

Registered number: 08208767

**CHARTERS SCHOOL**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**



**MHA MacIntyre Hudson**  
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**CHARTERS SCHOOL**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Trustees (Governors)**

Mr Mark Cooper (Chair)*	Appointed 01/10/12	
Mr Keith Pell (Vice Chair)*	Appointed 01/10/12	
Mrs Herta Morris*	Appointed 01/10/12	
Mr David Evans*	Appointed 01/10/12	
Mr Gareth Davies*	Appointed 01/10/12	
Cllr Christine Bateson	Appointed 01/10/12	
Dr Gaynor Bradley	Appointed 01/10/12	
Dr Mark Dakers	Appointed 01/10/12	Resigned 20/06/14
Mrs Ruth Fettes	Appointed 01/10/13	
Mr Stephen Humphrey	Appointed 01/04/14	
Dr Remy Husein	Appointed 01/10/12	Resigned 28/02/14
Miss Zoe Kear	Appointed 01/08/14	
Mrs Kate Mann	Appointed 01/04/14	
Mr George Midgley	Appointed 01/10/12	
Mr Martin Porter QC	Appointed 01/11/13	
Ms Karin Shrewsbury	Appointed 01/10/1	Resigned 31/10/13
Ms Ellie Wallace	Appointed 01/10/12	
Mrs Tracy Webster	Appointed 01/04/13	
Co-Headteachers:		
Mr Martyn Parker	Appointed 01/10/12	
Mr Richard Pilgrim	Appointed 01/10/12	

\*Members

**Company Secretary**

n/a

**Senior management team**

S. Derrick (Deputy Headteacher)  
S. Harvey (Deputy Headteacher)  
D. Hartwell (Assistant Headteacher)  
I. Wright (Assistant Headteacher) (resigned with effect from 31 August 2014)  
P. Stephenson (Assistant Headteacher) (appointed with effect from 1 September 2014)  
V. Stroud (Business Manager)  
S. Cronk (School Manager)

**Co-Headteachers and Registered Office**

M.Parker and R.Pilgrim, Charters School, Charters Road, Sunnigdale, Ascot, SL5 9QY

**Company Registration Number**

08208767 (England and Wales)

**Independent auditors**

MHA MacIntyre Hudson, Abbey Place, 24 - 28 Easton Street, High Wycombe, Buckinghamshire, HP11 1NT

**Bankers**

Lloyds TSB (Windsor), PO Box 1000, BX1 1LT

**Solicitors**

Veale Wazborough Vizards, Orchard Court, Orchard Lane, Bristol, BS1 5WS

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The Trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates an academy for students aged 11 to 18 serving a catchment area in Sunningdale, Berkshire. It has a pupil capacity of 1650 and had a roll of 1722 in the school census on January 2014.

**Structure, governance and management**

**CONSTITUTION**

Charters School is an exempt charity and a company limited by guarantee, not having share capital.

The current members of the charitable company are included in the Reference and Administrative Details on page 1.

The principal activity of Charters School is currently to run a senior school for boys and girls located in Sunningdale, Berkshire.

Charters School runs a school that was originally a local authority operated school in Sunningdale, Berkshire that was founded in 1958 and converted to academy status on 1 October 2012. The charitable company was incorporated on 10 September 2012.

Charters School is governed by the rules and regulations set down in its company Memorandum and Articles of Association.

**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.

**TRUSTEES' INDEMNITIES**

*Trustees benefit from indemnity insurance to cover the liability of the Trustees which 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 Academy Trust. The cost of this insurance in the year was £1,700.*

The school has taken out a combined insurance policy that includes buildings and contents, and liability insurance covering employees, (including teaching and administrative staff and Trustees), and third party cover arising from negligent acts and errors and omissions where the school has a legal liability. The limit of indemnity for the main liability cover is £25m and for Trustees Indemnity £5m. Other cover included in the policy is for personal accident, travel, legal, business interruption and engineering plant and equipment. The total premium is £61,879.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The Trustees regularly review the mix of skills they possess. New Trustees will be sought with the aim of improving the skills set of the Board. It is also the intention to draw the great majority of the Governing Body from the local community.

Community Trustees are appointed by the Governing Body. Staff Trustees and Parent Trustees are appointed via an election process of the staff and parents respectively. A Parent Governor must be the parent of a registered pupil(s) of Charters School. The Governing Body also has the option to appoint up to 3 Co-opted Trustees.

A Trustees' term of office, apart from the Co-Headteachers, shall be 4 years. Any governor may be re-appointed or re-elected.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

New Trustees meet with the Chair of Trustees to discuss the role of Trustees and the Co-Headteachers to be briefed about the school's aims, purposes and context. Individual Trustees attend training courses and conferences organised by appropriate bodies and the school in order to develop their knowledge and understanding of the governor's role and latest educational developments.

**ORGANISATIONAL STRUCTURE**

The Trustees have responsibility for setting and monitoring the overall strategic direction of the charitable company, approving decisions reserved to Trustees and appointing key members of staff.

The Trustees meet as a Full Governing Body five or six times each year. All decisions reserved to the Trustees are taken by the Full Governing Body as a whole. Governor committees meet three or four times each year to consider detailed matters and recommend decisions to the full board.

The function of all committees is to exercise the delegated powers (as listed under functions) and to report and make recommendations to the Governing Body. There are 4 such committees:

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

One of the Co-Headteachers is the Executive Trustee for the Tirabad Residential Educational Trust. Charters School is represented by a Deputy Headteacher at meetings of the Charters Leisure Centre Trust.

**Objectives and Activities**

**OBJECTS AND AIM**

Charters School's object ("the Object") is specifically restricted to the following:

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The school's main targets for 2013-14 were:

- To achieve 'outstanding' value added results at Key Stage 4 and Key Stage 5
- Address the on-going issues of demographic expansion
- Improve the quality of teaching using observation criteria as a measure of success.

The Trustees use the following key measures to assess the success of the activities of the charitable company:

- Examination results measured against targets set at the beginning of each academic year and against national benchmarks
- Progress made against the School Development Plan and School Budget
- The School Self-Evaluation Form and annual Senior Leadership Team monitoring programme
- Co-Headteacher reports to Trustees covering the main aspects of school operations

**PUBLIC BENEFIT**

The Trustees of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the Academy Trust's purpose for the Public Benefit include:

*Benefits and Beneficiaries*

In accordance with its charitable objectives, the charitable company strives to advance the education of the pupils attending the school. The charitable company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the school.

*Trustees' Assessment of Public Benefit*

In order to determine whether or not the charitable company has fulfilled its charitable objectives for public benefit, the Trustees gather evidence of the success of Charters School's activities. Set out below is a summary of the achievements:

**STRATEGIC REPORT**

**Achievements and performance**

The academic year 2013-14 has seen Charters School continue the strong progress it has made in all areas of its work since the last Ofsted inspection in 2009.

The examination results for 2014 equalled the record-breaking results of the previous year: 82% of the Year 11 cohort gained 5+ A\*-C, including English and Mathematics, and in the Sixth Form our Year 13s achieved a 99% pass rate, with 54% gaining grades A\*-B. These results meant that the vast majority of our students fulfilled their potential and were able to make the appropriate next move for them in education, training or work.

Particularly noteworthy for the school was the impact of our new 'Aspiring High' programme, which continued to help stretch the most able students at 'A' level with 9% of our students achieving A\* grades, well above the national average, and 4 students securing Oxbridge places.

The school continues to be over-subscribed with current figures of around 450 in the Sixth Form.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**KEY FINANCIAL PERFORMANCE INDICATORS**

GAG income per pupil £4,876.

Staff costs as a percentage of total expenditure 72.67%.

Capital expenditure per pupil £91.86.

Other key performance indicators also present a positive picture with attendance figures in the second quintile (top 40% of schools nationally) and fixed/permanent exclusion rates well below the national average. As a result, the school was extremely pleased to be approached by the Good Schools Guide for inclusion following parental recommendations.

The school is in a good position due to:

- Five years of improving examination performance
- Financial stability and effective control of resources
- Continuing facilities development and improvements
- Effective leadership at all levels; and
- A strong partnership between the governing body, staff, students, parents and the local community.

Nevertheless, the Trustees and Co-Headteachers are not complacent and to improve further, the following goals have been set:

- Continue to decrease the attainment gap between socially disadvantaged students and the rest of the cohort
- Increase the numbers of students gaining A/A\* grades at Key Stage 4 and Key Stage 5
- Secure funding to enable the building of new Mathematics Faculty accommodation.

**GOING CONCERN**

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

**Financial review**

Most of Charters School's income comes from the Educational Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants and the associated expenditure are shown as restricted general funds in the statement of financial activities.

Charters School also receives grants from the EFA for capital expenditure and in accordance with the Charities Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Other sources of income are 'unrestricted' and these are mainly monies collected from parents for learning resources, school trips, outings and other extra-curricular activities. Also included in 'unrestricted' funds are voluntary donations made by parents to support school life, lettings income and surplus cash funds transferred from RBWM at the time of conversion.

Charters School held fund balances at 31 August 2014 of £21,625,241 comprising £(1,782,927) of restricted funds including a pension reserve deficit of £(2,100,000), restricted fixed assets of £22,943,963 and unrestricted funds of £464,205. The Trustees believe the fund balances are adequate to provide sufficient working capital in times of possible future funding turbulence, to provide a cushion to deal with unexpected emergencies and to fulfil the objectives detailed in the School Development Plan.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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As detailed in note 23 to the accounts, the Trust has taken on a deficit in the Local Government Pension Scheme. This will result in the school having to make additional contributions in future years. The Trustees believe they will be able to fund this deficit in the coming years.

**RESERVES POLICY**

Charity Reserves and Defined Benefit Pension Schemes

At 31 August 2014 the total funds comprised:

Unrestricted	464,205
Restricted:	
Fixed asset funds	22,943,963
GAG	4,946
Pension reserve	(2,100,000)
Other	312,127
	<u>21,625,241</u>

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 23. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds.

**INVESTMENTS POLICY**

The Trustees' investment powers are set down in the Memorandum and Articles of Association which permit the investment of monies of Charters School that are not immediately required for its purposes in such investments as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

Charters School's current policy is to invest surplus funds in short-term cash deposits for fixed periods of no longer than six weeks, although exceptions may occur. Periodically, the management will review interest rates and compare with other investment opportunities. Any change in policy requires the approval of Trustees.

**Principal risks and uncertainties**

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers.

**PLANS FOR FUTURE PERIODS**

The future development of Charters School is detailed in the School Development Plan, approved by the Governing Body. In the Plan, there are clear objectives with specific and measurable success criteria laid out. These are evaluated by Trustees regularly.

Charters School has three major strategic intentions set out under the three words – Unity, Respect, Excellence – that encapsulate our vision.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Unity**

- Charters School will be proactive in planning for demographic change
- We will have improved support for vulnerable families within our community including access to facilities for private study purposes
- Alumni – the school will have a productive alumni programme
- Information, Advice and Guidance (IAG) – every student will receive clear, relevant IAG at the appropriate time to enable effective decisions about their future
- We will strive to allow greater access to our facilities for the local community
- Tirabad – the Centre will have a secure financial plan going forward with a wider cross section of the community using the facilities
- Students will have more opportunities to undertake leadership roles in the school and the wider community
- All members of our community will understand and articulate our common purpose

**Respect**

- Students will develop physical well-being – 50%+ of our students will participate in at least one sports-related club per week
- The Environmental Policy will be in place and impacting on key aspects of the school and community
- The school will further develop its drugs and alcohol awareness programmes
- We will further develop emotional and physical resilience of students, staff and parents by offering more opportunities to provide peer to peer support
- The House System will be central to the life of the school
- The school will value achievement and celebrate it
- We will continue to build capacity for the personal development of staff
- We will regularly assess, and where appropriate, embrace developments in communications technology.

**Excellence**

- Academic results – the school will continue to set challenging targets and achieve, year on year, strong value-added results within the top 10-15% of similar schools nationally
- We will develop a constantly improving teaching profile with no teaching less than grade 2 and a higher proportion at grade 1
- We will establish a regular programme of action research projects undertaken by staff which will contribute to improved outcomes for students
- More of our students will be successful in local and national competitions
- Each child, irrespective of ability or background, will be enriched by participating in at least one area of non-academic activity
- We will strive to achieve the very best value from our delegated funds
- Pupil Premium students will achieve value added results in line with the whole school cohort
- We will provide more opportunity for students to learn outside the classroom
- Staff and Trustees will develop leadership roles in the local and national educational community.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

Charters School does not hold cash or assets as a custodian for any third party.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Auditor**

MHA, MacIntyre Hudson has been appointed the second auditor to the charitable company and have indicated their willingness to continue in office.


In so far as the trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 1 December 2014 and signed on the board's behalf by:



**M Cooper**  
**Chair of Trustees**



**R Pilgrim**  
**Accounting Officer**

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**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The Academy Trust has an established Senior Leadership Team that has instituted a thorough and effective system of internal control measures to ensure the appropriate management of the resources for which we are responsible.

**SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that Charters School has an effective and appropriate system of controls, 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 mis-statement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Co-Headteacher (Richard Pilgrim) 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 Charters School and the Secretary of State for Education. The Co-Headteachers are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The Full Governing Body has formally met 5 times during the twelve month period from 1 September 2013 to 31 August 2014.

Attendance during the year at meetings of the Governing Body was as follows:

Trustees	Meetings attended	Out of a possible
Mr Mark Cooper (Chair)*	4	5
Mr Keith Pell (Vice Chair)*	5	5
Mrs Herta Morris*	4	5
Mr David Evans*	5	5
Mr Gareth Davies*	4	5
Cllr Christine Bateson	3	5
Dr Gaynor Bradley	5	5
Dr Mark Dakers	1	4
Mrs Ruth Fettes	3	4
Mr Stephen Humphrey	2	2
Dr Remy Husein	2	2
Miss Zoe Kear (Not appointed unit 01.08.14)	0	0
Mrs Kate Mann	1	2
Mr George Midgley	4	5
Mr Martin Porter QC	4	4
Ms Karin Shrewsbury	0	1
Ms Ellie Wallace	4	5
Mrs Tracy Webster	3	5
Co-Headteachers:		
Mr Martyn Parker	5	5
Mr Richard Pilgrim	5	5

The changes to the Governing Body over the reporting time period have seen the election/appointment of 5 new Trustees (1 Community Governor, 2 Parent Trustees and 2 Staff Trustees).

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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The Governing Body's major challenges over the period have been understanding and managing the move to academy status and all that entails, getting to grips with the new Ofsted framework, maintaining tight financial control in a difficult economic climate and approving an amended Pay Policy and Performance Management procedures.

The Finance and Staffing Committee is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the governing Body's responsibility to ensure sound management of Charters School's finances and resources, including proper planning, monitoring and probity and to make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.

Attendance at Finance and Staffing meetings during the twelve month period from 1 September 2013 to 31 August 2014 was as follows:

Governor	Meetings attended	Out of a possible
Herta Morris (Chair)	4	5
Keith Pell, Vice-Chair of Trustees	5	5
Dr Gaynor Bradley	4	5
Cllr Christine Bateson	3	5
Dr Remy Husein	2	3
George Midgley	4	5
Karin Shrewsbury	0	1
Ellie Wallace	4	5
Tracy Webster	4	5

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Charters School's 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 at Charters School for the period ended 31 August 2014 and up to the date of approval of the Trustees' annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which Charters School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing Charters School's significant risks that has been in place for the twelve month period ended 31 August 2014 and up to the date of approval of the Trustees' annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**THE RISK AND CONTROL FRAMEWORK**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint an Audit Committee.

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

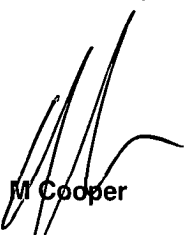
**REVIEW OF EFFECTIVENESS**

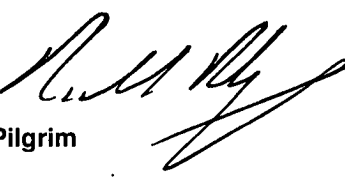
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The financial management and governance self-assessment process and
- The work of the Senior Leadership Team within Charters School who have responsibility for the development and maintenance of the internal control framework
- The work of the external auditor.

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

Approved by order of the members of the Board of Trustees on 1 December.2014 and signed on its behalf by:

  
**M Cooper**  
Chair of Trustees

  
**R Pilgrim**  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2014**

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As Accounting Officer of Charters Academy Trust, I have considered my responsibility to notify the Charters School Trust Governing Body 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 Charters School Trust and the Secretary of State. As my part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instance of material irregular, impropriety or funding non-compliance have been discovered to date.



**R Pilgrim**  
**Accounting Officer**

**1 December 2014**

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**TRUSTEES' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2014**

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 1 December 2014 and signed on its behalf by:



**Mr Mark Cooper**  
Chair of Trustees

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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF CHARTERS SCHOOL**

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We have audited the financial statements of Charters School for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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



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**CHARTERS SCHOOL**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF CHARTERS SCHOOL**

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



BIANCA SILVA ACA (Senior statutory auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Abbey Place  
24-28 Easton Street  
High Wycombe  
Buckinghamshire  
HP11 1NT

Date: 11 December 2014

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**CHARTERS SCHOOL**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CHARTERS SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 23 April 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Charters School during the year 1 September 2013 to 31 August 2014 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 Charters School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Charters School and 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 Charters School and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF CHARTERS SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Charters School's funding agreement with the Secretary of State for Education dated 20 October 2011, and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of payroll payments to staff;

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**CHARTERS SCHOOL**

(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CHARTERS SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

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- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams;
- evaluating the internal control procedures and reporting lines, and testing as appropriate;

**CONCLUSION**

In the course of our work, except for the matter listed below relating to approval from the EFA of a finance lease, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Finance Lease**

During the period, the Academy took out a finance lease over three years totalling £14,359 on a minibus for use on school trips by pupils. Prior approval from the EFA was not obtained for this form of borrowing and the Academy therefore failed to comply with the Academies Financial Handbook 2013 2.4.27 - 2.4.30.

*MHA MacIntyre Hudson*

Reporting Accountants

**MHA MacIntyre Hudson**

Chartered Accountants

Abbey Place  
24-28 Easton Street  
High Wycombe  
Buckinghamshire  
HP11 1NT

Date: *11 December 2014*

**CHARTERS SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
**FOR THE YEAR ENDED 31 AUGUST 2014**

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds 11 months ended 31 August 2013
	Note	2014 £	2014 £	2014 £	2014 £	£
<b>INCOMING RESOURCES</b>						
From generated funds:						
Transfer on conversion	2	-	-	-	-	22,396,710
Other voluntary income	2	11,146	-	-	11,146	6,522
Activities for generating funds	3	473,137	22	-	473,159	646,291
Investment income	4	8,169	-	-	8,169	7,194
Charitable activities	5	193,016	8,823,452	207,784	9,224,252	8,797,789
<b>TOTAL INCOMING RESOURCES</b>		<b>685,468</b>	<b>8,823,474</b>	<b>207,784</b>	<b>9,716,726</b>	<b>31,854,506</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Fundraising expenses		378,126	-	-	378,126	467,411
Charitable activities	7	247,957	8,871,660	763,908	9,883,525	8,884,916
Governance costs	8	-	16,962	-	16,962	25,051
<b>TOTAL RESOURCES EXPENDED</b>	<b>6</b>	<b>626,083</b>	<b>8,888,622</b>	<b>763,908</b>	<b>10,278,613</b>	<b>9,377,378</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>59,385</b>	<b>(65,148)</b>	<b>(556,124)</b>	<b>(561,887)</b>	<b>22,477,128</b>
Transfers between Funds	18	(9,110)	(125,036)	134,146	-	-
<b>NET INCOME / (EXPENDITURE) FOR YEAR</b>		<b>50,275</b>	<b>(190,184)</b>	<b>(421,978)</b>	<b>(561,887)</b>	<b>22,477,128</b>
Actuarial gains and losses on defined benefit pension schemes		-	270,000	-	270,000	(560,000)
<b>NET MOVEMENT IN FUNDS FOR YEAR</b>		<b>50,275</b>	<b>79,816</b>	<b>(421,978)</b>	<b>(291,887)</b>	<b>21,917,128</b>
Total funds 1 September 2013		413,930	(1,862,743)	23,365,941	21,917,128	-
<b>TOTAL FUNDS AT AUGUST 2014</b>		<b>464,205</b>	<b>(1,782,927)</b>	<b>22,943,963</b>	<b>21,625,241</b>	<b>21,917,128</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 21 to 42 form part of these financial statements.

**CHARTERS SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08208767**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	14		22,401,155		23,006,872
<b>CURRENT ASSETS</b>					
Stocks	15	40,453		40,970	
Debtors	16	185,121		120,109	
Cash at bank		1,544,286		1,290,516	
		<u>1,769,860</u>		<u>1,451,595</u>	
<b>CREDITORS:</b> amounts falling due within one year	17	(445,774)		(420,339)	
<b>NET CURRENT ASSETS</b>			<u>1,324,086</u>		<u>1,031,256</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>23,725,241</u>		<u>24,038,128</u>
Defined benefit pension scheme liability	23		<u>(2,100,000)</u>		<u>(2,121,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>21,625,241</u></u>		<u><u>21,917,128</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	18	317,073		258,257	
Restricted fixed asset funds	18	22,943,963		23,365,941	
Restricted funds excluding pension liability		<u>23,261,036</u>		<u>23,624,198</u>	
Pension reserve		<u>(2,100,000)</u>		<u>(2,121,000)</u>	
Total restricted funds			<u>21,161,036</u>		<u>21,503,198</u>
Unrestricted funds	18		<u>464,205</u>		<u>413,930</u>
<b>TOTAL FUNDS</b>			<u><u>21,625,241</u></u>		<u><u>21,917,128</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 1 December 2014 and are signed on their behalf, by:

**Mr Mark Cooper**  
**Chair of Trustees**

The notes on pages 21 to 42 form part of these financial statements.

**CHARTERS SCHOOL**  
(A company limited by guarantee)

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2014**

		<b>31 August 2014</b>	11 months ended 31 August 2013
	<b>Note</b>	<b>£</b>	<b>£</b>
Net cash flow from operating activities	20	135,546	774,540
Returns on investments and servicing of finance	21	8,169	3,147
Capital expenditure and financial investment	21	110,055	269,754
Cash transferred on conversion to an academy trust		-	243,075
<b>INCREASE IN CASH IN THE YEAR</b>		<b>253,770</b>	<b>1,290,516</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2014**

	<b>31 August 2014</b>	11 months ended 31 August 2013
	<b>£</b>	<b>£</b>
Increase in cash in the year	253,770	1,290,516
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>253,770</b>	<b>1,290,516</b>
Net funds at 1 September 2013	1,290,516	-
<b>NET FUNDS AT 31 AUGUST 2014</b>	<b>1,544,286</b>	<b>1,290,516</b>

The notes on pages 21 to 42 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Fund accounting**

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

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

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

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

**1.3 Incoming resources**

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Resources expended**

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

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

Charitable activities are costs incurred in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £3,000 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

The cost of tangible fixed assets transferred on conversion to Academy Trust status is stated as follows:

- land and buildings at their depreciated replacement cost based on a professional valuation;
- other assets at their depreciated value as at the date of conversion.

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.



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**CHARTERS SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

Depreciation is provided on all tangible fixed assets other than freehold land, 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:

Freehold property	-	Life of Lease
Buildings and building modifications	-	50 years
Plant and machinery	-	10 years
Motor vehicles	-	5 years
Computer equipment	-	3 years

**1.7 Operating leases**

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

**1.8 Stocks**

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

**1.9 Taxation**

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

**1.10 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

**CHARTERS SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**1. ACCOUNTING POLICIES (continued)**

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

**2. VOLUNTARY INCOME**

	Unrestricted funds	Restricted funds	Total funds	Total funds 11 months ended 31 August 2013
	2014 £	2014 £	2014 £	£
Transfer from local authority on conversion	-	-	-	22,396,710
Donations	11,146	-	11,146	6,522
Voluntary income	11,146	-	11,146	22,403,232

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds	Restricted funds	Total funds	Total funds 11 months ended 31 August 2013
	2014 £	2014 £	2014 £	£
Hire of facilities and rental income	12,985	-	12,985	1,492
School fund income	408,339	-	408,339	507,176
Other income	51,813	22	51,835	137,623
	473,137	22	473,159	646,291

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**CHARTERS SCHOOL**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**4. INVESTMENT INCOME**

	Unrestricted funds	Restricted funds	Total funds	Total funds 11 months ended 31 August 2013
	2014 £	2014 £	2014 £	£
Bank interest receivable	8,169	-	8,169	7,194
	<u>8,169</u>	<u>-</u>	<u>8,169</u>	<u>7,194</u>

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds	Restricted funds	Total funds	Total funds 11 months ended 31 August 2013
	2014 £	2014 £	2014 £	£
Funding for academy trust's educational operations	193,016	9,031,236	9,224,252	8,797,789
	<u>193,016</u>	<u>9,031,236</u>	<u>9,224,252</u>	<u>8,797,789</u>

**CHARTERS SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds	Restricted funds	Total funds	Total funds 11 months ended 31 August 2013
	2014 £	2014 £	2014 £	£
<b>DfE/EFA revenue grants</b>				
General annual grant (GAG)	-	8,396,750	8,396,750	7,751,764
Pupil premium	-	122,010	122,010	77,756
Other DfE/EFA revenue grants	-	37,819	37,819	57,370
Capital grants	-	268,246	268,246	391,470
	-	8,824,825	8,824,825	8,278,360
<b>Other government grants</b>				
Local Authority SEN income	-	200,009	200,009	356,199
Other LA grants	31,865	3,600	35,465	-
	31,865	203,609	235,474	356,199
<b>Other funding</b>				
School fund income	-	-	-	95,793
Other income	161,151	2,802	163,953	67,437
	161,151	2,802	163,953	163,230
	193,016	9,031,236	9,224,252	8,797,789

**CHARTERS SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**6. RESOURCES EXPENDED**

	Staff costs	Non-Pay Premises	Expenditure Other costs	Total	Total 11 months ended 31 August 2013
	2014 £	2014 £	2014 £	2014 £	£
Fundraising expenses	-	-	378,126	378,126	467,411
<b>Costs of generating funds</b>	-	-	378,126	378,126	467,411
Direct costs	6,481,617	-	818,239	7,299,856	6,665,012
Support costs	987,991	1,137,389	458,289	2,583,669	2,219,904
<b>Charitable activities</b>	<b>7,469,608</b>	<b>1,137,389</b>	<b>1,276,528</b>	<b>9,883,525</b>	<b>8,884,916</b>
<b>Governance</b>	-	-	16,962	16,962	25,051
	<b>7,469,608</b>	<b>1,137,389</b>	<b>1,671,616</b>	<b>10,278,613</b>	<b>9,377,378</b>

**CHARTERS SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**7. CHARITABLE ACTIVITIES**

	<b>Total funds  2014 £</b>	<b>Total funds 11 months ended 31 August 2013 £</b>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Teaching and educational support staff costs	6,470,554	5,844,661
Educational supplies	204,394	208,517
Examination fees	190,763	183,142
Staff development	21,570	26,688
Educational consultancy	264,569	341,846
Other direct costs	148,006	60,158
	<u>7,299,856</u>	<u>6,665,012</u>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Support staff costs	987,991	810,388
Depreciation	763,908	712,432
Pension finance cost	98,000	67,000
Technology costs	109,595	88,527
Recruitment and support	19,214	12,436
Maintenance of premises and equipment	124,709	81,984
Cleaning	18,295	7,195
Rent and rates	31,929	20,024
Energy costs	129,269	134,057
Insurance	68,983	61,808
Security and transport	35,080	46,557
Catering	18,871	14,499
Bank interest and charges	755	561
Other support costs	177,070	162,436
	<u>2,583,669</u>	<u>2,219,904</u>
	<u><u>9,883,525</u></u>	<u><u>8,884,916</u></u>

**CHARTERS SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**8. GOVERNANCE COSTS**

	Unrestricted funds	Restricted funds	Total funds	Total funds 11 months ended 31 August 2013
	2014 £	2014 £	2014 £	£
Audit fees	-	10,200	10,200	12,500
Accountancy fees	-	5,324	5,324	3,075
Legal and professional fees	-	1,438	1,438	9,476
	-	16,962	16,962	25,051

**9. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	31 August 2014 £	11 months ended 31 August 2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	763,908	712,432
Auditors' remuneration	10,200	12,500
Auditors' remuneration - non-audit	3,450	3,075
Operating leases - equipment	15,697	14,773

**10. STAFF**

**a. Staff costs**

Staff costs were as follows:

	31 August 2014 £	11 months ended 31 August 2013 £
Wages and salaries	6,036,276	5,513,405
Social security costs	445,669	399,988
Other pension costs	976,600	745,923
	7,458,545	6,659,316
Supply teacher costs	11,063	4,859
	7,469,608	6,664,175

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**10. STAFF (continued)**

**b. Staff numbers**

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

	<b>31 August 2014 No.</b>	<b>11 months ended 31 August 2013 No.</b>
Teaching	<b>125</b>	<b>111</b>
Administration and support	<b>73</b>	<b>77</b>
Management	<b>8</b>	<b>9</b>
	<b>206</b>	<b>197</b>

**c. Higher paid staff**

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

	<b>31 August 2014 No.</b>	<b>11 months ended 31 August 2013 No.</b>
In the band £60,001 - £70,000	<b>2</b>	<b>1</b>
In the band £80,001 - £90,000	<b>0</b>	<b>2</b>
In the band £90,001 - £100,000	<b>2</b>	<b>0</b>
	<b>4</b>	<b>3</b>

Four (2013: three) of the above employees participated in the Teachers Pension Scheme. During the year ended 31 August 2014 pension contributions for these staff amounted to £45,338 (2013: £32,017).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**11. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 4 Trustees (2013 - 3) in respect of defined contribution pension schemes.

The Co-Headteachers and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	<b>31 August 2014</b>	<b>11 months ended 31 August 2013</b>
	<b>£</b>	<b>£</b>
R J Pilgrim (Co-Headteacher and trustee)	90,000-95,000	-
M Parker (Co-Headteacher and trustee)	90,000-95,000	-
G Bradley (staff trustee)	55,000-60,000	50,000-55,000
R Fettes (staff trustee)	5,000-10,000	-
M Dakers (staff trustee)	35,000-40,000	35,000-40,000
J Keeley (staff trustee)	-	30,000-35,000
Z Kear (staff trustee)	35,000-40,000	-

The aggregate of employers pension contributions for the above during the year amounted to £45,873.

During the year, no Trustees received any reimbursement of expenses (2013 - £NIL).

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,700 (2013 - £1,738). The cost of this insurance is included in the total insurance cost.

**13. PENSION FINANCE COSTS**

	<b>31 August 2014</b>	<b>11 months ended 31 August 2013</b>
	<b>£</b>	<b>£</b>
Expected return on pension scheme assets	58,000	33,000
Interest on pension scheme liabilities	(156,000)	(100,000)
	<b>(98,000)</b>	<b>(67,000)</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**14. TANGIBLE FIXED ASSETS**

	Long leasehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 September 2013	23,460,721	228,558	30,025	23,719,304
Additions	80,403	77,788	-	158,191
At 31 August 2014	23,541,124	306,346	30,025	23,877,495
<b>Depreciation</b>				
At 1 September 2013	634,622	67,041	10,769	712,432
Charge for the year	693,166	58,671	12,071	763,908
At 31 August 2014	1,327,788	125,712	22,840	1,476,340
<b>Net book value</b>				
At 31 August 2014	22,213,336	180,634	7,185	22,401,155
At 31 August 2013	22,826,099	161,517	19,256	23,006,872

The academy's transactions relating to land and buildings included:

- improvements to long leasehold school property.

**15. STOCKS**

	2014 £	2013 £
Clothing and stationery	40,453	40,970

**16. DEBTORS**

	2014 £	2013 £
Trade debtors	36,746	5,410
Prepayments and accrued income	74,755	76,625
VAT recoverable	73,620	38,074
	185,121	120,109

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**17. CREDITORS:**  
**Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	156,756	84,153
Other taxation and social security	123,472	131,959
Accruals and deferred income	165,546	204,227
	<u>445,774</u>	<u>420,339</u>

**Deferred income**

	£
Deferred income at 1 September 2013	31,906
Resources deferred during the year	110,155
Amounts released from previous years	<u>(31,906)</u>
Deferred income at 31 August 2014	<u>110,155</u>

At the balance sheet date the trust was holding funds received in advance for school trips.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**18. STATEMENT OF FUNDS**

	<b>Brought Forward £</b>	<b>Incoming resources £</b>	<b>Resources Expended £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
<b>Unrestricted funds</b>						
General unrestricted funds	<b>413,930</b>	<b>685,468</b>	<b>(626,083)</b>	<b>(9,110)</b>	<b>-</b>	<b>464,205</b>
<b>Restricted funds</b>						
General Annual Grant (GAG)	<b>31,925</b>	<b>8,556,578</b>	<b>(8,458,521)</b>	<b>(125,036)</b>	<b>-</b>	<b>4,946</b>
Local authority grants	<b>226,332</b>	<b>206,433</b>	<b>(169,821)</b>	<b>-</b>	<b>-</b>	<b>262,944</b>
Other EFA/DfE grants	<b>-</b>	<b>60,463</b>	<b>(11,280)</b>	<b>-</b>	<b>-</b>	<b>49,183</b>
Pension reserve	<b>(2,121,000)</b>	<b>-</b>	<b>(249,000)</b>	<b>-</b>	<b>270,000</b>	<b>(2,100,000)</b>
	<b>(1,862,743)</b>	<b>8,823,474</b>	<b>(8,888,622)</b>	<b>(125,036)</b>	<b>270,000</b>	<b>(1,782,927)</b>
<b>Restricted fixed asset funds</b>						
Inherited fixed asset fund	<b>22,919,362</b>	<b>-</b>	<b>(742,265)</b>	<b>-</b>	<b>-</b>	<b>22,177,097</b>
Capital expenditure from GAG	<b>87,510</b>	<b>-</b>	<b>(21,643)</b>	<b>134,146</b>	<b>-</b>	<b>200,013</b>
EFA/DfE capital grants	<b>359,069</b>	<b>207,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>566,853</b>
	<b>23,365,941</b>	<b>207,784</b>	<b>(763,908)</b>	<b>134,146</b>	<b>-</b>	<b>22,943,963</b>
Total restricted funds	<b>21,503,198</b>	<b>9,031,258</b>	<b>(9,652,530)</b>	<b>9,110</b>	<b>270,000</b>	<b>21,161,036</b>
Total of funds	<b>21,917,128</b>	<b>9,716,726</b>	<b>(10,278,613)</b>	<b>-</b>	<b>270,000</b>	<b>21,625,241</b>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Agency by the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

The local authority restricted fund represents other funding received from the local government received in relation to specific purposes such as SEN funding.

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

The LGPS deficit fund represents the separately identifiable pension scheme deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The inherited fixed asset fund has been set up to recognise the tangible assets gifted to the academy upon conversion which represent the school site including the freehold and long leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

The DfE/EFA capital grant fund relates to restricted devolved capital income awarded to the academy and the relevant restricted expenditure recorded against this.

All general funds are held for the purposes of education in line with the Academy's objectives.

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	22,401,155	22,401,155	23,006,872
Current assets	464,205	762,847	542,808	1,769,860	1,451,595
Creditors due within one year	-	(445,774)	-	(445,774)	(420,340)
Pension scheme liability	-	(2,100,000)	-	(2,100,000)	(2,121,000)
	<u>464,205</u>	<u>(1,782,927)</u>	<u>22,943,963</u>	<u>21,625,241</u>	<u>21,917,128</u>

**20. NET CASH FLOW FROM OPERATING ACTIVITIES**

	31 August 2014 £	31 August 2013 £
Net incoming/(outgoing) resources before revaluations	(561,887)	22,477,128
Returns on investments and servicing of finance	(8,169)	(3,147)
Cash impact of transfer on conversion	-	(243,075)
FRS17 pension incurred on conversion	-	1,429,000
Depreciation of tangible fixed assets	763,908	712,433
Capital grants and assets transferred on conversion	-	(23,989,058)
Capital grants from DfE	(268,246)	-
Decrease/(increase) in stocks	517	(40,970)
Increase in debtors	(65,012)	(120,109)
Increase in creditors	25,435	420,338
FRS 17 adjustments	249,000	132,000
<b>Net cash inflow from operations</b>	<u>135,546</u>	<u>774,540</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	31 August 2014 £	31 August 2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	8,169	3,147
	<u>8,169</u>	<u>3,147</u>
	31 August 2014 £	31 August 2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(158,191)	(89,315)
Capital grants from DfE	268,246	359,069
	<u>110,055</u>	<u>269,754</u>
<b>Net cash inflow capital expenditure</b>	<u>110,055</u>	<u>269,754</u>

**22. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	1,290,516	253,770	-	1,544,286
<b>Net funds</b>	<u>1,290,516</u>	<u>253,770</u>	<u>-</u>	<u>1,544,286</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**23. PENSION COMMITMENTS**

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

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

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

**Teachers' Pension Scheme**

**Introduction**

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

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

**Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**23. PENSION COMMITMENTS (continued)**

Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2014 was £271,000, of which employer's contributions totalled £199,000 and employees' contributions totalled £72,000. The agreed contribution rates for future years are 16.6% for employers and range between 5.5% and 12.5% for employees.

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



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**23. PENSION COMMITMENTS (continued)**

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.70	644,000	6.30	414,000
Bonds	3.60	224,000	4.40	207,000
Property	5.90	184,000	4.30	89,000
Gilts	3.00	17,000	3.50	10,000
Cash	2.90	51,000	0.50	10,000
Alternative assets and other	4.98	394,000	4.70	256,000
Total market value of assets		<u>1,514,000</u>		<u>986,000</u>
Present value of scheme liabilities		<u>(3,614,000)</u>		<u>(3,107,000)</u>
Deficit in the scheme		<u>(2,100,000)</u>		<u>(2,121,000)</u>

The amounts recognised in the Balance sheet are as follows:

	31 August 2014 £	31 August 2013 £
Present value of funded obligations	(3,614,000)	(3,107,000)
Fair value of scheme assets	<u>1,514,000</u>	<u>986,000</u>
Net liability	<u>(2,100,000)</u>	<u>(2,121,000)</u>

The amounts recognised in the Statement of financial activities are as follows:

	31 August 2014 £	31 August 2013 £
Current service cost	(350,000)	(248,000)
Interest on obligation	(156,000)	(100,000)
Expected return on scheme assets	<u>58,000</u>	<u>33,000</u>
Total	<u>(448,000)</u>	<u>(315,000)</u>
Actual return on scheme assets	<u>107,000</u>	<u>61,000</u>

The expected rate of return is estimated to be 5.9% per the actuarial report based on the estimated fund value used at the accounting date.

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**23. PENSION COMMITMENTS (continued)**

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

	<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
Opening defined benefit obligation	<b>3,107,000</b>	2,103,000
Current service cost	<b>350,000</b>	248,000
Interest cost	<b>156,000</b>	100,000
Contributions by scheme participants	<b>72,000</b>	66,000
Actuarial (gains)/losses	<b>(70,000)</b>	589,000
Benefits paid	<b>(1,000)</b>	1,000
Closing defined benefit obligation	<b>3,614,000</b>	3,107,000

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

	<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
Opening fair value of scheme assets	<b>986,000</b>	674,000
Expected return on assets	<b>58,000</b>	33,000
Actuarial gains and (losses)	<b>200,000</b>	29,000
Contributions by employer	<b>199,000</b>	183,000
Contributions by employees	<b>72,000</b>	66,000
Benefits paid	<b>(1,000)</b>	1,000
	<b>1,514,000</b>	986,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(290,000) (2013 - £(560,000)).

The academy expects to contribute £199,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>2014</b>	<b>2013</b>
Equities	<b>43.00 %</b>	42.00 %
Gilts	<b>1.00 %</b>	1.00 %
Other bonds	<b>15.00 %</b>	21.00 %
Property	<b>12.00 %</b>	9.00 %
Cash	<b>3.00 %</b>	1.00 %
Alternative assets	<b>- %</b>	26.00 %
Target return portfolio	<b>17.00 %</b>	- %
Commodities	<b>9.00 %</b>	- %
Infrastructure	<b>4.00 %</b>	- %
Longevity insurance	<b>(4.00)%</b>	- %

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. PENSION COMMITMENTS (continued)**

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

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Rate of increase in salaries	4.50 %	4.85 %
Rate of increase for pensions in payment / inflation	2.70 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.90 %
RPI Increases	3.50 %	3.70 %

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

	2014	2013
Retiring today		
Males	22.7	23.1
Females	26.0	25.7
Retiring in 20 years		
Males	24.9	25.1
Females	28.3	27.6

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(3,614,000)	(3,107,000)
Scheme assets	1,514,000	986,000
Deficit	(2,100,000)	(2,121,000)
Experience adjustments on scheme liabilities	115,000	-
Experience adjustments on scheme assets	200,000	29,000

**24. OPERATING LEASE COMMITMENTS**

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £	2013 £	2014 £	2013 £
<b>Expiry date:</b>				
Within 1 year	-	-	-	5,046
Between 2 and 5 years	-	-	15,697	9,836

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**25. RELATED PARTY TRANSACTIONS**

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

The following related party transactions took place in the period with Tirabad Residential Educational Trust, a charitable trust in which R Pilgrim is a trustee:

Tirabad Residential Educational Trust invoiced the academy £99,603 (2013: £88,290) in relation to students visiting the site.

The academy paid wages of £6,391 (2013: £100) in relation to the educational trust and paid lease costs for a minibus on their behalf of £4,937 (2013: £4,260). At the year end there were no amounts outstanding (2013: no amounts outstanding).

**26. 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 he/she is a member, or within one period 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.

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