

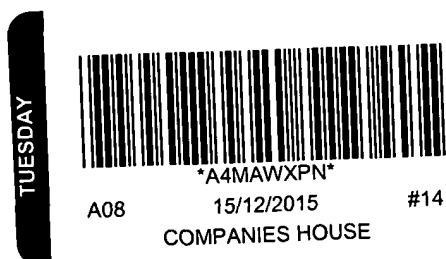
**Company Registration Number: 07848367**

**Aylesford School and Sixth Form College**

**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31 August 2015**



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**Reference and Administrative Details**

**Governors (Trustees)**

R Lyttle (Chairman)  
S Hall (Headteacher and Accounting Officer)  
D Amor \* (resigned 31/08/15)  
P Booty  
J Chamberlain \* (Staff Governor)  
D Clark\*  
T Hodgson \* (Staff Governor)  
J Hood  
S Hood (resigned 31/08/15)  
G Hopley  
L Kenyon (appointed 15/09/14)  
J Levett \*  
B Nobes  
D Savage (Staff Governor)  
G Smith\*  
M Swallow (Responsible Officer)

\* members of the Finance and Premises Committee

**Company Secretary**

S Grinnell

**Senior Management Team:**

- Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Assistant Headteacher

S Hall  
T Hodgson  
M Payne  
M McKinney  
J Chamberlain

**Company Name**

Aylesford School and Sixth Form College

**Registered Office**

Tapping Way  
Warwick  
CV34 6XR

**Company Registration Number**

07848367 (England and Wales)

**Independent Auditor**

Moore Stephens LLP  
35 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1TS

**Bankers**

Lloyds Bank plc  
12 Swan Street  
Warwick  
CV34 4BJ

**Solicitors**

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B3 2ES

## **Governors' Report**

The Governors present their annual report together with the financial statements and auditors' report of Aylesford School Academy Trust for the period 1st September 2014 to 31st August 2015. The annual report serves the purpose of both trustees report and a directors report under company law.

Aylesford School and Sixth Form College was incorporated on 15<sup>th</sup> November 2011 and opened to students as an academy in January 2012 when the assets and activities of the former maintained school were transferred into the new legal entity.

The trust operates as an academy for pupils aged 11 to 19 serving a catchment area of West Warwick. It currently has 754 pupils on roll (school census October 2015).

The financial statements have been prepared in accordance with the accounting policies (on pages 23 to 25 of the attached financial statements), and comply with the Charitable Company's Memorandum and Articles of Association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' as issued in March 2005 ('SORP 2005') and the Academies Financial Handbook.

## **Structure, Governance and Management**

### Constitution

Aylesford School and Sixth Form College, hereafter referred to as the Academy, is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association dated 14 November 2011 are the prime governing documents of the academy.

The Governors act as trustees for the charitable activities of the Academy and are also directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Aylesford School and Sixth Form College.

Details of the governors who served throughout the year except as noted 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.

### Governors' Indemnities

Subject to the provisions of the Companies Act 2006, every Governor or other officer or auditor of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy.

### Method of Recruitment and Appointment or Election of Governors

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Academy deed. The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any Governor shall be four years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor any Governor may be reappointed or re-elected. The Governors who served during the year are listed on page 1.

The existing membership of the governing body complies with the memorandum and articles of association. The recruitment and appointment of new governors is determined by the category, with members appointing up to six Governors using a skills audit and parent governors being appointed by election. When a vacancy arises all reasonable and practical measures are taken to inform all eligible to vote.

## **Governors' Report (continued)**

### Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new Governors will depend on their existing experience. There is a policy in place to support the induction of all new governors that enables them to undertake their role in monitoring and reviewing educational, legal and financial matters.

### Organisational Structure

The Academy is set up with a management structure to support the Education Brief. The organisational structure consists of three levels: the Academy Trust Members, the Governors (Trustees) and the Senior Leadership Team.

The members of the academy trust are responsible for key decisions, have accountability and residual control, appoint new members and governing body (Trustees) and convene an AGM.

The Governors/Trustees are responsible for the business of the trust, setting general policy, adopting an annual plan and budget, monitoring its financial and operational performance and making strategic decisions about the direction of the Academy, approving major items of expenditure and making senior staff appointments.

For the period up to August 2015 the Governing Body operated a committee structure reporting into the main Governing Body. Committees include Finance and Premises Committee, Standards, Personnel and Curriculum Committee. Both Committees have approved terms of reference.

A Governor was also appointed into the Responsible Officer role with effect from January 2012.

During the year ended 31 August 2015 the full Governing Body met four times.

The Governors have approved a scheme of financial delegation which clearly sets out the level of financial authority delegated to the Headteacher and his representatives.

The Senior Leadership Team (SLT) control the Academy at an executive level, implement the policies laid down by the Governors and report back to them. The SLT is headed by the Headteacher who is the Accounting Officer. Members of the SLT are responsible for developing and implementing Academy plans which seek to deliver the best possible education for its students within the agreed budget and scheme of delegation approved by Governors. Members of the SLT are set out on page 1.

Heads of Subject make up the Academic Board and these managers contribute to the day to day operation of the academy, organising their staff, facilities and the students in their course. Heads of Subject have delegated budget management responsibilities.

## **Objectives and Activities**

### Objects and Aims

The Academy objective is set out in its Articles of Association. In summary it is to establish, maintain, manage and develop a school offering a broad and balanced curriculum. It seeks to deliver this object through The Academy which opened to students in January 2012 on premises leased from Warwickshire County Council previously occupied by the existing school but maintained by the local authority.

In accordance with the Articles of Association the Academy has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which students are drawn, and that the curriculum should comply with the substance of the National Curriculum.

## **Governors' Report (continued)**

### Objectives, Strategies and Activities

The Academy has a vision that all children have potential and that the education it provides nurtures students and supports them in making that potential a reality.

The Academy seeks to inspire in students a passion for lifelong learning; to work in partnership with them and others so as to provide an exciting, engaging and enjoyable experience in a happy and secure environment.

We seek to ensure that Aylesford School and Sixth Form College offers a caring and supportive place for students to learn, grow and aspire combined with a safe environment that makes young people want to take pride in themselves, their House and their Academy.

The Academy's Development Plan is reviewed annually by Governors. It has established specific targets in the following areas:

- the effectiveness of leadership and management
- the quality of teaching, learning and assessment
- personal development, behaviour and welfare
- outcome for pupils

These targets are in line with the current inspection framework and form the basis for self-evaluation.

## **Safeguarding**

The Academy recognises its commitment to students, staff, parents/carers and Governors and to the wider community based on the principle of promotion of self-respect and the respect of others. Our values centre on four principle wonder, aspiration, respect and discipline. In meeting our aims, all our actions embody our key principles and values which include:-

- Encouraging young people to develop into good citizens to aim for excellence in all they attempt, to communicate effectively, work well in teams and to enjoy life.
- Striving to make the best possible provision for all students, staff, governors and those connected with the Academy regardless of disability, ethnicity, culture, religious belief, national origin or status, gender or sexual orientation.
- Respecting diversity. We know that treating everyone equally is not simply a matter of treating everyone the same. We always seek to do our best to make reasonable adjustments for disability, recognise and celebrate cultural differences and understand the different needs and experiences of boys and girls.
- Knowing that equality is not simply about protecting the potentially vulnerable. We believe that all students may be disadvantaged by the holding of prejudicial views, and seek to promote good relationships between all groups, and positive attitudes towards disabled people, people from different ethnic or cultural groups or faith backgrounds and people of different gender or sexual orientation.
- Valuing our staff for their ability and potential to help us make the best possible provision for the students in the Academy regardless of disability, ethnicity, culture, religious belief, national origin, gender or sexual orientation.
- Being proactive in our efforts to identify and minimise existing barriers or inequalities.
- Seeking the views of all groups affected by the policies and work of our Academy and involving them in policy review where appropriate.
- Recognising our role in promoting community cohesion and actively encouraging the participation in public life of all in the Academy.

## **Governors' Report (continued)**

### **Disabled Persons**

The Academy recognises its responsibilities under the Disability Discrimination Act. The general duty to promote disability equality is owed to all disabled people which means that we have due regard to:

- Promote equality of opportunity between disabled people and other people.
- Eliminate unlawful discrimination.
- Eliminate disability related harassment.
- Promote positive attitudes towards disabled people.
- Encourage participation by disabled people in public life.
- Take steps to take account of disabled people's disabilities, even where that involves treating disabled people more favourably than other people.

### Public Benefit

Academy Trust Governors are satisfied that the Academy complies with its duty in respect of public benefit, for example the promotion of education in general, the provision of sporting and recreational facilities and the promotion of artistic and literacy appreciation.

## **STRATEGIC REPORT**

### **Achievements and Performance**

Aylesford School and Sixth form College continues to offer very good value for money receiving income per head which is in the lower 35% of schools nationally, (DfE Benchmarking), whilst achieving results that are either in line or above national statistics.

At GCSE the 5+ A\*-C (including English and Maths) pass rate was 55%, which is in line with the national average.

68% of students achieved the overall 5+ A\*-C threshold measure whilst 100% of students gained 5+ A\*-G, significantly above national averages.

The Capped Point Score (the best 8 subjects per student) of 324 was once again a strong indicator of good levels of attainment.

Average point score for Maths was 41.4. The 3 levels of progress measure for Mathematics was 82%. Average point score for English was 38.4. The 3 levels of progress for English was 56%. Best 8 records from FFT and DfE methodologies indicate above national level for 2015. There are significant strengths in attainment and progress outcomes for students in Maths, History, Geography and MFL.

At A level, students enter with QCA scores that are just below national and leave with outcomes that are broadly in line with national figures. The overall pass rate at A level was 100% with 76% of exams resulting in an A\*-C grade and 50% achieving A\*/Bs. Individual point score per entry was 225 reflecting a grade C result on average per entry. ALPS student analysis for 2015 indicates that 73.5% met or exceeded their targets at A level and the school has been graded at '3: excellent' for progress performance.

There is significant strength in English Language and Literature, Art and Photography. Sixth Form courses centre on A levels and a small range of Level 3 vocational qualifications. Students who do not matriculate with English or Maths have this built into their programme Post 16.

All students wanting to move on to university were able to do so because of their results. We continue our relentless drive to improve pupil's life chances and to enable them in their journey to fulfilling their potential as an adult.

## **Governors' Report (continued)**

### **Key Performance Indicators**

In addition to the achievement indicators outlined above the Governors monitor the following finance related performance indicators:-

#### **Unrestricted income streams from facility lettings to at least meet if not exceed target budget set.**

In 2014/15 unrestricted income from facility lettings was £82k which exceeded the budgeted target of £70k. There has been a very lucrative letting of our main hall and two drama suites to a National drama academy. This booking has just now been extended from a half day weekly hiring to a full day weekly hiring with a contract signed for a two year period.

#### **Proactive but cautious investment of surplus funds to optimise interest return**

In 2014/15 total interest income achieved was £9k.

#### **Achievement of best value purchases and contracts across the full range of procurement activities of the Academy**

There has been no requirement to retender any of our major contracts this year but current contracts continue to be closely monitored and challenged by our External Business Liaison Officer.

Further information regarding the Academy's methods to achieve best value are outlined on page 11.

### **Examination performance indicators**

Examination performance indicators continue to suggest that the school is still a good school in line with most recent OFSTED inspection of 2012. Attainment and progress measures at GCSE and A level continue to be at or above national benchmarks.

#### **Going Concern**

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

### **Financial Review**

#### **Overview**

Governors have made it a priority to ensure that high standards are maintained within the framework of a budget that is sustainable. Key principles specifically identified in terms of financial planning during the year include:-

- Maintaining a sharp focus on standards in the following areas:-

- the effectiveness of leadership and management
- the quality of teaching, learning and assessment
- personal development, behaviour and welfare
- outcomes for pupils

- Planning for the long term

- Investing for quality and efficiency

- Developing a proactive response to funding challenges

**Governors' Report (continued)**

Key financial policies reviewed and adopted this year include Financial Responsibilities and Schemes of Delegation which establishes the framework for financial management, including the key financial responsibilities of the Governors, its committees and the key officers of the academy, as well as delegated authority for spending decisions. Other policies include Procurement Policy, Asset Capitalisation and Depreciation Policy, Anti-Corruption Policy, Reserves and Investment Policy, Charges and Remissions Policy. We have also conducted an annual review of the Financial Procedures Handbook.

These financial statements reflect the fourth period of operational activity for the Academy.

Most of the School's income is obtained from the DfE via the EFA in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes i.e. the objects of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The total restricted income for the period 14/15 was £3,780k.

The Academy also received a Devolved Formula Capital Grant from the EFA to the value of £18k. This was to provide fixed assets during the period covered by this report.

A further Capital Grant was received as a donation from King Henry VIII Trust to the value of £31k. This was used specifically for the purpose of a capital project to commission the erection of two covered walkway canopies to the Sixth Form block entrance and student recreation area.

In accordance with the Charities SORP 2005 the total restricted fixed asset funds received for 2014/15 were £1,764k.

Expenditure covered by this report totalled £4,793k and is detailed in the Statement of Financial Activities.

For the year 14/15 the Governors set a balanced budget using reserves to the value of £48k. The use of reserves was part of the Governors' three year financial budget plan. During the period September 2014 to August 2015 the Academy sought to manage the budget set but cautiously react to in year requirements particularly for teaching and learning intervention and asset management projects.

The period September 2014 to August 2015 also saw the completion of the Academy's new Primary School with both revenue and capital income received to facilitate start up. Many projects utilising these funds transcended the financial year end and hence affected final balances, Primary School balances have been carried forward into period 15/16.

The governors are comfortable with the proactive and planned use of reserves to balance the 15/16 budget and consider the current level of reserves continue to be healthy and adequate to cover unforeseen circumstances and for the medium term financial three year budget plan.

**Reserves Policy**

The Governing Body reviews the reserve levels of the Academy annually at the year-end and as a part of its medium term budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. Governors determine what the level of uncommitted reserves should be. The aim is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Reserves are also held to 'smooth out' any year by year variation in student numbers so as to secure a stable and committed staff body.

The Academy has an investment and reserves policy which recommends a level of restricted fund reserve to equate to no less than 4% and no more than 15% of the annual budget.

## **Governors' Report (continued)**

As part of its monitoring of in year financial performances the Governing Body reviews the forecast impact on reserves as part of its in year and medium term financial planning. Governors were assured that during 14/15 the forecasted remaining level of reserve fund would remain at a healthy level sufficient to balance further anticipated budget shortfalls for 15/16 and 16/17 (as a result of falling rolls) and to manage any unforeseen emergencies or demands.

As at 31st August 2015, the Academy held total restricted general reserves of £612k which it plans to use in part to balance an anticipated shortfall in the 2015/16 and 2016/17 budget plan, both years being subject to the total on roll impact of small intakes during 13/14 and 14/15. Notably 2015/16 will see an upturn in intake with intake numbers rising to an indicative 769.

Under Accounting Standard FRS17 it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for our non-teaching staff to a specific restricted reserve. As at 31 August 2015 the deficit on this reserve amounted to £1,049k. It should be noted however that this does not present the Academy with a current liquidity problem. Contributions to the pension scheme continue to be increased over the next few years to reduce the deficit.

In addition the Academy held £17,333k restricted fixed asset funds as at 31 August 2015. The fixed asset fund reflects both the funding received for capital investment purposes and the depreciation costs of assets.

Unrestricted funds at 31 August 2015 show a total of £777k.

### **Investment Policy**

The Governing Body has reviewed and approved an Investment and Reserves Policy which authorises the investment of any cash flow surpluses for a limited period in order to generate a higher return on any cash balances. However, in balancing risk against return the Academy policy is clearly geared towards avoiding risk than to maximising return.

### **Principle Risks and Uncertainties**

The Academy has implemented a Risk Management Policy. It has established a risk register which is reviewed and updated annually by the audit committee. Particular attention is paid to those areas considered to be high risk/high impact and measures of control and mitigation are put in place to manage these.

The Academy Trust's activities expose it primarily to cash flow risk. The Governing Body continually monitors cash flow to ensure the Academy Trust has sufficient funds available to meet debts as they fall due. The Governing Body maintains significant cash reserves at all times.

The principle risk to funding is falling student rolls. In addition the risk register identifies risks associated with fraud, damage to reputation and failure to maintain academic standards. Control measures are in place to mitigate these.

The Governing Body acknowledges the defined benefit pension scheme deficit which is set out at Note 25 to the annual report. It considers that the Academy Trust is able to meet its known contribution commitments for the foreseeable future.

### **Plans for Future Periods**

Our primary focus in 2014/15 was to ensure our students made significant progress and achieve high degrees of success in their exams. Notably we have set a target of 65% of students achieving 5 A\* - C (English/Maths) grades and 75% of students making three levels of progress in both English and Maths for 2015/16. Our other targets set within our Development Plan are:-

- Attitudes to learning; a strong learning ethos and culture
- Attendance; work to achieve 95%+ overall with low persistent absence and for low %FSM/CLA absence; attendance ,85%

**Governors' Report (continued)**

- Appearance; high standards of dress and overall conduct
- Achievement and progress; outstanding examination outcomes for all
- 'Improve the quality of teaching so that more of it is outstanding' OFSTED 2012
- Build on existing strengths and deliver a meaningful and relevant CPD programme to develop teachers practice
- Improve the consistence of all assessment processes
- Build the capacity of all teachers to analyse data
- Develop student capacity for independent learning
- Consistently high levels of teaching focused on the core purpose: planning, teaching, quality assessments of work and homework
- Develop curriculum provision and targeted support across Key Stages 3, 4 and 5 in the light of emerging national changes
- Advice support and guidance regarding choices at Key Stage 5 and advise and guide onto those pathways
- Develop an executive strategy to facilitate the establishment of primary education at Key Stage 1 within a 4-19 framework

**Auditor**

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the governors 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.

Moore Stephens LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Governors' report, incorporating a strategic report, approved by order of the members of the Governing Body on 30<sup>th</sup> November 2015 and signed for and on their behalf by:



**R Lyttle**  
Chair of Governors

## Governance Statement

### Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Aylesford School and Sixth Form College 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 Governors has delegated the day to day responsibility to the Headteacher, as the Accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements assigned to it in the Funding Agreement between Aylesford School and Sixth Form College and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors Report and in the Statement of governors' responsibilities. The **governing body** has formally met four times during the period. Attendance during the year at meetings of the governing body was as follows:

| Governor                                  | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| R Lyttle (Chairman)                       | 4                 | 4                 |
| M Swallow (Responsible Officer)           | 2                 | 4                 |
| S Hall (Principal and Accounting Officer) | 4                 | 4                 |
| D Amor (resigned 31/08/15)                | 2                 | 4                 |
| P Booty                                   | 3                 | 4                 |
| J Chamberlain                             | 4                 | 4                 |
| T Hodgson                                 | 4                 | 4                 |
| S Hood (resigned 31/08/15)                | 1                 | 4                 |
| G Hopley                                  | 1                 | 4                 |
| J Levett                                  | 3                 | 4                 |
| B Nobes                                   | 2                 | 4                 |
| J Hood                                    | 1                 | 4                 |
| D Savage (Staff Governor)                 | 3                 | 4                 |
| D Clarke                                  | 3                 | 4                 |
| G Smith                                   | 4                 | 4                 |
| Lucy Kenyon                               | 3                 | 4                 |
| <b>Observer</b>                           |                   |                   |
| Sue Clark                                 | 4                 | 4                 |

### Governance review and key changes

The trust re-named one sub-committee formerly Personnel and Curriculum to Standards, Personnel and Curriculum at their meeting on the 15<sup>th</sup> September 2014.

Lucy Kenyon was appointed a Governor (Trustee) on the 15<sup>th</sup> September 2014. Debra Amor and Sonia Hood resigned as Governors (Trustees) on the 31<sup>st</sup> August 2015.

Governors attended the following training sessions during 2014/15: Headteacher Appraisal/Teacher Pay and Performance, Child Protection and Safeguarding, Effective School Visits and Making Effective Use of Data. Two in house training sessions were also held: PREVENT and Governor Visits.

**Governance Statement (continued)**

The **Finance and Premises Committee** is a sub-committee of the main governing body. Its purpose is identified in its terms of reference.

Attendance at meetings in the year was as follows:

| <b>Governor</b>                           | <b>Meetings attended</b> | <b>Out of a possible</b> |
|---|--------------------------|--------------------------|
| D Amor                                    | 3                        | 5                        |
| J Chamberlain                             | 5                        | 5                        |
| S Hall (Principal and Accounting Officer) | 5                        | 5                        |
| T Hodgson                                 | 5                        | 5                        |
| L Kenyon                                  | 2                        | 5                        |
| J Levett                                  | 3                        | 5                        |
| D Clarke (Chair)                          | 5                        | 5                        |
| G Smith                                   | 3                        | 5                        |

The Audit Committee is also a sub-committee of the main board of Governors. Its purpose is to monitor the AT's risk management and internal financial controls systems and to report to the Finance and Premises committee.

| <b>Governor</b>                 | <b>Meetings attended</b> | <b>Out of a possible</b> |
|---------------------------------|--------------------------|--------------------------|
| R Lyttle                        | 2                        | 2                        |
| D Clarke (appointed 06/10/14)   | 0                        | 2                        |
| M Swallow (Responsible Officer) | 0                        | 2                        |
| P Booty                         | 2                        | 2                        |

**Review of Value for Money**

As accounting officer the Headteacher has responsibility for ensuring that the academy 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 trustees where value for money can be improved, including the use of benchmarking data where available.

The school continues to offer good value for money receiving less income per capita on average but maintains results that are consistently at or above average levels nationally.

In addition the accounting officer for the academy trust has delivered improved value for money during the year by:-

- Permanent appointment of our External Business Liaison Officer who continues to monitor and challenge on all external contracts and services.
- Finance team working very closely with other departments (site and IT in particular) to ensure procurement is driven by best value principles. This has been supported this year by the establishment of an extensive 'procurement projects' log of purchases for the period September 2014 to August 2015 which cross references to all quotes obtained (even for small values under £2,000) and provides an invaluable resource document for analysing best value opportunity.
- The Academy has been highly successful in obtaining significant grant funding from King Henry VIII trust to procure two covered walkway canopies to enhance the entrance to the Sixth form block and to provide undercover recreational areas for students.
- The Academy has been proactive in maximising set up funding from the LA for the resource and capital requirements of our new Primary School due to be opened in September 2015. In addition to obtaining significant funds for specific use in the Primary section we have also obtained funding to respond to capacity demands on the main secondary school and have acquired significant funding to upgrade our IT infrastructure, telephony system and catering equipment.

## **Governance Statement (continued)**

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for Aylesford School and Sixth Form College for the year ended 31 August 2015 and up to the date of approval for the annual report and financial statements.

### **Risk Management**

The Academy has further developed its risk management strategy by appointing an Audit Committee (Governors' sub-committee) whose terms of reference are to: monitor the AT's risk management and internal financial central systems and to report to the Finance and Premises Committee. The Audit Committee will review the strategic risk register annually. The Risk Register seeks to both identify the likelihood of a risk occurring, its impact and actions that are being taken to mitigate the risk. Risks included on the Register are varied but include public profile risks such as the Academy not seen by the public to be meeting its objectives. In addition the register records the risks associated with major incidents, ICT system failures and several financial and operational risks, including budgetary risks and health and safety and safeguarding of students risks. Some significant financial risks such as public and employee liability are covered by insurance. The Academy operates systems of internal financial control which is annually reviewed by the Audit Committee, with additional periodic checks by the Academy's auditors and Responsible Officer.

### **Capacity to Handle Risk**

The Board of Governors through the Audit Committee has reviewed the key risks to which Aylesford School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place from the School's conversion to Academy Status on 1 January 2012 for the remainder of the period ended 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

### **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 governing body
- regular reviews by the Finance and Premises 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 Governors has considered the need for a specific internal audit function and has decided monitoring and annual review of the Internal Financial Control checklist and Risk Register by the Audit Committee and not to appoint an internal auditor. However, the trustees have appointed Mr Mike Swallow, a trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. RO reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors financial responsibilities.

**Governance Statement (continued)**

In 2014/15 the RO has delivered his schedule of work as planned and there were no material control issues arising. Checks carried out during the period 14/15 were:-

- review of uniform sales
- review of payroll systems
- review of travel expenses and petty cash claims

**Review of Effectiveness**


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

- the work of the Responsible Officer
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the Senior Leadership Team within the academy trust who have responsibility for the development and maintenance of the internal control framework
- the work of the Audit Committee

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Premises 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 governing body on 30<sup>th</sup> November 2015 and signed on its behalf by:

  
**R Lyttle**  
Chair of Governors

  
**S Hall**  
Accounting Officer

**Statement on Regularity, Propriety and Compliance**

As accounting officer of Aylesford School and Sixth Form College I have considered my responsibility to notify the academy 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 academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



**S Hall**  
Accounting Officer

30<sup>th</sup> November 2015

## Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities of Aylesford School and Sixth Form College and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in 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 and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation

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


The governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Young People's Learning Agency, Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the governors are aware:

- there is no relevant audit information of which the academy's auditor is unaware; and
- the governors 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 governors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the governing body on 30<sup>th</sup> November 2015 and signed on its behalf by:



R Lytle  
Chair of Governors  
30<sup>th</sup> November 2015

## **Independent Auditor's Report to the Members of Aylesford School and Sixth Form College**

We have audited the financial statements of Aylesford School and Sixth Form College for the year ended 31 August 2015 which will comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the charitable School'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 School'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 School and its members, as a body for our audit work, for this report, or for the opinion we have formed.

### **Respective responsibilities of Governors and auditors**

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the charitable School for the purposes of company law) are responsible for the preparation of the financial statements 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 School's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' 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 School's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 2014 to 2015 issued by the Education Funding Agency.

**Independent Auditor's Report to the Members of Aylesford School and Sixth Form College  
(continued)**

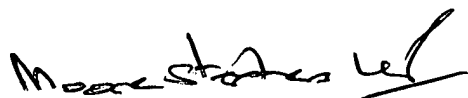
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial period 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**NICHOLAS SIMKINS** (Senior Statutory Auditor)  
for and on behalf of MOORE STEPHENS LLP (Statutory Auditor)  
Chartered Accountants and Statutory Auditor  
Birmingham

Date: 20/11/2015

**Independent Reporting Accountant's Assurance Report on Regularity to Aylesford School and Sixth Form College and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 23 June 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Aylesford School and Sixth Form College during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Aylesford School and Sixth Form College and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Aylesford School and Sixth Form College 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 Aylesford School and Sixth Form College and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Aylesford School and Sixth Form College's Accounting Officer and the Reporting Accountant**

The accounting officer is responsible, under the requirements of Aylesford School and Sixth Form College's funding agreement with the Secretary of State for Education dated 21 December 2011 and the Academies financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 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 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

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

We have undertaken testing as appropriate in accordance with the Academies Accounts Direction 2014 to 2015. This includes an evaluation of the control environment of the school, enquiry, analytical review and substantive testing.

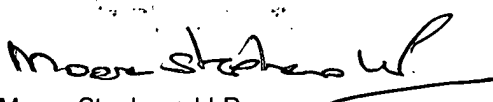
**Independent Reporting Accountant's Assurance Report on Regularity to Aylesford School and Sixth Form College and the Education Funding Agency (continued)**

Our procedures included, but not limited to the following:

- Reviewing minutes of meetings, management accounts and made enquiries of management;
- Performing sample testing of expenditure ensuring items are for the School's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, review for any indication of purchase for personal use by staff, Head or Governors;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and made further enquiries into any such items where relevant;
- Taking a selection of nominal ledger accounts for evidence of unusual entries and made further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the School;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

**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 period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

  
Moore Stephens LLP  
Chartered Accountants  
Birmingham  
Date: 30/11/2015

**Statement of Financial Activities for the year ended 31 August 2015**

**(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

|   | Note | Unrestricted<br>Funds<br>£000 | Restricted<br>General<br>Funds<br>£000 | Restricted<br>Fixed<br>Asset<br>Funds<br>£000 | Total<br>2015<br>£000 | Total<br>2014<br>£000 |
|---|------|-------------------------------|--|---|-----------------------|-----------------------|
| <b>Incoming resources</b>                                     |      |                               |  |   |                       |                       |
| <i>Incoming resources from generated funds:</i>               |      |                               |  |   |                       |                       |
| Voluntary income  | 2    | -                             | 53                                     | 1,620   | 1,673                 | 10                    |
| Activities for generating funds                               | 3    | 109                           | 95                                     | -   | 204                   | 284                   |
| Investment income   | 4    | 9                             | -                                      | -   | 9                     | 4                     |
| <i>Incoming resources from charitable activities:</i>         |      |                               |  |   |                       |                       |
| Funding for the academy's educational operations              | 5    | -                             | 4,154                                  | 144   | 4,298                 | 4,678                 |
| <b>Total incoming resources</b>                               |      | <b>118</b>                    | <b>4,302</b>                           | <b>1,764</b>                                  | <b>6,185</b>          | <b>4,976</b>          |
| <b>Resources expended</b>                                     |      |                               |  |   |                       |                       |
| <i>Cost of generating funds:</i>                              |      |                               |  |   |                       |                       |
| Costs of generating voluntary income                          |      | -                             | -                                      | -   | -                     | -                     |
| Fundraising trading   |      | 24                            | 86                                     | -   | 110                   | 165                   |
| <i>Charitable activities:</i>                                 |      |                               |  |   |                       |                       |
| Academy's educational operations                              | 7    | -                             | 4,230                                  | 392   | 4,622                 | 4,839                 |
| Governance costs  | 8    | -                             | 61                                     | -   | 61                    | 41                    |
| <b>Total resources expended</b>                               | 6    | <b>24</b>                     | <b>4,377</b>                           | <b>392</b>                                    | <b>4,793</b>          | <b>5,045</b>          |
| <b>Net incoming / (outgoing) resources before transfers</b>   |      | <b>94</b>                     | <b>(74)</b>                            | <b>1,372</b>                                  | <b>1,392</b>          | <b>(69)</b>           |
| Gross transfers between funds                                 | 16   | -                             | -                                      | -   | -                     | -                     |
| <b>Net income/(expenditure) for the period</b>                |      | <b>94</b>                     | <b>(74)</b>                            | <b>1,372</b>                                  | <b>1,392</b>          | <b>(69)</b>           |
| <b>Other recognised gains and losses</b>                      |      |                               |  |   |                       |                       |
| Actuarial gains / (losses) on defined benefit pension schemes | 25   | -                             | (41)                                   | -   | (41)                  | (95)                  |
| <b>Net movement in funds</b>                                  |      | <b>94</b>                     | <b>(115)</b>                           | <b>1,372</b>                                  | <b>1,351</b>          | <b>(164)</b>          |
| <b>Total funds brought forward</b>                            |      | <b>683</b>                    | <b>(322)</b>                           | <b>15,961</b>                                 | <b>16,322</b>         | <b>16,486</b>         |
| <b>Total funds carried forward at 31 August 2015</b>          | 16   | <b>777</b>                    | <b>(437)</b>                           | <b>17,333</b>                                 | <b>17,673</b>         | <b>16,322</b>         |


All of the academy trust's activities derive from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

Balance sheet as at 31 August 2015

|  | Notes | 2015<br>£000 | 2015<br>£000   | 2014<br>£000 | 2014<br>£000  |
|--|-------|--------------|----------------|--------------|---------------|
| <b>Fixed assets</b>                            |       |              |                |              |               |
| Tangible assets                                | 12    |              | 17,288         |              | 15,961        |
| <b>Current assets</b>                          |       |              |                |              |               |
| Stock  | 13    | 35           |                | 29           |               |
| Debtors  | 14    | 133          |                | 122          |               |
| Cash at bank and in hand                       |       | <u>1,427</u> |                | <u>1,252</u> |               |
|  |       | 1,595        |                | 1,403        |               |
| <b>Liabilities</b>                             |       |              |                |              |               |
| Creditors: Amounts falling due within one year | 15    | <u>(161)</u> |                | <u>(94)</u>  |               |
| <b>Net current assets</b>                      |       |              | <u>1,434</u>   |              | <u>1,309</u>  |
| Total assets less current liabilities          |       |              | 18,722         |              | 17,270        |
| <b>Net assets excluding pension liability</b>  |       |              |                |              |               |
| Pension scheme liability                       | 25    |              | (1,049)        |              | (948)         |
| <b>Net assets including pension liability</b>  |       |              | <u>17,673</u>  |              | <u>16,322</u> |
| <b>Funds of the academy:</b>                   |       |              |                |              |               |
| <b>Restricted income funds</b>                 |       |              |                |              |               |
| Fixed asset funds                              | 16    |              | 17,333         |              | 15,961        |
| General funds                                  | 16    |              | 612            |              | 626           |
| Pension reserve                                | 16    |              | <u>(1,049)</u> |              | <u>(948)</u>  |
| <b>Total restricted funds</b>                  |       |              | <u>16,896</u>  |              | <u>15,639</u> |
| <b>Unrestricted income funds</b>               |       |              |                |              |               |
| General funds                                  | 16    |              | <u>777</u>     |              | <u>683</u>    |
| <b>Total unrestricted funds</b>                |       |              | <u>777</u>     |              | <u>683</u>    |
| <b>Total funds</b>                             |       |              | <u>17,673</u>  |              | <u>16,322</u> |

The financial statements on pages 20 to 38 were approved by the governors, and authorised for issue on 30<sup>th</sup> November 2015 and are signed on their behalf by:

  
R Lyttle  
Chair of Governors

Company Limited by Guarantee

Registration Number 07848367

Cash Flow Statement for the year ended 31 August 2015

|   | Notes | 2015<br>£000 | 2014<br>£000 |
|---|-------|--------------|--------------|
| <b>Net cash inflow from operating activities</b>                | 20    | 119          | 20           |
| Returns on investments and servicing of finance                 | 21    | 9            | 4            |
| Capital expenditure   | 22    | 47           | (157)        |
| <b>(Decrease)/increase in cash in the period</b>                | 23    | 175          | (133)        |
| <b>Reconciliation of net cash flow to movement in net funds</b> |       |              |              |
| (Decrease)/increase in cash in the period                       |       | 175          | (133)        |
| Net funds at 1 September 2014                                   |       | 1,252        | 1,385        |
| <b>Net funds at 31 August 2015</b>                              |       | 1,427        | 1,252        |

## Notes to the Financial Statements for the year ended 31 August 2015

### 1. Statement of Accounting Policies

#### Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### Going Concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements. The governors have assessed that the going concern of the academy is not in doubt for the foreseeable future.

#### Incoming Resources

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

- **Grants receivable**  
Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.
- **Donations**  
Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- **Other income**  
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

#### Resources Expended

All 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**  
These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- **Charitable activities**  
These are costs incurred on the academy trust's educational operations.
- **Governance costs**  
These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings.

All resources expended are inclusive of irrecoverable VAT.

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

**1. Statement of Accounting Policies (continued)**

**Tangible Fixed Assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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 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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

|                                  |   |
|----------------------------------|---|
| Long leasehold buildings         | 2% per annum                                |
| Long leasehold land              | 0.8% per annum (over the life of the lease) |
| Fixtures, fittings and equipment | 20% per annum                               |
| ICT equipment                    | 33.3% per annum                             |
| Motor Vehicles                   | 20% per annum                               |

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

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

**Leased Assets**

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**Taxation**

The academy 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 academy 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.

**Stock**

Stock consists of purchased uniform goods for resale. Stocks are valued at the lower of cost and net realisable value.

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

**1. Statement of Accounting Policies (continued)**

**Pensions Benefits**

Retirement benefits to employees of the academy 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 academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the academy trust 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.

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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**Fund Accounting**

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

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

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

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

**2 Voluntary Income**

|                 | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2015<br>£000 | Total<br>2014<br>£000 |
|-----------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Donated assets  | -                             | 1,620                       | 1,620                 | -                     |
| Other Donations | -                             | 53                          | 53                    | 10                    |
|                 | -                             | 1,673                       | 1,673                 | 10                    |

**3 Activities for Generating Funds**

|                         | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2015<br>£000 | Total<br>2014<br>£000 |
|-------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Hire of Facilities      | 82                            | -                           | 82                    | 71                    |
| Uniform Sales           | 27                            | -                           | 27                    | 31                    |
| Trips Income            | -                             | 69                          | 69                    | 143                   |
| Music Tuition           | -                             | 18                          | 18                    | 14                    |
| Departmental Activities | -                             | 8                           | 8                     | 25                    |
|                         | 109                           | 95                          | 204                   | 284                   |

**4 Investment Income**

|                     | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2015<br>£000 | Total<br>2014<br>£000 |
|---------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Short term deposits | 9                             | -                           | 9                     | 4                     |
|                     | 9                             | -                           | 9                     | 4                     |

## Notes to the Financial Statements for the year ended 31 August 2015 (continued)

## 5 Funding for academy's educational operations

|                                 | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2015<br>£000 | Total<br>2014<br>£000 |
|---------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| <b>DfE / EFA revenue grants</b> |                               |                             |                       |                       |
| General Annual Grant (GAG)      | -                             | 3,780                       | 3,780                 | 4,054                 |
| Other DfE / EFA grants          | -                             | 379                         | 379                   | 528                   |
|                                 | -                             | 4,159                       | 4,159                 | 4,582                 |
| <b>Other Government grants</b>  |                               |                             |                       |                       |
| Local authority grants          | -                             | 139                         | 139                   | 96                    |
|                                 | -                             | 139                         | 139                   | 96                    |
|                                 | -                             | 4,298                       | 4,298                 | 4,678                 |

## 6 Resources Expended

|  | Staff<br>Costs<br>£000 | Non Pay Expenditure<br>Premises<br>£000 | Other<br>Costs<br>£000 | Total<br>2015<br>£000 | Total<br>2014<br>£000 |
|--|------------------------|---|------------------------|-----------------------|-----------------------|
| Costs of generating voluntary income               | -                      | -                                       | -                      | -                     | -                     |
| Costs of activities for generating funds           | 22                     | 1                                       | 87                     | 110                   | 165                   |
| Academy's educational operations                   |                        |   |                        |                       |                       |
| Direct costs                                       | 2,912                  | 366                                     | 313                    | 3,592                 | 3,706                 |
| Allocated support costs                            | 481                    | 26                                      | 524                    | 1,031                 | 1,133                 |
|  | 3,393                  | 392                                     | 837                    | 4,622                 | 4,839                 |
| Governance costs including allocated support costs | 10                     | -                                       | 51                     | 61                    | 41                    |
|  | 10                     | -                                       | 51                     | 61                    | 41                    |
| Total resources expended                           | 3,425                  | 394                                     | 974                    | 4,793                 | 5,045                 |

## Resources expended for the period include:

|                                 | 2015<br>£000 | 2014<br>£000 |
|---------------------------------|--------------|--------------|
| Operating leases                | 5            | 4            |
| Fees payable to auditor - audit | 9            | 8            |
| - other services                | 2            | 2            |

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**
**7 Charitable Activities – Academy's educational operations**

|  | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2015<br>£000 | Total<br>2014<br>£000 |
|--|-------------------------------|-----------------------------|-----------------------|-----------------------|
| <b>Direct costs</b>                          |                               |                             |                       |                       |
| Teaching and educational support staff costs | -                             | 2,912                       | 2,912                 | 2,946                 |
| Depreciation                                 | -                             | 366                         | 366                   | 369                   |
| Educational supplies                         | -                             | 238                         | 238                   | 290                   |
| Examination fees                             | -                             | 65                          | 65                    | 67                    |
| Staff development                            | -                             | 10                          | 10                    | 12                    |
| Other direct costs                           | -                             | -                           | -                     | 22                    |
|  | -                             | 3,592                       | 3,592                 | 3,706                 |
| <b>Allocated support costs</b>               |                               |                             |                       |                       |
| Support staff costs                          | -                             | 481                         | 481                   | 525                   |
| Depreciation                                 | -                             | 26                          | 26                    | 39                    |
| Heat and light                               | -                             | 150                         | 150                   | 113                   |
| Maintenance of premises and equipment        | -                             | 119                         | 119                   | 127                   |
| Cleaning                                     | -                             | 87                          | 87                    | 87                    |
| Rent & rates                                 | -                             | 23                          | 23                    | 42                    |
| Insurance                                    | -                             | 42                          | 42                    | 42                    |
| Security and transport                       | -                             | 3                           | 3                     | 5                     |
| Catering                                     | -                             | 22                          | 22                    | 22                    |
| Other support costs                          | -                             | 78                          | 78                    | 131                   |
|  | -                             | 1,031                       | 1,031                 | 1,133                 |
|  | -                             | 4,622                       | 4,622                 | 4,839                 |

**8 Governance costs**

|  | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2015<br>£000 | Total<br>2014<br>£000 |
|--|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Legal and professional fees                | -                             | 40                          | 40                    | 22                    |
| Auditor's remuneration                     |                               |                             |                       |                       |
| • Audit of financial statements            | -                             | 9                           | 9                     | 8                     |
| • Accountancy, taxation and other services | -                             | 2                           | 2                     | 2                     |
| Support staff costs                        | -                             | 10                          | 10                    | 9                     |
| Governors' reimbursed expenses             | -                             | -                           | -                     | -                     |
|  | -                             | 61                          | 61                    | 41                    |

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

**9 Staff costs**

|                                     |              |              |
|-------------------------------------|--------------|--------------|
| Staff costs during the period were: | <b>2015</b>  | <b>2014</b>  |
|                                     | <b>£000</b>  | <b>£000</b>  |
| Wages and salaries                  | 2,701        | 2,794        |
| Social security costs               | 197          | 210          |
| Pension costs                       | 476          | 480          |
|                                     | <u>3,374</u> | <u>3,484</u> |
| Supply teacher costs                | 51           | 18           |
| Compensation payments               | -            | -            |
|                                     | <u>3,425</u> | <u>3,502</u> |

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

|                              |             |             |
|------------------------------|-------------|-------------|
|                              | <b>2015</b> | <b>2014</b> |
|                              | <b>No.</b>  | <b>No.</b>  |
| <b>Charitable Activities</b> |             |             |
| Teachers                     | 47          | 50          |
| Administration and support   | 32          | 30          |
| Management                   | 5           | 5           |
|                              | <u>84</u>   | <u>85</u>   |

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

|                     |             |             |
|---------------------|-------------|-------------|
|                     | <b>2015</b> | <b>2014</b> |
|                     | <b>No.</b>  | <b>No.</b>  |
| £60,001 - £70,000   | 3           | 4           |
| £70,001 - £80,000   | 1           | -           |
| £90,001 - £100,000  | -           | 1           |
| £100,001 - £110,000 | 1           | -           |
|                     | <u>5</u>    | <u>5</u>    |

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these employees amounted to £50,583 (2014: 5 employees - £49,655).

**10 Governors' remuneration and expenses**

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments from the academy in respect of their role as governors. The value of governors' remuneration for the period was as follows:

|                                  |               |                      |
|----------------------------------|---------------|----------------------|
| S Hall (Principal and Governor): |               |                      |
| Remuneration                     | £100k - £105k | (2014: £95k - £100k) |
| Employer's pension contributions | £10k - £15k   | (2014: £10k - £15k)  |
| J Chamberlain (Staff Governor):  |               |                      |
| Remuneration                     | £60k - £65k   | (2014: £60k - £65k)  |
| Employer's pension contributions | £5k - £10k    | (2014: £5k - £10k)   |
| T Hodgson (Staff Governor):      |               |                      |
| Remuneration                     | £70k - £75k   | (2014: £65k - £70k)  |
| Employer's pension contributions | £5k - £10k    | (2014: £5k - £10k)   |
| D Savage (Staff Governor):       |               |                      |
| Remuneration                     | £15k - £20k   | (2014: £15 - £20k)   |
| Employer's pension contributions | £nil - £5k    | (2014: £nil - £5k)   |

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

During the periods ended 31 August 2015 and 31 August 2014, there were no reimbursed travel and subsistence expenses.

Further details regarding related party transactions involving the trustees are set out in note 26.

**11 Governors' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2015 was £924 (2014: £973).

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

**12 Tangible Fixed Assets**

|                          | <b>Leasehold<br/>Land and<br/>Buildings<br/>£000</b> | <b>Furniture<br/>and<br/>Equipment<br/>£000</b> | <b>Computer<br/>Equipment<br/>£000</b> | <b>Motor<br/>Vehicles<br/>£000</b> | <b>Total<br/>£000</b> |
|--------------------------|--|---|--|------------------------------------|-----------------------|
| <b>Cost or valuation</b> |  |   |  |                                    |                       |
| At 1 September 2014      | 16,395   | 281   | 248                                    | 45                                 | 16,969                |
| Additions                | 1,661  | 24  | 32                                     | -                                  | 1,717                 |
| Disposals                | -  | -   | -                                      | -                                  | -                     |
| At 31 August 2015        | 18,056   | 304   | 282                                    | 45                                 | 18,687                |
| <b>Depreciation</b>      |  |   |  |                                    |                       |
| At 1 September 2014      | 709  | 109   | 171                                    | 19                                 | 1,008                 |
| Charged in period        | 273  | 58  | 53                                     | 9                                  | 392                   |
| Disposals                | -  | -   | -                                      | -                                  | -                     |
| At 31 August 2015        | 981  | 167   | 223                                    | 28                                 | 1,399                 |
| <b>Net book values</b>   |  |   |  |                                    |                       |
| At 31 August 2015        | 17,075   | 137   | 58                                     | 17                                 | 17,288                |
| At 31 August 2014        | 15,686   | 172   | 77                                     | 26                                 | 15,961                |

**13 Stock**

|               | <b>2015<br/>£000</b> | <b>2014<br/>£000</b> |
|---------------|----------------------|----------------------|
| Uniform stock | 35                   | 29                   |
|               | <u>35</u>            | <u>29</u>            |

**14 Debtors**

|                                | <b>2015<br/>£000</b> | <b>2014<br/>£000</b> |
|--------------------------------|----------------------|----------------------|
| Trade debtors                  | 4                    | 5                    |
| Other debtors                  | 13                   | 41                   |
| Prepayments and accrued income | 116                  | 76                   |
|                                | <u>133</u>           | <u>122</u>           |

## Notes to the Financial Statements for the year ended 31 August 2015 (continued)

## 15 Creditors: amounts falling due within one year

|                                      | 2015<br>£000 | 2014<br>£000 |
|--------------------------------------|--------------|--------------|
| Trade creditors                      | 29           | 10           |
| Accruals and deferred income         | 132          | 84           |
|                                      | <u>161</u>   | <u>94</u>    |
|                                      | 2015<br>£000 | 2014<br>£000 |
| Deferred Income at 1 September 2014  | 30           | 49           |
| Resources deferred in the period     | 69           | 30           |
| Amounts released from previous years | (30)         | (49)         |
| Deferred Income at 31 August 2015    | <u>69</u>    | <u>30</u>    |

At the balance sheet date the academy trust was holding funds received in advance for music tuition and school trips relating to the Autumn Term 2015. Also, rates relief and DFC grants relating to 2015/2016 were received in advance.

## 16 Funds

|                                     | Balance at 1<br>September<br>2014<br>£000 | Incoming<br>Resources<br>£000 | Resources<br>Expended<br>£000 | Gains,<br>Losses<br>and<br>Transfers<br>£000 | Balance<br>at 31<br>August<br>2015<br>£000 |
|-------------------------------------|---|-------------------------------|-------------------------------|--|--|
| <b>Restricted general funds</b>     |   |                               |                               |  |  |
| General Annual Grant (GAG)          | 578                                       | 3,780                         | (3,820)                       | -  | 538  |
| Other DfE/EFA grants                | -   | 235                           | (235)                         | -  | -  |
| School Trips                        | 48  | 69                            | (45)                          | -  | 73   |
| Pension reserve                     | (948)                                     | -                             | (60)                          | (41)   | (1,049)                                    |
| Other Restricted Funds              | -   | 217                           | (217)                         | -  | -  |
|                                     | <u>(322)</u>                              | <u>4,302</u>                  | <u>(4,377)</u>                | <u>(41)</u>                                  | <u>(437)</u>                               |
| <b>Restricted fixed asset funds</b> |   |                               |                               |  |  |
| DfE/EFA capital grants              | 358                                       | 144                           | (167)                         | -  | 335  |
| Transfer on Conversion              | 15,500                                    | 1,620                         | (190)                         | -  | 16,930                                     |
| Capital expenditure from GAG        | 103                                       | -                             | (35)                          | -  | 69   |
|                                     | <u>15,961</u>                             | <u>1,764</u>                  | <u>(392)</u>                  | <u>-</u>                                     | <u>17,333</u>                              |
| <b>Total restricted funds</b>       | <u>15,639</u>                             | <u>6,067</u>                  | <u>(4,769)</u>                | <u>(41)</u>                                  | <u>16,896</u>                              |
| <b>Unrestricted funds</b>           |   |                               |                               |  |  |
| Unrestricted funds                  | 683                                       | 118                           | (24)                          | -  | 777  |
| <b>Total unrestricted funds</b>     | <u>683</u>                                | <u>118</u>                    | <u>(24)</u>                   | <u>-</u>                                     | <u>777</u>                                 |
| <b>Total funds</b>                  | <u>16,322</u>                             | <u>6,185</u>                  | <u>(4,793)</u>                | <u>(41)</u>                                  | <u>17,673</u>                              |

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy. During the period, the Academy's GAG income exceeded GAG expenditure and the balance will be carried forward to apply in future years and enable the establishment of a minimum prudent level of reserves to manage risks and unforeseen costs. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

**16 Funds (continued)**

Other DfE/EFA grants include further grants received from the DfE/EFA including pupil premium, insurance grants and 16-19 Bursary income. All of the income received was fully expensed during the period.

School trips represent the income and expenditure in relation to school trips that have been operated during the period. The balance at the period end represents the balance held for trips which are still to take place along with any remaining surplus which is to be used for future private fund purposes.

The restricted Pension reserve represents the deficit on the Academy's share of the Local Government Pension Scheme as at 31 August 2015.

Other restricted funds include donations from local organisations along with special needs income from the local authority. All of the income received was fully expensed during the period.

Restricted fixed asset funds include the tangible fixed assets which were transferred from the local authority upon conversion to an Academy. They also include devolved formula capital grants provided by the local authority.

**17 Analysis of net assets between funds**

Fund balances at 31 August 2015 are represented by:

|                          | Unrestricted<br>Funds | Restricted<br>General<br>Funds | Restricted<br>Fixed<br>Asset<br>Funds | Total<br>Funds |
|--------------------------|-----------------------|--------------------------------|---------------------------------------|----------------|
|                          | £000                  | £000                           | £000                                  | £000           |
| Tangible fixed assets    | -                     | -                              | 17,288                                | 17,288         |
| Current assets           | 777                   | 773                            | 46                                    | 1,595          |
| Current liabilities      | -                     | (161)                          | -                                     | (161)          |
| Pension scheme liability | -                     | (1,049)                        | -                                     | (1,049)        |
| <b>Total net assets</b>  | <b>777</b>            | <b>(437)</b>                   | <b>17,333</b>                         | <b>17,673</b>  |

**18 Capital commitments**

|  | 2015<br>£000 | 2014<br>£000 |
|--|--------------|--------------|
| Contracted for, but not provided in the financial statements | -            | -            |
|  | -            | -            |

**19 Financial commitments**

***Operating leases***

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

|  | 2015<br>£000 | 2014<br>£000 |
|--|--------------|--------------|
| <u>Other</u>                                 |              |              |
| Expiring within one year                     | 2            | -            |
| Expiring within two and five years inclusive | 3            | 4            |
| Expiring in over five years                  | -            | -            |
|  | <b>5</b>     | <b>4</b>     |

## Notes to the Financial Statements for the year ended 31 August 2015 (continued)

| <b>20 Reconciliation of net income to net cash inflow from operating activities</b> | <b>2015<br/>£000</b> | <b>2014<br/>£000</b> |
|---|----------------------|----------------------|
| Net income  | 1,391                | (69)                 |
| Depreciation (note 12)  | 392                  | 409                  |
| Capital grants from DfE/YPLA/EFA and other capital income                           | (144)                | (312)                |
| Interest receivable (note 4)  | (9)                  | (4)                  |
| FRS 17 pension cost less contributions payable (note 25)                            | 45                   | 57                   |
| FRS 17 pension finance costs (note 25)  | 15                   | 25                   |
| Donated assets  | (1,620)              | -                    |
| (Increase)/decrease in debtors  | (11)                 | (10)                 |
| Increase in stock   | (6)                  | (16)                 |
| Decrease in creditors   | 67                   | (60)                 |
| <b>Net cash inflow from operating activities</b>                                    | <b>119</b>           | <b>20</b>            |

**21 Returns on investments and servicing of finance**

|  |          |          |
|--|----------|----------|
| Interest received  | 9        | 4        |
| <b>Net cash inflow from returns on investment and servicing of finance</b> | <b>9</b> | <b>4</b> |

**22 Capital expenditure and financial investment**

|  |           |              |
|--|-----------|--------------|
| Purchase of tangible fixed assets  | (1,717)   | (469)        |
| Donated assets   | 1,620     | -            |
| Capital grants from DfE/EFA  | 144       | 312          |
| <b>Net cash (outflow)/inflow from capital expenditure and financial investment</b> | <b>47</b> | <b>(157)</b> |

**23 Analysis of changes in net funds**

|                          | <b>At 1<br/>September<br/>2014<br/>£000</b> | <b>Cash<br/>flows<br/>£000</b> | <b>At 31<br/>August<br/>2015<br/>£000</b> |
|--------------------------|---|--------------------------------|---|
| Cash in hand and at bank | 1,252                                       | 175                            | 1,427                                     |
|                          | <b>1,252</b>                                | <b>175</b>                     | <b>1,427</b>                              |

**24 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.

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

**25 Pension and similar obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2015.

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

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

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

**25 Pension and other obligations (continued)**

**Teachers' Pension Scheme Changes**

The pension costs paid to TPS in the period amounted to £495k (2014: £513k).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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 the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the year ended 31 August 2015 was £157,000, of which employer's contributions totalled £125,000 and employees' contributions totalled £32,000. The agreed contribution rates for future years are 19.8 per cent for employers and a range of 5.5 per cent to 7.5 per cent depending on full-time equivalent salary 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.

| <b>Principal Actuarial Assumptions</b>               | <b>At 31 August<br/>2015</b> | <b>At 31 August<br/>2014</b> |
|--|------------------------------|------------------------------|
| Rate of increase in salaries                         | 4.5%                         | 4.4%                         |
| Rate of increase for pensions in payment / inflation | 2.6%                         | 2.6%                         |
| Discount rate for scheme liabilities                 | 3.7%                         | 3.7%                         |
| Inflation assumption (CPI)                           | 2.6%                         | 2.6%                         |

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

|                             | <b>At 31<br/>August<br/>2015</b> | <b>At 31<br/>August<br/>2014</b> |
|-----------------------------|----------------------------------|----------------------------------|
| <i>Retiring today</i>       |                                  |                                  |
| Males                       | 22.4                             | 22.4 years                       |
| Females                     | 24.4                             | 24.4 years                       |
| <i>Retiring in 20 years</i> |                                  |                                  |
| Males                       | 24.3                             | 24.3 years                       |
| Females                     | 26.6                             | 26.6 years                       |

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

## Notes to the Financial Statements for the year ended 31 August 2015 (continued)

## 25 Pension and similar obligations (continued)

|  | Expected<br>return at 31<br>August<br>2015 | Fair<br>values at<br>31 August<br>2015<br>£000 | Expected<br>return at 31<br>August<br>2014 | Fair<br>values at<br>31 August<br>2014<br>£000 |
|--|--|--|--|--|
| Equities                                   | -  | 797  | 6.3%                                       | 727  |
| Bonds                                      | -  | 286  | 3.4%                                       | 224  |
| Property                                   | -  | 149  | 4.5%                                       | 107  |
| Cash                                       | -  | 12   | 3.3%                                       | 11   |
| <b>Total market value of assets</b>        | 5.9%                                       | <b>1,244</b>                                   |  | <b>1,069</b>                                   |
| <b>Present value of scheme liabilities</b> |  |  |  |  |
| - funded                                   |  | (2,293)  |  | (2,017)  |
| <b>Deficit in the scheme</b>               |  | <b>(1,049)</b>                                 |  | <b>(948)</b>                                   |

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The actual return on scheme assets was £45,000 (2014: £128,000).

## Amounts recognised in the statement of financial activities

|  | 2015<br>£000 | 2014<br>£000 |
|--|--------------|--------------|
| Current service cost (net of employer contributions) | 45           | (57)         |
| <b>Total operating charge</b>                        | <b>45</b>    | <b>(57)</b>  |

## Analysis of pension finance income / (costs)

|  |             |             |
|--|-------------|-------------|
| Expected return on pension scheme assets | 63          | 59          |
| Interest on pension liabilities          | (78)        | (84)        |
| <b>Pension finance income/(costs)</b>    | <b>(15)</b> | <b>(25)</b> |

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £180,000 loss.

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

|                            | 2015<br>£000 | 2014<br>£000 |
|----------------------------|--------------|--------------|
| <b>At 1 September 2014</b> | 2,017        | 1,723        |
| Current service cost       | 169          | 171          |
| Interest cost              | 78           | 84           |
| Employee contributions     | 33           | 34           |
| Actuarial loss             | 23           | 5            |
| Estimated benefits paid    | (27)         | -            |
| <b>At 31 August 2015</b>   | <b>2,293</b> | <b>2,017</b> |

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

|                            | 2015<br>£000 | 2014<br>£000 |
|----------------------------|--------------|--------------|
| <b>At 1 September 2014</b> | 1,069        | 952          |
| Expected return on assets  | 63           | 59           |
| Actuarial (loss)/gain      | (18)         | (90)         |
| Employer contributions     | 124          | 114          |
| Employee contributions     | 33           | 34           |
| Estimated benefits paid    | (27)         | -            |
| <b>At 31 August 2015</b>   | <b>1,244</b> | <b>1,069</b> |

The estimated value of employer contributions for the year ended 31 August 2016 is £137,000.

The history of experience adjustments is as follows:

|   | 2015<br>£000   | 2014<br>£000   | 2013<br>£000   | 2012<br>£000   |
|---|----------------|----------------|----------------|----------------|
| <b>Present value of defined benefit obligations</b>     | <b>(2,293)</b> | <b>(2,017)</b> | <b>(1,723)</b> | <b>(1,481)</b> |
| <b>Fair value of share of scheme assets</b>             | <b>1,244</b>   | <b>1,069</b>   | <b>952</b>     | <b>711</b>     |
| <b>Deficit in the scheme</b>                            | <b>(1,049)</b> | <b>(948)</b>   | <b>(771)</b>   | <b>(770)</b>   |
| <b>Experience adjustments on share of scheme assets</b> |                |                |                |                |
| Amount £'000  | (18)           | (90)           | 95             | 20             |
| <b>Experience adjustments on scheme liabilities:</b>    |                |                |                |                |
| Amount £'000  | 2              | 176            | -              | -              |

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

**26 Related Party Transactions**

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is not unusual that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

There were no such transactions during the period.