
FLYING HIGH TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

FLYING HIGH TRUST
(A company limited by guarantee)

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

Members	Mr N Robinson Mr C Wheatley Mr J Brown Mrs J Shaw Mr I Collinson Mr D Elliott
Directors	Mr J Beaumont, Staff Director Mr P Bennett Mr J Brown Dr W Daley Mrs S Dawson (appointed 1 October 2015) Mr D Elliott Mr P Flint Mr S Houlton Mr N Robinson, Chair Mr C Wheatley, Chief Executive Officer and Accounting Officer
Company Registered Number	08076374
Company name	Flying High Trust
Principal and Registered Office	Candleby Lane Cotgrave Nottingham NG12 3LG
Company Secretary	Mr N Layfield
Senior Management Team	Mr C Wheatley, Chief Executive Officer Mr G Robins, Director of School Improvement & Quality Assurance Mrs Z Maxey, Director of Business & Finance Mr P Goodman, Director of Teaching School & Strategic Development Miss C Varley, Director of Teaching School & Strategic Development (appointed 1 September 2015)
Independent Auditors	Streets Audit LLP Chartered Accountants & Statutory Auditor Tower House Lucy Tower Street Lincoln LN1 1XW
Bankers	Lloyds Bank plc Birmingham OSC Ariel House 2138 Coventry Road Sheldon B26 3JW

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

Advisers (continued)

Solicitors

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

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

At 31 August 2016, the Trust operated 9 primary academies in Nottinghamshire, with a further 3 primary academies which have joined since 1 September 2016. Currently, the academies have a combined pupil capacity (F1 to Year 6) of 4,260 and had a roll of 3,732 in the October 2016 school census.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The directors of the Flying High Trust are the directors for the purposes of company law and the trustees for the purposes of charity law. The charitable company is known as the Flying High Trust.

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

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.

Directors' Indemnities

Directors benefit from indemnity insurance purchased at the Trust's expense to cover the liability of the directors by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust: Provided that any such insurance shall not extend to; (i) any claim arising from any act or omission which Trustees know to be a breach of duty or which was committed by the directors in reckless disregard to whether it was a breach of trust or breach of duty or not; and (ii) the costs of any unsuccessful defence to a criminal prosecution brought against the directors in their capacity as directors of the Trust. Further, this Article does not authorise a director to benefit from any indemnity insurance that would be rendered void by any provision of the Companies Act 2006, the Charities Act 2011 or any other provision of law.

Method of Recruitment and Appointment or Election of Directors

Under the articles of association, the Board of Directors should comprise not less than three directors and may include two parent directors (unless local governing bodies have parent governors) and up to five representatives of local governing bodies, typically the chair or vice chair. The parent directors should be elected by parent governors from local governing bodies. The representatives of Local Governing Bodies should be elected by chairs of Local Governing Bodies across the Trust, once the number of participating schools exceeds five.

Directors are appointed for a four-year term provided that they remain eligible in their category i.e. chairs of Local Governing Bodies are elected annually so may not complete a four year term as representative of chairs of Local Governing Bodies. No more than one third of the directors should be employees of the Trust.

Policies and Procedures Adopted for the Induction and Training of Directors

The training for each new director will depend on their existing experience. Where necessary, induction will include relevant training on key aspects of their roles and responsibilities – either in-house or through external providers as appropriate. New directors will be given the opportunity to meet in the various academies of the Trust and to meet with key staff. All directors are provided with copies of policies, procedures, minutes, accounts, budgets, risk registers and development plans that they will need to undertake their roles.

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

Organisational Structure

The governance and management of the Trust comprises the following elements:

Members - are ultimately responsible for: signing off the Annual Report and Accounts; the appointment of directors; and agreeing amendments to the articles of association and funding agreement.

Directors - are responsible for the effective management and performance of the Trust. The directors will hold at least three meetings each year. The directors can also appoint separate committees for each academy to be known as Local Governing Bodies; and can establish any other committees they deem to be necessary. These other committees can include persons who are not directors as long as the majority of members on any such committee are Directors. The directors shall appoint the Chief Executive Officer and Headteachers of member academies, and may delegate such powers and functions as they consider necessary i.e. recruitment and selection of Headteachers to local governing bodies.

Pupils, Standards and Strategic Development Group and Finance, Personnel and Resources Group - these are working groups established and appointed by the Board of Directors. The Board will task these groups with specific areas for exploration and advice to be fed back to the Board of Directors. These working groups will meet at least once per term, as frequently and often as is necessary to complete the required tasks. They are advisory and not decision-making groups.

Local Governing Bodies - these will have powers and functions delegated to them by the Board of Directors. Local Governing Bodies may be paired where the academies are in a supporter / sponsored arrangement; and the chair of the supporting academy may represent the sponsored Local Governing Body on the Board of Directors. In exceptional situations of poor performance the Board of Directors may intervene and replace a Local Governing Body.

Chief Executive Officer - will be recruited by the Board of Directors and is directly accountable to the Board. The Board is responsible for the performance management of the Chief Executive Officer. The Chief Executive Officer:

- is a member of both the Members and the Board of Directors.
- is responsible for the performance of all academies in the Trust; and the performance management of the Headteachers of the participating academies.

Strategic Heads' Group - this group comprises the Headteachers and senior leaders from the Trust central team. The group will be designated by Chief Executive Officer in consultation with the Board of Directors. The Strategic Heads' Group will support the Chief Executive Officer in securing the vision, development and high performance of the Trust.

FHT Management Team - this comprises the Director of Business and Finance, Director(s) of School Improvement & Quality Assurance, Director of Teaching School & Strategic Development, Project Manager and administrative support. The team works directly to the Chief Executive Officer.

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

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The policy and procedures for setting pay and remuneration of the Trust Senior Leadership team is determined by the Finance, Personnel and Resources group. Their remit in relation to these arrangements are detailed below:

- Review the staffing structure of the Trust based on plans presented by the Chief Executive Officer and/or Director of Business & Finance and funds available for the Trust, and make recommendations to the Board.
- Ensure that a consistent approach to performance management is adopted across the Trust.
- Consider and recommend a pay policy for the Trust to be agreed by the Board and ensure that a consistent approach to pay review is in place across the Trust.
- Ensure that the Trust adopts an appropriate range of personnel procedures e.g. disciplinary, grievance, capability and remuneration.

The pay and remuneration of the Trust's Senior Leadership Team is determined through the approved pay policy and progression is based on performance management which must be reported to and approved off by the Finance, Personnel and Resources group.

Employment of Disabled Persons

The academy's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard for their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career development within the academy. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Employee Involvement

The academy is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. This is regardless of race, colour, ethnic or national origin, religious belief, political opinion or affiliation, sex, marital status, sexual orientation, gender reassignment, age or disability.

Risk Management

Directors are responsible for the management of risks to which the Trust is exposed. Officers maintain a detailed operational risk register in accordance with the Statement of Recommended Practice (SORP) approach to identifying and managing the risks of the Trust. A high level risk register is owned by the Board of Directors and this is reviewed on an annual basis.

The pupils, standards, audit and strategic development group is responsible for the detailed review of headline risks and appropriate escalation to the Board.

The Senior Management Team of the Trust hold a half termly risk meeting when key risks, priorities and actions to mitigate the identified risks are considered.

Connected Organisations including Related Party Relationships

Cotgrave Candleby Lane School is a Teaching School and provides professional development programmes and opportunities through Inspiring Leaders Limited.

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

Objectives and Activities

Objects and Aims

The objects of the Trust, as set out in the articles of association, are specifically restricted to:

- a) 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 schools ("the Academies") offering a broad and balanced curriculum; and
- b) providing recreational and leisure time facilities in the interests of social welfare for the inhabitants of the United Kingdom especially those who have need of such facilities by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances.

Objectives, Strategies and Activities

The ethos behind the Trust is one of sustainable school improvement; and schools joining the Trust do so with the prime aim of improving themselves and each other so that they can all become outstanding schools driven by a self-improving system.

This is achieved through the development and embedding of the professional continuum; attracting high calibre trainees to our School Centred Initial Teacher Training programme, nurturing talent, providing high quality bespoke CPD to shape careers and ensuring we grow our own inspirational school leaders. Together we can achieve excellence.

This ethos is guided by our core principles:

- Children first - at the heart of every decision is, will this benefit our children?
- Aspiration for all - children, staff, families and local communities to aim high and dream big. Look back with pride and forward with confidence.
- Ensuring our schools are at the heart of their communities.
- Supporting meaningful partnership - schools that support and challenge each other to become the best schools in the universe through mutual accountability.
- A commitment to continuous improvement - to strive to provide the best opportunities for our children so that they can look back with pride and forward with confidence.
- Primary led - this is our area of passion and expertise and we focus on developing the whole child and each child as an individual.

The key objects / aims for the year ended 31 August 2016 are summarised below:

- Demonstrate a restlessness to continually improve, to never stand still, with the ultimate aim providing the best opportunities and experiences for our children.
- Strive to ensure every child fulfils their potential regardless of potential barriers to learning.
- Commit to become an outstanding, self-improving school and to supporting the profession and development of all schools within the partnership.
- Commit to a school-led system.
- Commit to the values, principles, policies and procedures of the Trust.
- To ultimately strive to be the best school in the Universe.

Public Benefit

The directors have complied with the duty in Section 4 of the Charities Act 2006, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the directors consider how planned activities will contribute to the aims and objectives they have set. The main public benefit delivered by the Trust is the maintenance and development of a high quality education to all pupils in its care. It is the directors aim to provide outstanding teaching and learning opportunities in all schools within the Trust.

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

Strategic Report

Achievements and Performance

The main charitable activity undertaken by the Trust is the delivery of a high quality education to all pupils in its care. The Trust has grown over the past twelve months to increase the number of academies to nine, with the following academies joining the Trust during 2015-16:

- Beeston Fields Primary & Nursery (1 September 2015)
- Bilsthorpe Flying High Academy (1 October 2015)
- Edwalton Primary School (1 October 2015)
- Greythorn Primary School (1 January 2016)

The results across the Trust show that performance is improving and is above national.

KS2	Y6 Reading	Y6 R Progress	Y6 Writing	Y6 W Progress	Y6 EGPS	Y6 Maths	Y6 M Progress	Y6 RWM
National	66	0	74	0	72	70	0	53
FHT Average	72.3	1.3	78.7	1.1	75.6	77.1	1.0	57.4

Areas for development for the coming year will be

- Supporting the well-being of children who display a complex behavioural, mental health or attachment need;
- Improving the provision, support and outcomes for children within the East Midlands Challenge groups of FSM (particularly white boys), CLA and EAL; and
- Recruitment, Retention and Talent Management.

A summary analysis of key financial performance indicators are listed below:

Key Performance Indicator	Target	Actual
Staffing costs	75%	76.7%
Surplus as % Income	5%	5.3%

Going Concern

After making appropriate enquires, the Board of Directors has reasonable expectation that the 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 the adoption of the going concern basis can be found in the Statement of Accounting Policies.

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

Financial Review

The majority of the academies income was obtained from the Education Funding Agency (EFA) in the form of the General Annual Grant and other recurrent grants, the use of which is restricted to particular purposes. The grants received in the year and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Income and costs are increasing as the Trust includes new academies that converted during the year. During the year ending 31 August 2016, total expenditure was more than covered by recurrent grant funding from the EFA plus income from other sources.

The Trust held fund balances at 31 August 2016 totalling £22,694,683 allocated as follows:

	£
Restricted Fixed Asset Fund	30,025,225
Pension Reserve	(8,751,000)
Unrestricted / Restricted Funds	1,420,458
Total Balance	22,694,683

Key financial policies adopted or reviewed during the year cover procurement of goods and services, tendering, gifts and hospitality, expenses and anti-fraud all of which are set out in the Trust Financial Procedures Policy. In addition, reviews were also undertaken of the Whistleblowing and Business Interest policies.

The central services offer has been enhanced covering school improvement and quality assurance, governance, staff wellbeing and development, finance, governance, health and safety, estates and IT. This offer is under continual review and will continue to develop alongside the growth of the Trust.

Reserves Policy

The reserves policy of the Trust is to carry forward sufficient funds to meet the long term objectives of the Trust and to provide working capital, whilst ensuring that it does not affect its current operational activities. The level of reserve is reviewed and set on an annual basis as part of the annual budget setting plan of the Trust. This takes into account the income and expenditure streams and the need to match these against existing commitments and future cost pressures. During the year four academies have joined the Trust contributing towards the current level of reserves at the 31 August 2016.

The DfE is yet to confirm the level of capital funding the Trust will receive going forward, and the Trust is currently formulating a 10 year estates strategy, which will inform the Trust's long term reserves policy. For the next year, pending the outcome of these issues, a target reserve of 5% has been set for 2016-17.

Investment Policy

The Trust operates an investment policy that seeks to maximise returns commensurate, with a very low risk profile.

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

Principal Risks and Uncertainties

The Trust manages its risks appropriately. We consider that risks such as the uncertainty over the LGPS deficit and future changes to Education Services Grant funding will feature in the financial risk register as the main areas of concern.

The key risks identified by the directors are:

- A decline of pupils' attainment and school performance. This is mitigated by rigorous monitoring of performance, a continued focus on high quality teaching, early identification and tracking of vulnerable and under-performing groups and developing and improving governance;
- Failure to achieve planned growth and capacity. This is mitigated by continuing to improve performance and ensuring that staff and pupils in participating academies have a good experience and become the best ambassadors for the Trust;
- Failure to manage finances effectively resulting in financial insecurity and instability. This is mitigated by the appointment of a suitably experienced and qualified Director of Business & Finance, appropriate finance management processes and systems implemented across FHT and regular training for all FHT business managers;
- FHT becomes over-reliant on the current Chief Executive Officer for the management and development of the Trust. This is mitigated by the appointment of a Director of School Improvement & Quality Assurance and Director of Teaching School & Strategic Development, the creation of a strategic leadership group and building knowledge and capacity, together with succession planning to develop a future CEO;
- Liability for building maintenance and repairs in future participating academies is beyond FHT financial capacity to address. This is mitigated by robust due diligence processes, close collaboration and communication with the LA prior to completing the Transfer Agreement to ensure the LA fulfils its responsibilities and close liaison with the EFA re potential maintenance grants for identified priorities;
- FHT lacks the capacity and infrastructure to support participating schools. This is mitigated by the appointment of Directors of School Improvement & Quality Assurance, Business & Finance and Teaching School & Strategic Development, a Project Manager, the adoption of central finance management systems, keeping workload and impact of central staff under review as the Trust expands and exploring opportunities for commissioning of central services.

Plans for Future Periods

The Trust is centred on schools working in collaboration to ensure sustainable improvement. The growth model is centred on capacity, ensuring that the Trust has the internal capacity, both within the central team and our partner schools, to effect positive change in supporting all schools to become outstanding. Capacity is based on a 2:1 ratio, whereby there are a minimum of two good or better schools (those with the capacity to support) to one school requiring support.

The growth plan of the Trust is measured and deliberate to ensure that it is sustainable, and there is sufficient school improvement and business development capacity. The experience of establishing and growing a Multi Academy Trust has enabled the Trust to clearly identify principles for growth, effective strategies and systems to ensure consistency and impact, and to develop at a sustainable rate. Over a three year period the Trust intends to grow to thirty to forty schools in line with the growth plan.

Funds held as Custodian Trustee on Behalf of Others

The Trust does not act as custodian trustee, no funds are held on behalf of other charities.

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

Auditor

Insofar as the directors are aware:

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

The auditors, Streets Audit LLP, have indicated their willingness to continue in office. The designated directors will propose a motion re-appointing the auditors at a meeting of the directors.

The directors' report, incorporating a strategic report, approved by order of the Board of Directors, as the company directors, on 6 December 2016 and signed on the Board's behalf by:

Mr N Robinson, Chair

FLYING HIGH TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As directors, we acknowledge we have overall responsibility for ensuring that Flying High Trust 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 Directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Flying High Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Directors' report and in the Statement of directors' responsibilities. The Board of Directors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Mr J Beaumont, Staff Director	3	3
Mr P Bennett	3	3
Mr J Brown	2	3
Dr W Daley	2	3
Mrs S Dawson	2	3
Mr D Elliott	3	3
Mr P Flint	3	3
Mr S Hoult	1	3
Mr N Robinson, Chair	3	3
Mr C Wheatley, Chief Executive Officer and Accounting Officer	3	3

During the year there has been one appointment and no resignations.

The directors have established two working groups – Pupils, Standards & Strategic Development and Finance, Personnel & Resources. The Board will task these groups with specific areas for exploration and advice to be fed back to the Board of Directors.

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GOVERNANCE STATEMENT (continued)

The Finance, Personnel & Resources Group is a sub-committee of the main Board of Directors. Its purpose is to consider financial operation and performance, internal controls framework and audit, HR and Personnel (including pay), Health and Safety, Estates Strategy and to monitor the strategic risk register.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr J Beaumont	2	3
Mrs S Dawson	2	3
Mr D Elliott	2	3
Mr P Flint	3	3
Mr N Robinson, Chair	3	3
Mr C Wheatley, Chief Executive Officer and Accounting Officer	3	3

The Pupils, Standards & Strategic Development Group is also a sub-committee of the main Board of Directors. Its purpose is to consider the school improvement strategy and impact, safeguarding and wellbeing of pupils and the strategic development of the Trust.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr P Bennett	1	3
Mr J Brown	1	3
Dr W Daley	1	3
Mr S Hoult	2	3
Mr N Robinson, Chair	3	3
Mr C Wheatley, Chief Executive Officer and Accounting Officer	3	3

Review of Governance

Since the Flying High Trust (FHT) was established in 2012, the DfE has made various amendments to the national model articles of association for new Trusts, without requiring established Trusts to change their articles. Four years on, and with several new schools about to join the Trust, the DfE is now requiring FHT to adopt the latest version of the articles for association.

The Board of Directors believes that, since the new articles will involve changes to the composition of members and directors, it is also the right time to review and restructure governance across the Trust, especially as the Trust continues to grow in size. It is intended that the new structure should be implemented from 1 January 2017. A working group of chairs and directors has been established to develop these proposals.

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GOVERNANCE STATEMENT (continued)

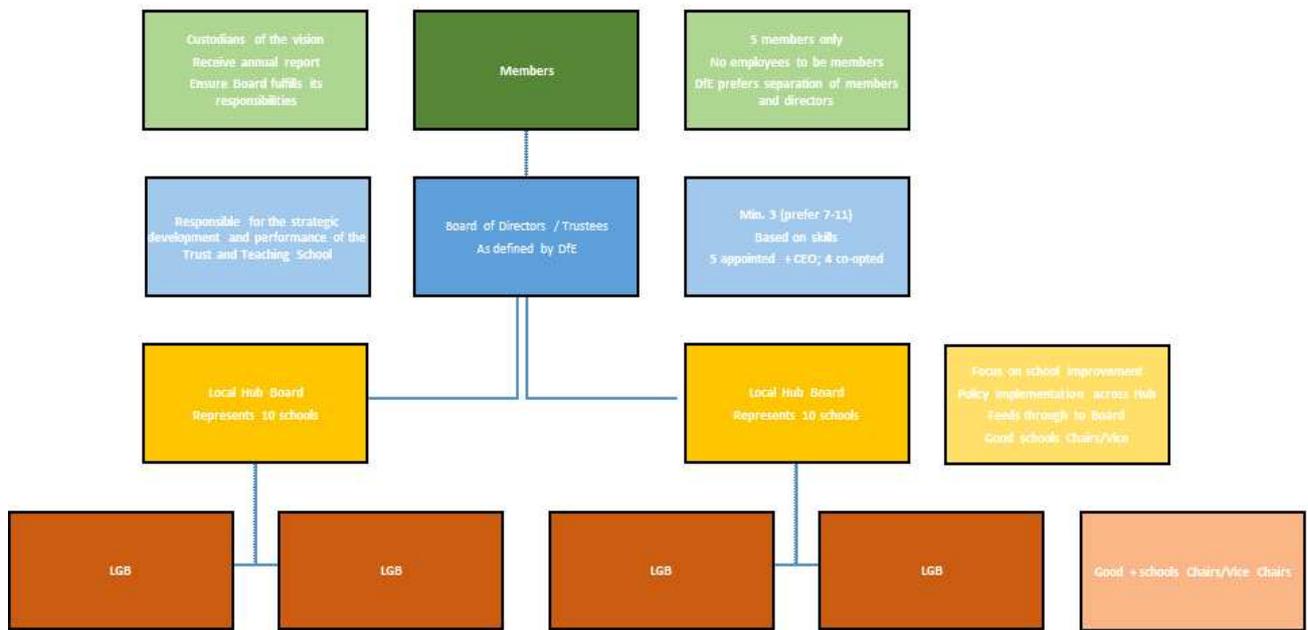
The aims informing the restructure of governance across the Trust:

- implement a model of governance which is fit-for-purpose for a multi-academy trust of 20+ schools;
- ensure strategic leadership, accountability and effective communications between schools, the Board and members;
- ensure that governance is effective at all levels across the Trust;
- avoid duplication of debate and decision-making at Trust and local governing body level, and ensure that this happens in the most appropriate place;
- ensure that, as the number of schools in the Trust increases, schools feel that they are represented and can influence the strategic development of the Trust;
- comply with the requirements of DfE's new articles of association;
- define clearly the role of members to ensure that they can make a more effective contribution to the governance of the Trust;
- ensure that members and directors have a relevant range of skills, expertise and experience to support effective governance; and
- ensure the efficient use of headteacher and governor/trustee time by standardising documents where possible and avoiding duplication.

The diagram on the following page indicates the proposed model with a new layer – 'local hub boards'. It is important that the functions of each layer are distinct and provide for more effective governance and communication, avoiding unnecessary duplication and replication of activity.

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GOVERNANCE STATEMENT (continued)



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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Trust 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 Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

Improving Educational Outcomes

The principle aim of the Flying High Trust is to ensure long-term sustainable improvement in order to impact significantly on the life chances of the children and families within the partnership schools. The Trust is committed to providing the very highest quality teaching and learning to secure the best possible outcome for all pupils. This is demonstrated by:

- Targeted funds (e.g. pupil premium) are ring-fenced within spending plans and used to improve performance, attendance and behaviour by those pupils identified to receive funding via those sources. The effectiveness of these interventions is evaluated through performance data;
- Staffing structures are regularly reviewed and efficiencies identified in the deployment of staff without impacting negatively upon the delivery of education;
- Resources are targeted in line with SIP priorities ensuring that they are directed to where they are most needed and are most effective in meeting the educational needs;
- Co-ordinated and collaborative working across the Trust schools and wider teaching school alliance;
- A half termly Trust school risk group meeting to review the performance of each school in the following areas: attainment, learning and progress; teaching and learning; leadership and management; capacity to improve; behaviour and safety; narrowing the gaps for vulnerable pupils; additional support needs; finance and business; pupil voice; buildings and engagement. Action plans are implemented and progress against these monitored.

Better Purchasing

Goods and services purchased are done so to achieve 'Value for Money' in terms of suitability, efficiency, time and cost. All contracts are reviewed on an annual basis to ensure that they are fit for purpose and provide good value in all aspects. Examples include:

- Implementing a trust-wide review of insurance arrangements securing more effective cover and generating cost savings across the Trust;
- Securing other trust-wide contracts e.g. payroll, HR, health and safety compliance to get the best mix of quality, service and cost;
- Exploring alternative purchasing options (both on-line and direct suppliers) even for small purchases to ensure value for money;
- Requiring suppliers to compete on the grounds of cost, quality and suitability of goods and services;
- Competitive tendering procedures including option appraisal of the costs and benefits of alternatives over the longer term;
- Benchmarking financial performance against other academy trusts and similar schools.

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GOVERNANCE STATEMENT (continued)

Maximising Income Generation

Processes are in place to maximise income including:

- Trust and central staff providing support and consultancy services to other schools;
- Maximising income generation opportunities – extended services, lettings, nursery provision;
- Income generation opportunities are regularly explored by the Trust's strategic leadership team.

Reviewing Controls and Managing Risks

Monthly budget monitoring reports are produced and reviewed by the Director of Business & Finance, CEO and Headteachers and any necessary remedial action taken to address any significant variances that may have an impact on the budget out-turn. Termly budget reports are reviewed by the directors, Local Governing Body Finance and Premises Committees, as well as by budget holders, in order to ensure that spending is within budget.

Actions taken to mitigate risk are outlined in the strategic risk register and the more detailed operational risk register maintained by the Trust's strategic leadership team. Both registers are reviewed annually and where appropriate, professional advice e.g. Legal, HR, Finance has been sought.

Reviewing Operation to Maximise Use of Resources

The Trust strategic leadership group review expenditure within each budget heading on a termly basis and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer and any new strategies identified in the Trust and School Development Plans.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Flying High Trust 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 Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust'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 Board of Directors.

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Finance, Personnel & Resources Group 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 Directors has considered the need for a specific internal audit function and has decided to appoint Schools and Academies Finance (SAAF) as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included testing of the following systems:

- payroll;
- purchasing;
- capital contracts;
- income;
- accounting systems (including bank and control account reconciliations);
- reporting to directors; and
- submission of returns to the EFA.

On a termly basis, the internal auditor reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. SAAF as internal auditors have delivered on their planned schedule of work for the year ended 31 August 2016, and have confirmed that there have been no material breaches of the internal control systems.

FLYING HIGH TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Chief Executive Officer 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 work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Personnel & Resources Group 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 Directors on 6 December 2016 and signed on their behalf, by:

Mr N Robinson, Chair

Mr C Wheatley, Chief Executive Officer
Accounting Officer

FLYING HIGH TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Flying High Trust I have considered my responsibility to notify the academy trust Board of Directors 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 Directors 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 Directors and EFA.

Mr C Wheatley
Accounting Officer

Date: 6 December 2016

FLYING HIGH TRUST
(A company limited by guarantee)

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

The directors (who act as trustees of Flying High Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Directors' 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 directors to prepare financial statements for each financial year. Under company law the directors 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 directors 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 directors 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 directors 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 directors 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 Directors on 6 December 2016 and signed on its behalf by:

Mr N Robinson, Chair

FLYING HIGH TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF FLYING HIGH TRUST

We have audited the financial statements of Flying High Trust 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) 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 Trust'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 Trust'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 charitable Trust and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of directors' responsibilities, the directors (who are also the directors of the charitable Trust 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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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 Trust'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.

FLYING HIGH TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF FLYING
HIGH TRUST**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants & Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW
13 December 2016

FLYING HIGH TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO FLYING HIGH TRUST AND THE EDUCATION FUNDING AGENCY

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

RESPECTIVE RESPONSIBILITIES OF FLYING HIGH TRUST'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS

The accounting officer is responsible, under the requirements of Flying High Trust's funding agreement with the Secretary of State for Education 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 Trust's income and expenditure.

Our audit work involved:

- a review of the Trust systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering / quotation procedures had been followed in line with the Trust finance policy; and
- a review of the Internal Audit reports.

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.

Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants & Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW

13 December 2016

FLYING HIGH TRUST
(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:						
Donations & capital grants:						
Transfer from Local Authority on Conversion	3	548,095	(1,513,411)	8,511,000	7,545,684	1,941,986
Other donations and capital grants	3	-	63,696	3,870,649	3,934,345	608,192
Charitable activities	4	470,207	14,137,138	-	14,607,345	8,488,460
Other trading activities	5	183,883	104,231	-	288,114	204,950
Investments	6	2,242	-	-	2,242	1,300
TOTAL INCOME		1,204,427	12,791,654	12,381,649	26,377,730	11,244,888
EXPENDITURE ON:						
Charitable activities		654,090	14,676,417	477,359	15,807,866	9,059,873
TOTAL EXPENDITURE	7	654,090	14,676,417	477,359	15,807,866	9,059,873
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	550,337 (548,095)	(1,884,763) 499,744	11,904,290 48,351	10,569,864 -	2,185,015 -
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		2,242	(1,385,019)	11,952,641	10,569,864	2,185,015
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(3,949,000)	-	(3,949,000)	2,000
NET MOVEMENT IN FUNDS		2,242	(5,334,019)	11,952,641	6,620,864	2,187,015
RECONCILIATION OF FUNDS:						
Total funds brought forward		2,324	(2,001,089)	18,072,584	16,073,819	13,886,804
TOTAL FUNDS CARRIED FORWARD		4,566	(7,335,108)	30,025,225	22,694,683	16,073,819

FLYING HIGH TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08076374

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	15		29,661,880		17,982,840
Investments	16		1		1
			<u>29,661,881</u>		<u>17,982,841</u>
CURRENT ASSETS					
Debtors	17	887,380		376,721	
Cash at bank and in hand		2,540,112		1,121,173	
			<u>3,427,492</u>	<u>1,497,894</u>	
CREDITORS: amounts falling due within one year	18		(1,643,690)	(596,916)	
			<u>1,783,802</u>	<u>900,978</u>	
NET CURRENT ASSETS			1,783,802		900,978
TOTAL ASSETS LESS CURRENT LIABILITIES			31,445,683		18,883,819
Defined benefit pension scheme liability	23		(8,751,000)		(2,810,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			22,694,683		16,073,819
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	19	1,415,892		808,911	
Restricted fixed asset funds	19	30,025,225		18,072,584	
			<u>31,441,117</u>	<u>18,881,495</u>	
Restricted funds excluding pension liability			31,441,117	18,881,495	
Pension reserve			(8,751,000)	(2,810,000)	
			<u>22,690,117</u>	<u>16,071,495</u>	
Total restricted funds			22,690,117		16,071,495
Unrestricted funds	19		4,566		2,324
			<u>22,694,683</u>		<u>16,073,819</u>
TOTAL FUNDS			22,694,683		16,073,819

The financial statements were approved by the directors, and authorised for issue, on 6 December 2016 and are signed on their behalf, by:

Mr N Robinson, Chair

The notes on pages 28 to 54 form part of these financial statements.

FLYING HIGH TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>1,009,437</u>	<u>100,115</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(669,509)	<i>(477,933)</i>
Capital grants from EFA and other capital grants		<u>1,079,011</u>	<u>595,334</u>
Net cash provided by investing activities		<u>409,502</u>	<u>117,401</u>
Change in cash and cash equivalents in the year		1,418,939	<i>217,516</i>
Cash and cash equivalents brought forward		<u>1,121,173</u>	<u>903,657</u>
Cash and cash equivalents carried forward	22	<u><u>2,540,112</u></u>	<u><u>1,121,173</u></u>

FLYING HIGH TRUST
(A company limited by guarantee)

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.

These financial statements represent the figures of the academy only. Consolidated financial statements have not been prepared on the basis that the subsidiary company is dormant and therefore not material to the financial statements.

Flying High Trust 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 Flying High Trust 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 Flying High Trust 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 directors 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 28.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency 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 Education Funding Agency.

FLYING HIGH TRUST
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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 Trust 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.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The directors 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 Trust to continue as a going concern. The directors 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.

FLYING HIGH TRUST
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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 £1,000 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.

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

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. 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:

Leasehold Property	-	1% straight line
Property Improvements	-	4% straight line
Fixtures and Equipment	-	20% straight line
Computer Equipment	-	25% straight line
Assets Under Construction	-	See above

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

1.8 Interest receivable

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

FLYING HIGH TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

The Trust 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 Trust 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 prepaid net of any trade discounts due.

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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. 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 Trust 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.

1.14 Pensions

Retirement benefits to employees of the Trust 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 Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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.

FLYING HIGH TRUST
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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 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.

Tangible fixed assets are recognised at cost or valuation, less accumulated depreciation and any impairment. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the Trust's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

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.

FLYING HIGH TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. CONVERSION TO AN ACADEMY TRUST

On 1 September 2015 Beeston Fields Primary & Nursery, on 1 October 2015 Bilsthorpe Flying High Academy and Edwalton Primary School and on 1 January 2016 Greythorn Primary School all converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Flying High Trust from Nottinghamshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total £
Leasehold property	-	-	8,511,000	8,511,000
Budget surplus on LA funds	548,095	-	-	548,095
Budget surplus on other school funds	-	46,589	-	46,589
LGPS pension deficit	-	(1,560,000)	-	(1,560,000)
Net assets/(liabilities)	<u>548,095</u>	<u>(1,513,411)</u>	<u>8,511,000</u>	<u>7,545,684</u>

The above net assets include £583,697 that were transferred as cash.

All leasehold property has been transferred to the Trust under 125 year leases.

SPLIT BY ACADEMY

	Beeston Fields Primary & Nursery £	Bilsthorpe Flying High Academy £	Edwalton Primary School £	Greythorn Primary School £	2016 £
Leasehold property	1,780,000	494,000	2,424,000	3,813,000	8,511,000
Budget surplus on LA funds	162,747	109,573	224,171	51,594	548,095
Budget surplus on other school funds	4,926	4,319	17,864	19,480	46,589
LGPS pension deficit	(539,000)	(343,000)	(410,000)	(268,000)	(1,560,000)
	<u>1,408,673</u>	<u>264,892</u>	<u>2,256,035</u>	<u>3,616,074</u>	<u>7,545,684</u>

FLYING HIGH TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total 2016 £	<i>Total</i> 2015 £
Transfer from Local Authority on Conversion	548,095	(1,513,411)	8,511,000	7,545,684	1,941,986
Donations and Sponsorship	-	25,363	-	25,363	12,858
Capital Grants	-	-	3,870,649	3,870,649	595,334
Grants	-	38,333	-	38,333	-
Subtotal	-	63,696	3,870,649	3,934,345	608,192
	548,095	(1,449,715)	12,381,649	11,480,029	2,550,178

In 2015, of the total income from donations and capital grants, £115,986 was to unrestricted funds and £2,434,192 was to restricted funds.

Capital Grants includes the transfer of a new school building for the Flying High Academy built by the EFA under its Priority Schools Building Programme.

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

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total 2016 £	Total 2015 £
EFA grants				
General Annual Grant (GAG)	-	10,909,117	10,909,117	5,975,095
Other EFA income	-	1,356,401	1,356,401	927,601
	<u>-</u>	<u>12,265,518</u>	<u>12,265,518</u>	<u>6,902,696</u>
Other government grants				
Local Authority income	-	1,168,124	1,168,124	703,220
	<u>-</u>	<u>1,168,124</u>	<u>1,168,124</u>	<u>703,220</u>
Other funding				
Other income	470,207	703,496	1,173,703	882,544
	<u>470,207</u>	<u>703,496</u>	<u>1,173,703</u>	<u>882,544</u>
	<u>470,207</u>	<u>14,137,138</u>	<u>14,607,345</u>	<u>8,488,460</u>

In 2015, of the total income from charitable activities, £243,172 was to unrestricted funds and £8,245,288 was to restricted funds.

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total 2016 £	Total 2015 £
Extended services	124,082	-	124,082	109,423
Hire of facilities	59,801	-	59,801	42,270
Insurance claims	-	104,231	104,231	53,257
	<u>183,883</u>	<u>104,231</u>	<u>288,114</u>	<u>204,950</u>

In 2015, of the total income from other trading activities, £151,693 was to unrestricted funds and £53,257 was to restricted funds.

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

6. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total 2016 £	<i>Total 2015 £</i>
Bank interest received	2,242	-	2,242	1,300

In 2015, of the total investment income, £1,300 was to unrestricted funds and £nil was to restricted funds.

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	<i>Total 2015 £</i>
Educational Operations:					
Direct costs	9,594,712	-	1,255,404	10,850,116	6,284,095
Support costs	1,949,188	1,110,495	1,898,067	4,957,750	2,775,778
	11,543,900	1,110,495	3,153,471	15,807,866	9,059,873

In 2016, of the total expenditure, £654,090 (2015 - £483,801) was to unrestricted funds and £15,153,776 (2015 - £8,576,072) was to restricted funds.

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

8. CHARITABLE ACTIVITIES

	Total 2016 £	<i>Total 2015 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teachers, educational support and teaching school salaries	7,549,130	4,455,838
Teachers, educational support and teaching school national insurance	602,928	316,802
Teachers, educational support and teaching school pension	1,217,462	646,337
Educational supplies	265,539	139,486
Technology costs	65,392	75,241
Educational visits	246,968	146,351
Other educational services	516,950	205,716
Other teaching school costs	385,747	298,324
	10,850,116	<i>6,284,095</i>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff salaries	1,294,649	697,678
Support staff national insurance	68,448	32,979
Support staff pension	476,624	280,245
Depreciation	293,106	175,544
Pension finance cost	160,000	103,000
Indirect employee expenses	155,140	97,296
Repairs and maintenance	335,619	126,901
Cleaning	328,989	166,199
Rates and utilities	228,726	129,191
Insurance	217,161	150,681
Technology costs	163,111	75,719
Telephone	22,790	14,684
Printing, postage and stationery	118,897	66,972
Licences and subscriptions	8,937	5,673
Other support costs	201,218	140,967
Advertising and marketing	18,108	7,724
Legal and professional	77,546	43,797
Catering	712,120	422,203
Governance costs	76,561	38,325
	4,957,750	<i>2,775,778</i>
	15,807,866	<i>9,059,873</i>

FLYING HIGH TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	<i>2015</i>
	£	£
Depreciation of tangible fixed assets:		
- owned by the Trust	293,106	<i>175,544</i>
Operating lease rentals	32,992	<i>11,163</i>
	=====	=====

10. AUDITORS' REMUNERATION

	2016	<i>2015</i>
	£	£
Fees payable to the Trust's auditor and its associates for the audit of the Trust's annual accounts	21,000	<i>14,000</i>
Fees payable to the Trust's auditor and its associates in respect of:		
The auditing of accounts of associates of the Trust	-	<i>800</i>
Taxation compliance services	200	<i>860</i>
All other non-audit services not included above	4,000	<i>4,000</i>
	=====	=====

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

11. STAFF COSTS

Staff costs were as follows:

	2016	<i>2015</i>
	£	£
Wages and salaries	8,843,779	<i>5,153,516</i>
Social security costs	671,376	<i>349,781</i>
Operating costs of defined benefit pension schemes	1,694,086	<i>926,582</i>
	11,209,241	<i>6,429,879</i>
Supply staff costs	334,659	<i>92,756</i>
	11,543,900	<i>6,522,635</i>

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

	2016	<i>2015</i>
	No.	No.
Teachers	165	<i>85</i>
Administration and support	350	<i>194</i>
Management	4	<i>4</i>
	519	<i>283</i>

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

	2016	<i>2015</i>
	No.	No.
In the band £60,001 - £70,000	5	<i>3</i>
In the band £70,001 - £80,000	1	<i>1</i>
In the band £100,001 - £110,000	1	<i>1</i>

The employees in the analysis above all participated in the Teachers' Pension Scheme.

The key management personnel of the Trust comprise the directors and the senior management team on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £371,000 (2015 - £353,000).

FLYING HIGH TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

12. CENTRAL SERVICES

The Trust has provided the following central services to its academies during the year:

- financial services;
- educational support services;
- IT support services; and
- other services as they arise.

The Trust charges for these services on the following basis:

Charges for central services made to the individual academies are based on a flat percentage of annual EFA funding at 4.5% (previously between 3% and 5%).

The actual amounts charged during the year were as follows:

	2016	2015
	£	£
Cotgrave Candleby Lane School	84,740	-
Hillside Primary School & Nursery	69,782	63,392
The Flying High Academy	52,808	55,995
Peafield Lane School	52,923	34,279
Ernehale Junior School	39,273	11,086
Beeston Fields Primary & Nursery	63,007	-
Bilsthorpe Flying High Academy	32,733	-
Edwalton Primary School	59,114	-
Greythorn Primary School	34,115	-
	<u>488,495</u>	<u>164,752</u>
Total	<u>488,495</u>	<u>164,752</u>

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

13. DIRECTORS' REMUNERATION AND EXPENSES

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

One or more directors has been paid remuneration or has received other benefits from an employment with the Trust. The Chief Executive Officer and other staff directors only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and other staff members under their contracts of employment, and not in respect of their role as directors. The value of directors' remuneration and other benefits for the period they were directors was as follows:

		2016	<i>2015</i>
		£	£
Mr C Wheatley	Remuneration	105,000-110,000	<i>100,000-105,000</i>
	Pension contributions paid	15,000-20,000	<i>10,000-15,000</i>
Mr D Elliott	Remuneration	25,000-30,000	<i>25,000-30,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
Mr P Wilkes	Remuneration	nil	<i>15,000-20,000</i>
	Pension contributions paid	nil	<i>0-5,000</i>

During the year, no directors received any benefits in kind (2015 - £NIL).

During the year ended 31 August 2016, expenses totalling £3,790 (2015 - £2,415) were reimbursed to 2 directors (2015 - 3).

14. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust or academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £2,590 (2015 - £1,730).

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

15. TANGIBLE FIXED ASSETS

	Leasehold Property £	Property Improvement £	Fixtures and Equipment £	Computer Equipment £	Assets Under Construction £
Cost					
At 1 September 2015	17,987,211	130,965	145,261	94,712	-
Additions	3,890,174	-	20,869	27,483	600,283
Transfer on conversion	8,511,000	-	-	-	-
Disposals	(1,095,000)	-	-	-	-
At 31 August 2016	<u>29,293,385</u>	<u>130,965</u>	<u>166,130</u>	<u>122,195</u>	<u>600,283</u>
Depreciation					
At 1 September 2015	306,567	6,690	9,336	52,716	-
Charge for the year	232,415	5,239	31,425	24,027	-
On disposals	(17,337)	-	-	-	-
At 31 August 2016	<u>521,645</u>	<u>11,929</u>	<u>40,761</u>	<u>76,743</u>	<u>-</u>
Net book value					
At 31 August 2016	<u>28,771,740</u>	<u>119,036</u>	<u>125,369</u>	<u>45,452</u>	<u>600,283</u>
At 31 August 2015	<u>17,680,644</u>	<u>124,275</u>	<u>135,925</u>	<u>41,996</u>	<u>-</u>
					Total
					£
Cost					
At 1 September 2015					18,358,149
Additions					4,538,809
Transfer on conversion					8,511,000
Disposals					(1,095,000)
At 31 August 2016					<u>30,312,958</u>
Depreciation					
At 1 September 2015					375,309
Charge for the year					293,106
On disposals					(17,337)
At 31 August 2016					<u>651,078</u>
Net book value					
At 31 August 2016					<u>29,661,880</u>
At 31 August 2015					<u>17,982,840</u>

Included in land and buildings is freehold land at valuation of £4,597,700 (2015 - £2,452,700) which is not depreciated.

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

15. TANGIBLE FIXED ASSETS (continued)

With the exceptions of Cotgrave Candleby Lane School and Ernehale Junior School, Leasehold Property has been valued in line with the valuation provided to the academies on conversion by the EFA. Cotgrave Candleby Lane School has been valued in line with a valuation report prepared by Fisher Hargreaves Proctor dated 19 November 2012 on a depreciated replacement cost basis. Ernehale Junior School has been valued in line with an insurance valuation for 2015/16 taking re-instatement costs into consideration.

All leasehold properties are held under 125 year leases.

Leasehold Property additions in the year relate to the new school building the Flying High Academy and the completion of the new classroom block at Cotgrave Candleby Lane School.

16. FIXED ASSET INVESTMENTS

**Shares in
group
undertakings
£**

Market value

At 1 September 2015 and 31 August 2016

1

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
CCLS Trading Limited	100%

The aggregate of the share capital and reserves as at 31 August 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
CCLS Trading Limited	<u><u>1</u></u>	<u><u>-</u></u>

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

17. DEBTORS

	2016 £	2015 £
Trade debtors	145,564	119,717
VAT recoverable	450,246	101,368
Other debtors	1,003	-
Prepayments and accrued income	290,567	155,636
	887,380	376,721

18. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	351,051	132,708
Amounts owed to group undertakings	1	1
Other taxation and social security	196,576	113,073
Other creditors	171,984	245
Accruals and deferred income	924,078	350,889
	1,643,690	596,916
	2016 £	2015 £
Deferred income		
Deferred income at 1 September	209,768	285,338
Resources deferred during the year	697,483	194,170
Amounts released from previous years	(181,388)	(269,740)
Deferred income at 31 August	725,863	209,768

At the balance sheet date, the Trust had received amounts in advance for Universal Free School Meals, Capital Maintenance Work, High Learning Needs Income, Rates Relief and School Improvement Grants.

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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						
Surplus on Conversion	-	548,095	-	(548,095)	-	-
Other Unrestricted Income	2,324	656,332	(654,090)	-	-	4,566
	<u>2,324</u>	<u>1,204,427</u>	<u>(654,090)</u>	<u>(548,095)</u>	<u>-</u>	<u>4,566</u>
Restricted funds						
General Annual Grant (GAG)	591,787	10,909,117	(10,834,663)	496,133	-	1,162,374
Other EFA Grants	15,353	1,356,401	(1,371,754)	-	-	-
Other Government Grants	-	1,168,124	(1,168,124)	-	-	-
Other Income	-	167,927	(167,927)	-	-	-
School Funds	27,424	202,178	(164,640)	-	-	64,962
Teaching School Pension Reserve	174,347	547,907	(537,309)	3,611	-	188,556
	<u>(2,810,000)</u>	<u>(1,560,000)</u>	<u>(432,000)</u>	<u>-</u>	<u>(3,949,000)</u>	<u>(8,751,000)</u>
	<u>(2,001,089)</u>	<u>12,791,654</u>	<u>(14,676,417)</u>	<u>499,744</u>	<u>(3,949,000)</u>	<u>(7,335,108)</u>
Restricted fixed asset funds						
Assets Transferred on Conversion	17,308,462	7,433,338	(198,627)	-	-	24,543,173
Assets Acquired from Other Funds	673,147	3,869,300	(93,513)	669,508	-	5,118,442
Teaching School Assets	1,231	-	(966)	-	-	265
DFC Grants	40,633	71,760	(112,393)	-	-	-
Local Authority Grants	46,661	607,664	-	(580,421)	-	73,904
EFA Grants	2,450	399,587	(71,860)	(40,736)	-	289,441
	<u>18,072,584</u>	<u>12,381,649</u>	<u>(477,359)</u>	<u>48,351</u>	<u>-</u>	<u>30,025,225</u>
Total restricted funds	<u>16,071,495</u>	<u>25,173,303</u>	<u>(15,153,776)</u>	<u>548,095</u>	<u>(3,949,000)</u>	<u>22,690,117</u>
Total of funds	<u><u>16,073,819</u></u>	<u><u>26,377,730</u></u>	<u><u>(15,807,866)</u></u>	<u><u>-</u></u>	<u><u>(3,949,000)</u></u>	<u><u>22,694,683</u></u>

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FOR THE YEAR ENDED 31 AUGUST 2016

19. STATEMENT OF FUNDS (continued)

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

Unrestricted funds:

Surplus on Conversion - represents those resources received on conversion which may be used towards meeting any of the objects of the Trust at the discretion of the Directors. The policy of the Trust is to utilise these funds in priority to current year GAG income.

Other Unrestricted Funds - represents other resources received during the year which may be used towards meeting any of the objects of the Trust at the discretion of the Directors.

Restricted funds:

General Annual Grant (GAG) - made up of a number of different funding streams from the EFA, all of which are to be used to cover the running costs of the academies.

Other EFA Grants - represent EFA grants, including Pupil Premium and UIFSM, received for specific purposes.

Other Government Grants - represents grants from other Government sources received for specific purposes.

Other Income / School Funds - represents other income received which must be used for the specific purposes intended.

Teaching School - represents income and expenditure relating to the Teaching School. The Teaching School fund carry forward comprises ring fenced collaborative grants from NCTL (National College of Teaching & Learning) which are already committed to be spent on the projects and initiatives for which they were awarded.

Pension Reserve - represents the current deficit balance of the Local Government Pension Scheme (LGPS).

Restricted fixed asset funds:

Assets Transferred on Conversion - represents the net book value of land, buildings and other assets transferred to the Trust by the Local Authority on conversion of new academies.

Assets Acquired from Other Funds - represents the net book value of assets purchased post conversion acquired from funding streams including GAG, other EFA grants and Local Authority Grants.

DFC Grants / EFA Grants / Local Authority Grants - represents the level of DFC, CIF and Other Local Authority Grants received for capital purposes during the year which have not been spent at the year-end.

Teaching School Assets - represents the net book value of assets donated by CCLS Trading Limited.

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	<i>Total 2015 £</i>
Cotgrave Candleby Lane School	222,631	311,792
Hillside Primary School and Nursery	195,452	93,308
Flying High Academy, Ladybrook	144,679	33,627
Peafield Lane School	236,305	198,521
Ernehale Junior School	214,648	159,432
Beeston Fields Primary School	149,336	-
Bilsthorpe Flying High Academy	19,988	-
Edwalton Primary School	176,233	-
Greythorn Primary School	70,557	-
Central Services	(9,371)	14,555
Total before fixed asset fund and pension reserve	1,420,458	811,235
Restricted fixed asset fund	30,025,225	18,072,584
Pension reserve	(8,751,000)	(2,810,000)
Total	22,694,683	16,073,819

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

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Other direct costs £	Other costs excluding depreciation £	Total 2016 £	<i>Total</i> <i>2015</i> £
Cotgrave Candleby Lane School	1,863,378	480,903	574,230	516,635	3,435,146	3,240,169
Hillside Primary School and Nursery	1,291,699	239,650	118,860	406,448	2,056,657	1,967,612
Flying High Academy, Ladybrook	944,172	153,798	107,753	273,094	1,478,817	1,406,982
Peafield Lane School	982,331	193,696	107,333	268,395	1,551,755	1,546,259
Ernehale Junior School	616,698	107,288	51,717	155,949	931,652	365,676
Beeston Fields Primary & Nursery	1,218,826	177,903	161,426	313,186	1,871,341	-
Bilsthorpe Flying High Academy	656,376	84,395	73,201	218,993	1,032,965	-
Edwalton Primary School	906,879	178,588	198,760	327,928	1,612,155	-
Greythorn Primary School	629,321	108,878	65,441	151,518	955,158	-
Central Services	259,840	114,622	7,209	207,443	589,114	-
	<u>9,369,520</u>	<u>1,839,721</u>	<u>1,465,930</u>	<u>2,839,589</u>	<u>15,514,760</u>	<u>8,526,698</u>

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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	-	-	29,661,880	29,661,880	17,982,840
Fixed asset investments	-	1	-	1	1
Current assets	4,566	3,059,581	363,345	3,427,492	1,497,894
Creditors due within one year	-	(1,643,690)	-	(1,643,690)	(596,916)
Provisions for liabilities and charges	-	(8,751,000)	-	(8,751,000)	(2,810,000)
	<u>4,566</u>	<u>(7,335,108)</u>	<u>30,025,225</u>	<u>22,694,683</u>	<u>16,073,819</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	10,569,864	2,185,015
Adjustment for:		
Depreciation charges	293,106	175,544
Increase in debtors	(510,659)	(92,519)
Increase/(decrease) in creditors	1,046,774	(16,394)
Capital grants from EFA and other capital income	(1,079,011)	(595,334)
Defined benefit pension scheme obligation inherited	1,560,000	74,000
Defined benefit pension scheme cost less contributions payable	272,000	169,000
Defined benefit pension scheme finance cost	160,000	103,000
Net assets from local authority on conversion	(8,511,000)	(1,900,000)
Donation of fixed assets by subsidiary company	-	(2,197)
Net donation of new school building	(2,791,637)	-
Net cash provided by operating activities	<u>1,009,437</u>	<u>100,115</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	2,540,112	1,121,173
Total	<u>2,540,112</u>	<u>1,121,173</u>

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

23. PENSION COMMITMENTS

The Trust'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 Nottinghamshire 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 £170,636 were payable to the schemes at 31 August 2016 (2015 - £nil) 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 £866,000 (2015 - £426,000).

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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 £737,000 (2015 - £443,000), of which employer's contributions totalled £556,000 (2015 - £334,000) and employees' contributions totalled £181,000 (2015 - £109,000). The agreed contribution rates for future years are 18.3% for employers and a maximum of 12.5% for employees.

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

Principal actuarial assumptions:

	2016	<i>2015</i>
Discount rate for scheme liabilities	2.20 %	<i>4.00 %</i>
Rate of increase in salaries	4.10 %	<i>4.50 %</i>
Rate of increase for pensions	2.30 %	<i>2.70 %</i>

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

	2016	<i>2015</i>
Retiring today		
Males	22.1	<i>22.1</i>
Females	25.3	<i>25.2</i>
Retiring in 20 years		
Males	24.4	<i>24.2</i>
Females	27.7	<i>27.6</i>

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23. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Equities	4,219,000	2,206,000
Gilts	230,000	84,000
Other bonds	416,000	216,000
Property	741,000	389,000
Cash	261,000	107,000
Other	263,000	100,000
	<u>6,130,000</u>	<u>3,102,000</u>

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

	2016 £	<i>2015 £</i>
Current service cost (net of employee contributions)	(819,000)	(502,000)
Net interest cost	(160,000)	(103,000)
	<u>(979,000)</u>	<u>(605,000)</u>
Actual return on scheme assets	<u>740,000</u>	<u>48,000</u>

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

	2016 £	<i>2015 £</i>
Opening defined benefit obligation	5,912,000	5,039,000
Upon conversion	3,171,000	120,000
Current service cost	819,000	502,000
Interest cost	353,000	214,000
Contributions by employees	181,000	109,000
Changes in financial assumptions	4,496,000	(64,000)
Benefits paid	(51,000)	(8,000)
	<u>14,881,000</u>	<u>5,912,000</u>

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

23. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	3,102,000	2,573,000
Upon conversion	1,611,000	46,000
Interest income	193,000	111,000
Return on plan assets (excluding net interest)	547,000	(62,000)
Contributions by employer	547,000	334,000
Contributions by employees	181,000	109,000
Benefits paid	(51,000)	(8,000)
Administration expenses	-	(1,000)
	6,130,000	3,102,000
	6,130,000	3,102,000

24. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	39,228	7,404
Between 1 and 5 years	68,800	6,743
	108,028	14,147
	108,028	14,147

25. CONTINGENT LIABILITIES

In the event of the constituent academies of Flying High Trust ceasing to operate as academies, provisions are included in the funding agreements relating to the clawback of assets and monies paid to the constituent academies.

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26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust's operations and the composition of the Board of Directors 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 Trust's financial regulations and normal procurement procedures.

Inspiring Leaders Limited:

Inspiring Leaders Limited is a not for profit company in which Mr C Wheatley, a director, is also a director. During the year, Flying High Trust raised invoices to Inspiring Leaders Limited totalling £116,284 (2015 - £109,597). The balance due from Inspiring Leaders Limited at 31 August 2016 was £36,391 (2015 - £10,223) and is included within trade debtors.

Flying High Trust also received net invoices from Inspiring Leaders Limited totalling £21,351 (2015 - £4,877). The balance due to Inspiring Leaders Limited at 31 August 2016 was £3,600 (2015 - £nil) and is included within trade creditors.

PHB Education:

PHB Education is a firm run by Mr P Bennett, a director. The firm has provided consultancy services to the Trust for a number of years prior to his appointment as a director. During the year, PHB Education has invoiced the Trust £13,111 (2015 - £7,148) of which £1,125 (2015 - £1,125) is outstanding at the year-end and included within trade creditors. The directors have considered the relationship in line with requirements of the Academies Financial Handbook and are satisfied that time is charged at a rate which is sufficiently below market value.

27. 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.

28. FIRST TIME ADOPTION OF FRS 102

It is the first year that the 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 Trust's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.