrs) Straight line

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 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.

1.9 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.

1.10 Debtors

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

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

1.13 Financial instruments

The academy 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.

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate 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

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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

2. GENERAL ANNUAL GRANT (GAG)

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

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

3. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	161	-	161	107
	<u>161</u>	<u>-</u>	<u>161</u>	<u>107</u>

In 2015, of the total investment income, £ 107 was to unrestricted funds and £ NIL was to restricted funds.

THE FREE SCHOOL NORWICH
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
School operations (see below)	13,154	1,010,114	1,023,268	892,496
Squirrels extended school	44,985	-	44,985	41,433
	<u>58,139</u>	<u>1,010,114</u>	<u>1,068,253</u>	<u>933,929</u>

In 2015, of the total income from charitable activities, £54,652 was to unrestricted funds and £879,277 was to restricted funds.

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	736,648	736,648	664,579
Other DfE/EFA grants	-	237,628	237,628	209,250
	<u>-</u>	<u>974,276</u>	<u>974,276</u>	<u>873,829</u>
Other government grants				
Local authority grants	-	35,838	35,838	5,448
	<u>-</u>	<u>35,838</u>	<u>35,838</u>	<u>5,448</u>
Other funding				
Other operating income	13,154	-	13,154	13,219
	<u>13,154</u>	<u>-</u>	<u>13,154</u>	<u>13,219</u>
	<u>13,154</u>	<u>1,010,114</u>	<u>1,023,268</u>	<u>892,496</u>

In 2015, of the total income from charitable activities, £13,219 was to unrestricted funds and £879,277 was to restricted funds.

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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

5. OTHER INCOMING RESOURCES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other income	19,177	-	19,177	24,760
Trips	10,100	-	10,100	8,779
Uniforms	3,273	-	3,273	4,438
	<u>32,550</u>	<u>-</u>	<u>32,550</u>	<u>37,977</u>

In 2015, of the total other incoming resources, £ 37,977 was to unrestricted funds and £ NIL was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
School operations:					
Direct costs	494,327	194,241	88,311	776,879	729,565
Support costs	109,884	-	127,583	237,467	235,627
Squirrels extended school:					
Direct costs	26,618	-	7,271	33,889	37,539
	<u>630,829</u>	<u>194,241</u>	<u>223,165</u>	<u>1,048,235</u>	<u>1,002,731</u>

In 2015, of the total expenditure, £81,787 was to unrestricted funds and £920,944 was to restricted funds.

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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

7. DIRECT COSTS

	School operations £	Squirrels £	Total 2016 £	Total 2015 £
Defined benefit pension scheme finance cost	2,000	-	2,000	-
Premises	194,241	-	194,241	216,895
Curriculum	30,161	-	30,161	19,615
Transport	11,677	-	11,677	8,049
Operating costs	-	7,271	7,271	6,515
Teaching and educational support staff costs	490,327	26,618	516,945	474,363
Defined benefit pension scheme cost less contributions payable	2,000	-	2,000	1,000
Depreciation	46,473	-	46,473	40,667
	<u>776,879</u>	<u>33,889</u>	<u>810,768</u>	<u>767,104</u>

8. SUPPORT COSTS

	School operations £	Total 2016 £	Total 2015 £
Admin expenditure	30,207	30,207	38,692
Other expenditure	97,376	97,376	97,304
Support staff costs	109,884	109,884	99,631
	<u>237,467</u>	<u>237,467</u>	<u>235,627</u>

9. OTHER FINANCE INCOME

	2016 £	2015 £
Expected return on pension scheme assets	7,000	8,000
Interest on pension scheme liabilities	(9,000)	(8,000)
	<u>(2,000)</u>	<u>-</u>

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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

10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets: - owned by the charity	46,473	40,667
Auditors' remuneration	4,750	3,195
Auditors' remuneration - non-audit	2,075	1,805
	46,473	40,667

11. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	580,268	536,568
Other pension costs (Note 22)	2,000	1,000
	582,268	537,568
Supply teacher and other staff costs	46,561	37,426
	628,829	574,994

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

	2016	2015
	No.	No.
Teachers	7	8
Administration and support	13	11
Management	1	1
	21	20

No employee received remuneration amounting to more than £60,000 in either year.

Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £159,969 (2015: £151,713).

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

Wages and salaries break down as follows:	2016	2015
	£	£
Wages and salaries	488,505	463,075
Social security costs	30,804	26,968
Pension costs	60,959	46,525
	<hr/>	<hr/>
Total	580,268	536,568
	<hr/> <hr/>	<hr/> <hr/>

12. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 3 Governors (2015 - 2) in respect of defined benefit pension schemes.

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

	2016	2016	2015	2015
	Remuneration	Pension	Remuneration	Pension
	£'000	Contributions	£'000	Contributions
		£'000		£'000
T Sidney-Roberts	45-50	5-10	45-50	5-10
D Webster	40-45	5-10	40-45	5-10
H Waring (pension contributions started in January 2016)	40-45	0-5	40-45	<i>nil</i>

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

13. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

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

14. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	796,959	19,374	129,033	945,366
Additions	-	-	18,490	18,490
At 31 August 2016	<u>796,959</u>	<u>19,374</u>	<u>147,523</u>	<u>963,856</u>
Depreciation				
At 1 September 2015	127,512	11,947	122,085	261,544
Charge for the year	31,878	3,873	10,722	46,473
At 31 August 2016	<u>159,390</u>	<u>15,820</u>	<u>132,807</u>	<u>308,017</u>
Net book value				
At 31 August 2016	<u>637,569</u>	<u>3,554</u>	<u>14,716</u>	<u>655,839</u>
At 31 August 2015	<u>669,447</u>	<u>7,427</u>	<u>6,948</u>	<u>683,822</u>

15. STOCKS

	2016 £	2015 £
Uniforms	400	2,250

16. DEBTORS

	2016 £	2015 £
Trade debtors	5,438	6,269
VAT recoverable	23,148	31,343
Other debtors	2,468	164
Prepayments and accrued income	68,643	52,584
	<u>99,697</u>	<u>90,360</u>

THE FREE SCHOOL NORWICH
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	44,689	49,659
Other creditors	-	9,124
Accruals and deferred income	21,753	20,179
	<u>66,442</u>	<u>78,962</u>
	2016	2015
	£	£
Deferred income		
Deferred income at 1 September 2015	16,167	-
Resources deferred during the year	14,403	16,167
Amounts released from previous years	(16,167)	-
Deferred income at 31 August 2016	<u>14,403</u>	<u>16,167</u>

Deferred income includes £14,403 (2015: £8,540) grant funding for UIFSM and £Nil (2015: £7,627) SEN funding.

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18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	112,131	90,850	(33,889)	-	-	169,092
Restricted funds						
General annual grant	-	736,648	(690,407)	(18,490)	-	27,751
Other DfE/EFA grants	-	237,628	(237,628)	-	-	-
Local authority grants	-	35,838	(35,838)	-	-	-
Pension reserve	(50,000)	-	(4,000)	-	(89,000)	(143,000)
	<u>(50,000)</u>	<u>1,010,114</u>	<u>(967,873)</u>	<u>(18,490)</u>	<u>(89,000)</u>	<u>(115,249)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Fund - DfE/YPLA capital grants	683,822	-	(46,473)	18,490	-	655,839
Total restricted funds	<u>633,822</u>	<u>1,010,114</u>	<u>(1,014,346)</u>	<u>-</u>	<u>(89,000)</u>	<u>540,590</u>
Total of funds	<u><u>745,953</u></u>	<u><u>1,100,964</u></u>	<u><u>(1,048,235)</u></u>	<u><u>-</u></u>	<u><u>(89,000)</u></u>	<u><u>709,682</u></u>

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

The General Annual Grant (GAG) and other restricted general funds are for the operational activities of the school.

The pension reserve fund represents the Academy's defined benefit pension scheme liability.

The restricted fixed asset fund represent the net book value of the fixed assets held by the free school. There were no unspent capital funds held at 31 August 2016. When fixed assets are acquired from other restricted or unrestricted funds a corresponding transfer is made to the restricted fixed asset fund. Such a transfer occurred in the year.

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

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NOTES TO THE FINANCIAL STATEMENTS
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19. 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	-	-	655,839	655,839	683,823
Current assets	169,092	94,193	-	263,285	191,093
Creditors due within one year	-	(66,442)	-	(66,442)	(78,962)
Provisions for liabilities and charges	-	(143,000)	-	(143,000)	(50,000)
	<u>169,092</u>	<u>(115,249)</u>	<u>655,839</u>	<u>709,682</u>	<u>745,953</u>

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

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	52,729	(30,718)
Adjustment for:		
Depreciation charges	46,473	40,667
Dividends, interest and rents from investments	(161)	(107)
Decrease/(increase) in stocks	1,850	(1,686)
Increase in debtors	(9,337)	(15,833)
Decrease in creditors	(12,520)	(5,986)
Defined benefit pension scheme cost less contributions payable	2,000	1,000
Defined benefit pension scheme finance cost	2,000	-
Net cash provided by/(used in) operating activities	<u>83,034</u>	<u>(12,663)</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	163,188	98,483
Total	<u>163,188</u>	<u>98,483</u>

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22. 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 Norfolk County Council. Both are Multi-employer defined benefit pension schemes.

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

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

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 £47,000 (2015 - £34,000).

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22. 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 £19,000 (2015 - £17,000), of which employers' contributions totalled £14,000 (2015 - £13,000) and employees' contributions totalled £5,000 (2015 - £4,000). The agreed contribution rates for future years are 16% for employers and tiered % for employees.

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

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.10 %	3.60 %
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	22.1	22.1
Females	24.3	24.3
Retiring in 20 years		
Males	24.5	24.5
Females	26.9	26.9

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22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	128,000	96,000
Debt instruments	55,000	43,000
Property	26,000	21,000
Cash	4,000	5,000
Total market value of assets	<u>213,000</u>	<u>165,000</u>

The actual return on scheme assets was £29,000 (2015 - £6,000).

The expected rates of return are set equal to the discount rate.

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

	2016 £	2015 £
Current service cost	(16,000)	(14,000)
Interest on obligation	(9,000)	(8,000)
Expected return on scheme assets	7,000	8,000
Total	<u>(18,000)</u>	<u>(14,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	215,000	195,000
Current service cost	16,000	14,000
Interest cost	9,000	8,000
Contributions by scheme participants	5,000	4,000
Actuarial Losses/(gains)	111,000	(6,000)
Closing defined benefit obligation	<u>356,000</u>	<u>215,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

	2016	2015
	£	£
Opening fair value of scheme assets	165,000	142,000
Expected return on assets	7,000	8,000
Actuarial gains and (losses)	22,000	(2,000)
Contributions by employer	14,000	13,000
Contributions by employees	5,000	4,000
	213,000	165,000
	213,000	165,000

23. OPERATING LEASE COMMITMENTS

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

	2016	2015
	£	£
Amounts payable:		
Within 1 year	130,000	130,000
Between 1 and 5 years	520,000	520,000
After more than 5 years	1,950,000	2,080,000
Total	2,600,000	2,730,000
	2,600,000	2,730,000

The operating lease is in respect of the school premises. £130,000 was paid in the year (2015: £130,000).

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24. 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.

Clapham & Collinge LLP - a firm of Solicitors for which G Stevens (a governor of The Free School Norwich) was head of Employment Law and the Business Support Team until February 2016:

- The Free School Norwich purchased the services of Clapham & Collinge LLP totalling £nil (2015: £1,000) during the year. There were no amounts outstanding at 31 August 2016 (2015: £nil).
- The Free School Norwich made the purchases at arms' length in accordance with its financial regulations, which Mr Stevens neither participated in, nor influenced.
- In entering into the transaction the school has complied with the requirements of EFA's Academies Financial Handbook.

M Tansley, the sister of T Sidney-Roberts (the principal and a governor of The Free School Norwich) was employed during the year as a Squirrels assistant. The appointment was approved by the governors and T Sidney-Roberts neither participated in, nor influenced, the appointment process, which was conducted in accordance with the school's usual procedures. In the year ending 31 August 2016, for her role as a Squirrels assistant, M Tansley received remuneration of £0 to £5,000 (2015: £Nil) and pension contributions of £0 to £5,000 (2015: £Nil). The remuneration package is in line with standard payscale for the role and the employment contract is subject to normal terms and conditions.

25. MEMBERS' LIABILITY

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

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.