

Registered company number 4251277

**Walsall City Academy Trust –
a company limited by guarantee**

Governors' Report and Financial
Statements
For the year ended 31 August 2014

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Walsall City Academy Trust
- a company limited by guarantee
Governors' report and financial statements
for the year ended 31 August 2014

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Governors' Report

The Governors, who are also directors and trustees of the Charitable Company for the purposes of the Companies Act and the Charities Act, present their report and the audited financial statements of the Charitable Company for the year ended 31st August 2014. The financial statements have been prepared in accordance with the Walsall City Academy Trust constitution and the recommendations of the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities and in accordance with applicable laws.

Governors

The Governors, who served during the year, and subsequently to the date of the report, were:

C H Whittington (Chairman)
J H Birkett (resigned July 14)
Mrs T Cox (Co-opted Governor resigned November 13)
Mrs N Latham (Co-opted Governor)
Mrs G Ruoss
G J Smith (Co-opted Governor)
M St John Parker (Co-opted Governor)
Mrs T M Littlefield
M Danvers (appointed November 13, resigned February 14))
Mrs S Percox (appointed November 13)
T Watney (appointed November 13)
S Murray (appointed July 14)

CH Whittington, Mrs G Ruoss, Mrs TM Littlefield and T Watney Governors are nominated by The Wardens & Commonalty of the Mystery of Mercers ("The Mercers' Company"). JH Birkett, Mrs S Percox, S Murray and M Danvers are nominated by Telford City Technology College Trust Limited.

Company Secretary

Mr A Bowater (resigned November 13)
Mrs M Davies (appointed November 13)

Senior staff members

Miss V Evans
Head

Advisors

The main advisors to the Governors are:
Auditors

Crowe Clark Whitehill LLP
Black Country House
Rounds Green Road
Oldbury, West Midlands, B69 2DG

Governors' Report *(continued)*

Banking & Investment Management

HSBC Bank Plc
137 Thetford Chase
The Telford Centre
Telford
TF3 4AN

Solicitors

Macfarlanes (property)
10 Norwich Street
London
EC4A 1BD

Wragge & Co (employment)
55 Colmore Row
Birmingham
B3 2AS

Employees

Walsall City Academy is an equal opportunity employer and strives to give full and fair consideration to all applications for employment, training, and promotions, irrespective of disability, gender, race, colour or sexual orientation.

Status of the Charitable Company

The Charitable Company is limited by guarantee (registered number 4251277) and is an Exempt Charity. It was incorporated on 12 July 2001 and is constituted and governed by its Memorandum and Articles of Association. The registered and principal office of the Charitable Company is: Lichfield Road, Bloxwich, Walsall, WS3 3LX.

Structure, Governance and Management

The Academy has a Governing Board and an Audit, Finance and Premises Committee and the process and methodology for appointments is as follows:

The composition of the Board is four governors nominated by each of the sponsors (the Sponsor Governors), who must always be in the majority, and no fewer than four persons co-opted by the Sponsor Governors ("Co-opted Governors") who shall include individuals from the local community committed to the good governance of the Academy, at least one of whom may be proposed by the Local Authority (LA), and individuals representing the interests of staff and parents of students at the Academy.

Governors' Report *(continued)*

The Governors appoint an Audit, Finance and Premises (A,F&P) Committee annually. The written terms of reference of the committee include receiving and reviewing the annual Statutory Accounts as presented by the external auditors, the monitoring of the preparation and management of the Academy's budget and implementation of the Academy's financial management policies, including risk assessment and premises. The A,F&P committee also conducts detailed monitoring and review of the Health & Safety Policy and Organisation.

During the year, membership of the Committee comprised: Mrs G Ruoss Chair (appointed November 2013), CH Whittington (ex officio), GJ Smith and Mrs S Percox (appointed March 2014).

Student Discipline, Staff Discipline and Appeals Committees are appointed as required. The Governing Board also appoints a Responsible Officer (RO) and this function has been fully delivered in line with the requirements of the Financial Handbook.

The Chairman conducts a needs analysis of each newly appointed Governor and an induction programme to meet those needs is provided by the Academy. The training opportunities offered by The Mercers' Company are attended by representatives of the Governing Body.

Fixed Assets

The Fixed Assets are set out per the attached notes to the accounts.

Investment Policy

Surplus funds are invested with HSBC in a deposit account. These investments are made in accordance with the powers vested in the Governing Body.

Risk Assessment

The Governors confirm that, as part of an ongoing process, the major risks to which the Charitable Company is exposed have been reviewed and systems have been established to mitigate any risks identified. Business Risk assessment is reviewed termly and reported to the A,F&P Committee and the Governing Board. In the first eleven years no major issues or events have occurred.

Objectives and Activities

The principal activity of the Charitable Company is the operation of Walsall Academy to provide free education for students of all abilities between the ages of 11 and 19 with an emphasis on science, technology and performing arts.

The period covered by these financial statements is the 11th full year of operation of the Academy.

The members and sponsors of Walsall Academy are Telford City Technology College Trust Limited and The Mercers' Company.

Governors' Report *(continued)*

The strategic goal of Walsall Academy is 'to raise educational standards through effective practice and share this with a wider community'.

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

The main objectives of the Academy are summarised below:

- To raise the quality of education, teaching and learning and to widen the range of choices which are available to students
- To provide a strategy for raising achievement across the three phases of the school in all areas of experience
- To ensure equal status is given to vocational/academic courses
- To provide value for money for the funds expended
- To comply with all the appropriate statutory and curriculum requirements
- To develop and maintain close links with industry and commerce

The Head identifies the key issues of development for the school over a 3 year period. In collaboration with the Senior Management Team this development plan is written to outline strategies for delivering those key issues. This draft plan is then presented to the Governing Board for their consideration and approval. The School Development Plan is reviewed each term by the SLT and findings presented to the Governing Board in November and March (this plan is available on request).

Strategic Report

Achievements and performance

The Academy enrolment for years 7, 8, 9, 10 & 11 is full. The sixth form is well populated with students continuing their studies post 16 and joined by some students from other local schools.

The outcomes of the 2014 examinations for year 11 saw 100% of students achieving 5 A* to C, which is above both the local average (87.1% in 2013) and the England average (81% in 2012) and 75.8% of students achieving 5 A* to C including English and Mathematics which is also above the local average (58.7% in 2013) and the England average (59.2% in 2013). All students achieved at least one qualification at GCSE A* to G or equivalent, and 100% achieved 5 qualifications at GCSE A* to G or equivalent. 59% of AGCE and Applied GCE results were A*/A and B grades.

Governors' Report *(continued)*

The 2014 AGCE and Applied GCE results saw students achieving a pass rate of 100%.

The Governors receive regular reports on the students' sporting achievements. The wide range of sporting activities continues to develop in all age groups, including boys' football, girls' football, boys' rugby, girls' rugby, netball, badminton, hockey, basketball, rounders, athletics and tennis. Our teams play in competition with local schools and inter Academies Tournaments.

Recurrent expenditure for the year was covered by grants from the EFA and via the LA.

No expenditure has been incurred relating to future income generation.

Going concern

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

Financial review

The Financial position of the Academy is detailed in the following pages. The carried forward surplus is below the maximum carry forward figure permitted and the finances are sound and well established. The principal financial management policies adopted are laid down by the Companies Act, the requirements under the Charities Statement of Recommended Practice ("SORP"), the Financial Handbook for Academies published by the EFA and requirements as laid down by The A,F&P Committee and the Governing Board.

During the year ended 31 August 2014 the total expenditure was £7,461,954. The deficit of income over expenditure was £468,900 which includes depreciation of £435,438.

At 31st August 2014 the net book value of fixed assets was £12,647,748 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing the education and associated support services to the pupils of the Academy.

Reserves policy

The Governors continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and the nature of reserves. The Governors have determined that the level of reserves, which are not invested in fixed assets at the year end, are adequate for its immediate needs.

It is the Board's general policy to continue to build reserves which can be used for future educational purposes.

At the year end free reserves totalled £181,128.

Governors' Report *(continued)*

Plan for future periods

Future plans are documented in the School Development Plan – as set out on page 4.

Disclosure of information to auditors


The Governors who held office at the date of this Governors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditors are unaware; and each Governor has taken all steps they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

Auditors

The appointment of the current auditors, Crowe Clark Whitehill LLP, will be continued in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Governors on 17 November 2014 and signed on their behalf by:

Governors' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 17 November 2014 and signed on the board's behalf by:



Charles Whittington
Chairman of the Board of Governors

Governance Statement

Scope of Responsibility

As Governors, we acknowledge that we have overall responsibility for ensuring that Walsall City Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Head, as Accounting Officer, for ensuring that financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Walsall City Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
C H Whittington (Chairman)	3	3
J H Birkett	2	3
Mrs T Cox	1	1
Mrs N Latham	2	3
Mrs G Ruoss	2	3
GJ Smith	1	3
M St John Parker	2	3
Mrs T M Littlefield	3	3
M Danvers	1	1
Mrs S Percox	3	3
T Watney	3	3
S Murray	1	1

The Audit, Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to review all finance issues, Health & Safety issues and any other issues delegated by the Governing Board.

Governance reviews:

Details of the expertise which exists amongst governors is routinely captured through a skills audit and governance profiling exercise. The results of the most recent review are currently being summarised in preparation for discussion at the next termly meeting of the Board.

Governance Statement (continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs G Ruoss (appointed Chair November)	3	3
GJ Smith	1	3
Mrs S Percox (appointed March 14)	2	3

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Walsall City Academy Trust for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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 A,F&P 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.

Governance Statement (*continued*)

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mr C. Marsh, an experienced qualified Accountant 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. On a Termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities, via the A,F&P Committee.

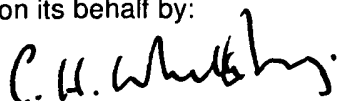
Review of effectiveness

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the A,F&P Committee and a plan to address any identified weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 17 November 2014 and signed on its behalf by:



Charles Whittington
Chairman of the Board of Governors



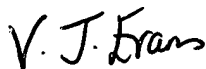
Vivienne Evans
Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Walsall City Academy Trust I have considered my responsibility to notify the Academy governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with the EFA terms and conditions of funding, under the funding agreement in place between the academy 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 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'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. If any instances are identified after the date of this statement, these will be notified to the board of Governors and the EFA.



Vivienne Evans
Accounting Officer

17 November 2014

Statement of Trustees' Responsibilities

The Governors (who act as Trustees for the Charitable activities of Walsall City Academy Trust and are also the directors of the Charitable Company for the purposes of Company Law) are responsible for preparing the Governor's 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:

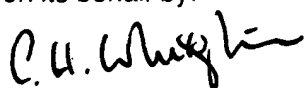
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 business.

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

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

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

Approved by order of the members of the Governing Body on 17 November 2014 and signed on its behalf by:



Charles Whittington
Chairman of the Board of Governors

Independent Auditor's Report to the Members of Walsall City Academy Trust

We have audited the financial statements of Walsall City Academy Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 26.

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 Annual Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities, the governors (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Governors' Report, incorporating the Strategic Report, and any other surrounding information 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.

Independent Auditor's Report to the Members of Walsall City Academy Trust
(continued)

Opinion on financial statements

In our opinion the financial statements:

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


Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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


Helen Drew
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditors
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

8 December 2014

Independent Reporting Accountant's Assurance Report on Regularity to Walsall City Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Walsall City Academy Trust during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Walsall City Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Walsall City Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook as, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 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.

Independent Reporting Accountant's Assurance Report on Regularity to Walsall City Academy Trust and the Education Funding Agency (*continued*)

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

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 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Crowe Clark Whitehill LLP
Statutory Auditors
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

8 December 2014

Walsall City Academy Trust
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Governors' report and financial statements
for the year ended 31 August 2014

Statement of Financial Activities
for the year ended 31 August 2014
(incorporating an income and expenditure account)

	<i>Note</i>	General Fund	Restricted Fixed asset Fund	Restricted Income Fund	Total 2014	Total 2013
		£	£	£	£	£
Incoming Resources						
Incoming resources from generated funds:						
Voluntary Income	4	-	-	-	-	10,000
Investment income	5	4,707	-	-	4,707	4,484
Incoming resources from charitable activities						
Funding for educational operations	6	-	-	6,403,988	6,403,988	6,430,608
Catering income	6	328,691	-	-	328,691	328,709
Trip income	6	255,668	-	-	255,668	168,555
Total incoming resources		<u>589,066</u>	<u>-</u>	<u>6,403,988</u>	<u>6,993,054</u>	<u>6,942,356</u>
Resources expended						
Charitable activities						
Provision of education	7/8/9	-	435,438	6,376,044	6,811,482	6,835,308
Catering costs	7	327,744	-	-	327,744	331,174
Trip expenditure	7	256,489	-	-	256,489	170,702
Governance costs	10	<u>-</u>	<u>-</u>	<u>66,239</u>	<u>66,239</u>	<u>39,350</u>
Total resources expended		<u>584,233</u>	<u>435,438</u>	<u>6,442,283</u>	<u>7,461,954</u>	<u>7,376,534</u>
Net (outgoing)/incoming resources before transfers		4,833	(435,438)	(38,295)	(468,900)	(434,178)
Transfers						
Gross transfers between funds	18/19	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (outgoing)/incoming resources before other recognised gains and losses		4,833	(435,438)	(38,295)	(468,900)	(434,178)
Actuarial gains/(losses) on defined benefit pension schemes	25	<u>-</u>	<u>-</u>	<u>176,000</u>	<u>176,000</u>	<u>89,000</u>
Net movement in funds		4,833	(435,438)	137,705	(292,900)	(345,178)
Reconciliation of funds						
Total funds brought forward	18/19	<u>176,295</u>	<u>13,083,186</u>	<u>(20,969)</u>	<u>13,238,512</u>	<u>13,583,690</u>
Total funds carried forward	18/19	<u>181,128</u>	<u>12,647,748</u>	<u>116,736</u>	<u>12,945,612</u>	<u>13,238,512</u>

A Statement of Recognised Gains and Losses is not required as all gains and losses are included above. All items dealt with in arriving at the net incoming resources for the financial periods for 2014 and 2013 relate to continuing operations.

Walsall City Academy Trust
- a company limited by guarantee
Governors' report and financial statements
for the year ended 31 August 2014
Company number: 4251277

Balance Sheet
at 31 August 2014

	Note	2014	2013
		£	£
Fixed assets			
Tangible fixed assets	14	12,647,748	13,083,186
Current assets			
Debtors	15	70,846	121,495
Cash at bank and in hand		<u>1,245,388</u>	<u>1,176,566</u>
		1,316,234	1,298,061
Creditors: Amounts falling due within one year	16	<u>(560,370)</u>	<u>(561,735)</u>
Net current assets		<u>755,864</u>	<u>736,326</u>
Net assets excluding pension liability		13,403,612	13,819,512
Pension scheme liability	25	<u>(458,000)</u>	<u>(581,000)</u>
Net assets including pension liability		<u>12,945,612</u>	<u>13,238,512</u>
Funds:			
Unrestricted funds:			
General fund	19	181,128	176,295
Restricted funds:			
Restricted fixed asset fund	18	12,647,748	13,083,186
Restricted income fund	18	<u>116,736</u>	<u>(20,969)</u>
		<u>12,945,612</u>	<u>13,238,512</u>

The financial statements were approved by the Governors on
and signed on their behalf by:

17 November 2014.



C H Whittington
Chairman of the Board of Governors

Walsall City Academy Trust
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**Cash Flow Statement
for the year ended 31 August 2014**

	Note	2014 £	2013 £
Operating activities			
EFA per capita grant		6,047,807	6,356,341
Other receipts		360,888	407,460
EFA per capita payments		(6,016,836)	(6,521,298)
Other payments		<u>(327,744)</u>	<u>(331,174)</u>
Net cash flow from operating activities	26	64,115	(88,671)
Return on investments and servicing of finance			
Interest received		4,707	4,484
Capital expenditure			
Purchase of fixed assets		-	(71,459)
Disposals		<u>-</u>	<u>6,961</u>
		<u>-</u>	<u>64,498</u>
Increase/ (Decrease) in cash and cash equivalents	22	<u>68,822</u>	<u>(148,685)</u>
Reconciliation of net cash flow to movement in net funds			
For the year ended 31 August 2014		2014 £	2013 £
Increase/ (Decrease) in cash in the year		68,822	(148,685)
Net funds at beginning of year		<u>1,176,566</u>	<u>1,325,251</u>
Net funds at end of year		<u>1,245,388</u>	<u>1,176,566</u>

Notes to the financial statements

1 Status of the Charitable Company

The Charitable Company is limited by guarantee. Each member of the charitable company has undertaken to contribute up to £1 to the Charitable Company's assets if it should be wound up.

2 Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with applicable Accounting Standards, including the Statement of Recommended Practice "Accounting and Reporting by Charities", issued in March 2005 (SORP 2005) the Companies Act 2006 and under the historical cost accounting rules.

The company has cash resources and has no requirement for external funding. The directors have a reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting appropriate in preparing the annual financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Charitable Company's financial statements:

Fund accounting

Unrestricted funds are those funds which may be used towards meeting the objectives of the Charitable Company at the discretion of the Governors.

Restricted funds are funds which are to be used in accordance with the specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of restricted funds is set out in the notes to the financial statements.

Restricted fixed asset funds are funds raised for the purpose of specific capital projects.

Incoming resources

Incoming resources are included in the Statement of Financial Activities ("SOFA") when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Other income includes sponsorship and is included when receivable by the Charitable Company.

Grant income and grants for premises and equipment are recognised in the SOFA in the period in which they are receivable.

Deferred income represents grant monies received for the provision of education which relate to the next financial year.

Notes to the financial statements (continued)

Resources expended

All outgoing resources are included in the SOFA on an accruals basis. Outgoing resources are included net of recoverable VAT in accordance with the provisions of the Finance Bill 2011.

Catering costs comprise the provision of a catering facility within the school.

Governance costs are those which relate to compliance with constitutional and statutory requirements of the Trust as well as costs associated with defining the strategic direction of the Trust.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charitable Company and include an appropriate apportionment of management overheads.

Tangible fixed assets

Tangible fixed assets acquired since the Charitable Company was established are included in the accounts at cost.

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 and are released over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

The de minimus limit for capitalisation of fixed assets is £500.

Depreciation

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal annual instalments over their useful lives as follows:

Buildings	-	50 years
Furniture and equipment	-	7 years
Computer equipment	-	4 years

No depreciation is charged in the year of acquisition of an asset and a full year is charged in the year of disposal.

Notes to the financial statements (continued)

Taxation

The Charitable Company, as an exempt charity, is not liable to taxation. The Charitable Company can recover value added tax and expenditure, where applicable, is therefore included net of the related value added tax.

Pensions

The Charitable Company participates in two pension schemes providing benefits based on final pensionable pay. More details of the schemes are given in note 25.

Teachers' Pension Scheme

Teaching staff employed under a contract of service are eligible to contribute to the Teachers' pension Scheme (TPS). As the Charitable Company is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, it has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Charitable Company in the year.

Local Government Pension Scheme

Non-teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme and is able to identify the Charitable Company's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

Recognition of liabilities

Liabilities are recognised when either a constructive or legal obligation exists.

Interest receivable

Interest on deposit and other accounts is allocated to income in the year in which it is receivable.

Leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

Notes to the financial statements (continued)

3 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2014.

4 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Mercers' company donation	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Bank Interest receivable	<u>4,707</u>	<u>-</u>	<u>4,707</u>	<u>4,484</u>

6 Incoming Resources from Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Provision of education	-	6,403,988	6,403,988	6,430,608
Catering income	328,691	-	328,691	328,709
Trip income	<u>255,668</u>	<u>-</u>	<u>255,668</u>	<u>168,555</u>
	<u>584,359</u>	<u>6,403,988</u>	<u>6,988,347</u>	<u>6,927,872</u>

Notes to the financial statements (continued)

6 Incoming Resources from Charitable Activities (continued)

Funding for the Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
DFE/EFA revenue grants				
General Annual Grant (GAG) (note 3)	-	6,102,490	6,102,490	6,114,231
Other DfE/EFA grants	-	269,301	269,301	237,618
	-	<u>6,371,791</u>	<u>6,371,791</u>	<u>6,351,849</u>
Other Government Grants				
Local authority grants	-	32,197	32,197	78,759
	-	<u>6,403,988</u>	<u>6,403,988</u>	<u>6,430,608</u>

7 Resources Expended

	Staff Costs £	Depreciation £	Other £	Total 2014 £	Total 2013 £
Academy's educational operations					
Catering expenditure	139,368	-	188,376	327,744	331,174
Trip expenditure	-	-	256,489	256,489	170,702
Provision of Education					
Direct Costs	4,046,683	435,438	921,719	5,403,840	5,368,919
Allocated Support Costs	943,446	-	464,196	1,407,642	1,466,389
	<u>5,129,497</u>	<u>435,438</u>	<u>1,830,780</u>	<u>7,395,715</u>	<u>7,337,184</u>
Governance costs including for the year include					
	25,353	-	40,886	66,239	39,350
	<u>5,154,850</u>	<u>435,438</u>	<u>1,871,666</u>	<u>7,461,954</u>	<u>7,376,534</u>

Notes to the financial statements (continued)

7 Resources Expended (continued)

Outgoing Resources for the year include:

	2014	2013
	£	£
Operating leases:		
Office equipment	<u>12,920</u>	<u>12,920</u>

8 Direct costs – Educational operations

	2014	2013
	£	£
Teaching and educational support staff costs	4,046,683	3,944,862
Depreciation	435,438	471,487
Technology costs	183,315	155,759
Educational supplies	357,973	360,335
Examination fees	158,213	225,525
Staff development	14,571	19,279
Other direct costs	<u>207,647</u>	<u>191,672</u>
	<u>5,403,840</u>	<u>5,368,919</u>

9 Support costs – Educational operations

	2014	2013
	£	£
Support staff costs	943,446	989,012
Maintenance of premises and equipment	164,757	156,342
Cleaning	7,052	15,468
Rates	46,998	43,200
Energy and water costs	183,907	194,156
Insurance	38,546	42,427
Security and transport	22,264	25,687
Bank interest and charges	<u>672</u>	<u>97</u>
	<u>1,407,642</u>	<u>1,466,389</u>

10 Governance Costs

	2014	2013
	£	£
Legal and professional fees	23,062	1,900
Auditors remuneration:		
Audit of financial statements	10,250	10,100
Other costs	1,615	1,275
Other governance costs	5,959	2,817
Support staff costs	<u>25,353</u>	<u>23,258</u>
	<u>66,239</u>	<u>39,350</u>

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Notes to the financial statements (continued)

11 Deficit for the financial year is stated after charging:

	2014 £	2013 £
Depreciation	435,438	471,487
Auditors remuneration:		
Audit of financial statements	10,250	10,100
Operating lease costs	12,920	12,920

12 Staff number and costs

The average number of persons (excluding Governors), employed by the Academy during the year was:

	Number of employees (full time equivalent)	
	2014 No.	2013 No.
Administration and support	55	59
Teachers	<u>86</u>	<u>87</u>
	<u>141</u>	<u>146</u>

The aggregate payroll costs during the year amounted to

	£	£
Wages and salaries	4,302,611	4,296,859
Social security costs	318,299	308,904
Other pension costs	<u>533,940</u>	<u>516,760</u>
	<u>5,154,850</u>	<u>5,122,523</u>

The emoluments of one member of staff, including benefits in kind, are within the range of £110,001 - £120,000 (2013: One £100,001 - £110,000) and five members of staff, including benefits in kind, are within the range of £60,001 - £70,000 (2013: Four £60,001 - £70,000).

Three of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £33,521 (2013: £32,207). The other employees participated in the LGPS, pension contributions amounted to £16,395 (2013: £14,681).

None of the Governors received any remuneration or any reimbursed expenses from the Charitable Company (2013 None).

Notes to the financial statements (continued)

13 Governors' and officers' insurance

In accordance with normal practice the Charitable Company 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 £2,000,000 (2013 £2,000,000) on any one claim and the cost for 2014 was £1,000 (2013 £1,000).

14 Tangible fixed assets

	Long Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
Cost				
At 1 September 2013	15,775,115	1,521,848	1,842,794	19,139,757
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 August 2014	<u>15,775,115</u>	<u>1,521,848</u>	<u>1,842,794</u>	<u>19,139,757</u>
Depreciation				
At 1 September 2013	3,054,853	1,331,508	1,670,210	6,056,571
Charge for the year	315,503	47,491	72,444	435,438
At 31 August 2014	<u>3,370,356</u>	<u>1,378,999</u>	<u>1,742,654</u>	<u>6,492,009</u>
Net book value				
At 31 August 2014	<u>12,404,759</u>	<u>142,849</u>	<u>100,140</u>	<u>12,647,748</u>
At 31 August 2013	<u>12,720,262</u>	<u>190,340</u>	<u>172,584</u>	<u>13,083,186</u>
Source of funding for assets acquired				
Capital grants	13,739,398	888,383	672,534	15,300,315
Private sector	1,976,957	363,386	352,920	2,693,263
Annual Per Capita Grant capital expenditure	58,760	270,079	817,340	1,146,179
Total	<u>15,775,115</u>	<u>1,521,848</u>	<u>1,842,794</u>	<u>19,139,757</u>

The Annual Per Capita grant ("APG") capital expenditure is the proportion of APG funds used for acquiring items of a capital nature.

All fixed assets are used for direct charitable purposes and the provision of education.

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Notes to the financial statements (continued)

15 Debtors

	2014 £	2013 £
Other debtors	45,414	86,394
Prepayments and accrued income	<u>25,432</u>	<u>35,101</u>
	<u>70,846</u>	<u>121,495</u>

16 Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	46,951	42,085
Social Security and other taxes	98,946	92,832
Accruals	242,782	249,710
Deferred income (see note 17)	108,168	114,933
Other creditors	<u>63,523</u>	<u>62,175</u>
	<u>560,370</u>	<u>561,735</u>

17 Deferred income

	2014 £	2013 £
At 1 September 2013	114,933	148,774
Transfers to statement of financial activities	(114,933)	(148,774)
Deferred in year	<u>108,168</u>	<u>114,933</u>
At 31 August 2014	<u>108,168</u>	<u>114,933</u>

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Notes to the financial statements (continued)

18 Restricted funds

The income funds of the Charitable Company comprise the following balances of grants to be applied for specific purposes

	Balance At 31 August 2013	Incoming Resources	Expenditure	Transfers and other gains / (losses)	Balance At 31 August 2014
	£	£	£	£	£
Government capital grant	12,831,626	-	(292,002)	-	12,539,624
APG capital expenditure	189,103	-	(126,078)	-	63,025
Private Sector capital sponsorship	<u>62,457</u>	<u>-</u>	<u>(17,358)</u>	<u>-</u>	<u>45,099</u>
Restricted fixed asset fund	<u>13,083,186</u>	<u>-</u>	<u>(435,438)</u>	<u>-</u>	<u>12,647,748</u>
General Annual Grant (GAG)	551,031	6,102,490	(6,078,785)	-	574,736
Other EFA grants	-	269,301	(269,301)	-	-
Mercers donation	9,000	-	(9,000)	-	-
WMBC grants	-	28,297	(28,297)	-	-
West Midlands Consortium	-	3,900	(3,900)	-	-
Local Government Pension Scheme	<u>(581,000)</u>	<u>-</u>	<u>(53,000)</u>	<u>176,000</u>	<u>(458,000)</u>
Restricted income fund	<u>(20,969)</u>	<u>6,403,988</u>	<u>(6,442,283)</u>	<u>176,000</u>	<u>116,736</u>

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. As disclosed in note 3, the limit was not exceeded.

The government capital funds are provided by the Government for specific capital projects.

The private sector capital sponsorship funds are those funds provided by the sponsors for specific capital projects.

The restricted income fund is subject to specific expenditure within the Charitable Company's declared objectives. EFA grants relate to Government funding for the provision of education by the Charitable Company. Funding is repayable if the Charitable Company does not meet all funding requirements.

Notes to the financial statements (continued)

18 Restricted funds (continued)

Walsall Metropolitan Borough Council (WMBC) grants relate to local authority funding for the provision of education by the Charitable Company.

Transfers between funds relate to amounts expended on fixed assets from the EFA grant which have been used for the acquisition of fixed assets during the year. The actuarial loss/(gain) for the year is also shown here.

19 Unrestricted funds

	Balance At 31 August 2013	Incoming Resources	Expenditure	Transfers and other gains/ (losses)	Balance At 31 August 2014
	£	£	£	£	£
Unrestricted general fund	<u>176,295</u>	<u>589,066</u>	<u>(584,233)</u>	<u>-</u>	<u>181,128</u>

20 Analysis of net assets between funds

	Unrestricted Funds	Restricted Fixed Asset Fund	Restricted Income Fund	Total
	£	£	£	£
Tangible fixed assets	-	12,647,748	-	12,647,748
Current assets	181,128	-	1,135,106	1,316,234
Current liabilities	-	-	(560,370)	(560,370)
Pension scheme liability	-	-	(458,000)	(458,000)
	<u>181,128</u>	<u>12,647,748</u>	<u>116,736</u>	<u>12,945,612</u>

21 Capital commitments

There were no capital commitments at 31 August 2014 (2013 £Nil).

22 Analysis of net funds

	At 31 August 2013 £	Cash flow £	At 31 August 2014 £
Cash at bank and in hand	<u>1,176,566</u>	<u>68,822</u>	<u>1,245,388</u>

Notes to the financial statements *(continued)*

23 Lease commitments

The Charitable Company has the following annual commitments under non-cancellable operating leases other than land and buildings which expire as follows:-

	2014 £	2013 £
In two to five years	<u>10,996</u>	<u>12,920</u>

24 Related parties

The land upon which the Academy is based is owned by The Mercers' Company. No rent was paid in the year (2013: £Nil). During the year the Academy received no donations from The Mercers' Company (2013: £10,000).

During the year the Academy paid £13,902 (2013: £Nil) for clerking services and H.R. services to Thomas Telford School. There were no amounts outstanding at the balance sheet date.

25 Pension Scheme

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 July 2013.

Contributions amounting to £66,045 were payable to the schemes at 31 August 2014 (2013 - £62,175) and are included within creditors.

Teachers' Pension Scheme (TPS)

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.

Notes to the financial statements *(continued)*

25 Pension Scheme *(continued)*

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

The pension charge for the year includes contributions payable to the TPS of £398,915 (2013:£386,199).

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

Notes to the financial statements (continued)

25 Pension Scheme (continued)

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme ("LGPS")

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds.

The contribution for the year was £82,025 (2013: £77,561).

The agreed contribution rates for future years are 12.7% for employers and between 5.5% and 12.5% for employees.

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

Notes to the financial statements (continued)

25 Pension Scheme (continued)

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £000
Equities	7.00	1,195	7.00	946
Government bonds	2.90	210	2.50	188
Other bonds	3.80	273	3.40	250
Property	6.20	231	6.00	194
Cash/ Liquidity	0.50	117	0.50	92
Other	<u>7.00</u>	<u>629</u>	<u>7.00</u>	<u>563</u>
Total market value of assets	<u>5.88</u>	<u>2,655</u>	<u>5.89</u>	<u>2,233</u>
Present value of scheme liabilities		<u>(3,113)</u>		<u>(2,814)</u>
Deficit in the scheme		<u>(458)</u>		<u>(581)</u>

To develop the expected long term rate of return on assets assumption, the employer considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio.

On that basis the amounts recognised in the Balance Sheet are as follows:

	2014 £000	2013 £000
Present value of funded obligations	3,113	2,814
Fair value of scheme assets	<u>2,655</u>	<u>2,233</u>
Net liability	<u>(458)</u>	<u>(581)</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2014 £000	2013 £000
Current service cost	138	131
Interest cost	130	114
Expected return on plan assets	<u>(134)</u>	<u>(116)</u>
Total	134	129
Actuarial (gains)/losses	<u>(176)</u>	<u>(89)</u>

Notes to the financial statements (continued)

25 Pension Scheme (continued)

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

	2014 £000	2013 £000
Opening defined benefit obligation	2,814	2,540
Current service cost	138	131
Interest cost	130	114
Member contributions	42	41
Actuarial (gains)/losses on liabilities	16	-
Benefits paid	<u>(27)</u>	<u>(12)</u>
Closing defined benefit obligation	<u>3,113</u>	<u>2,814</u>

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

	2014 £000	2013 £000
Opening fair value of scheme assets	2,233	1,921
Expected return on scheme assets	134	116
Actuarial gains	192	89
Employer contributions	81	78
Member contributions	42	41
Benefits paid	<u>(27)</u>	<u>(12)</u>
Closing fair value of scheme assets	<u>2,655</u>	<u>2,233</u>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since adoption of FRS 17 is a £193,000 loss (2013: £269,000 loss).

The employer expects to contribute £104,000 in the year to 31 August 2015.

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Notes to the financial statements (continued)

25 Pension Scheme (continued)

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

	2014	2013
Equities	45.00%	42.40%
Government bonds	7.90%	8.40%
Other bonds	10.30%	11.20%
Property	8.70%	8.70%
Cash/liquidity	4.40%	4.10%
Other	23.70%	25.20%

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

	2014	2013
Discount rate	3.90%	4.50%
Rate of compensation increase	3.85%	3.90%
Rate of pension increase	2.10%	2.40%
CPI Inflation assumption	2.10%	2.40%

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

	2014	2013
Assumed life expectations on retirement age 65		
Retiring today – males	22.9	22.1
Retiring today – females	25.5	24.8
Retiring in 20 years – males	25.1	23.9
Retiring in 20 years – females	27.8	26.7

Key figures for the current and previous four periods are as follows:

	Financial year ending in				
	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Defined benefit obligation	3,113	2,814	2,540	2,173	2,131
Scheme assets	<u>2,655</u>	<u>2,233</u>	<u>1,921</u>	<u>1,717</u>	<u>1,508</u>
Deficit	<u>(458)</u>	<u>(581)</u>	<u>(619)</u>	<u>(456)</u>	<u>(623)</u>
Experience adjustments on scheme liabilities	150	-	-	66	-
Experience adjustments on scheme assets	192	89	(12)	38	64

Notes to the financial statements (continued)

25 Pension Scheme (continued)

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.

26 Reconciliation of net income to net cash inflow from operating activities

	2014 £	2013 £
Net outgoing resources	(468,900)	(434,178)
Depreciation (note 14)	435,438	471,487
Interest receivable	(4,707)	(4,484)
FRS 17 pension cost less contributions payable (note 25)	57,000	53,000
FRS 17 pension finance charge (note 25)	(4,000)	(2,000)
(Increase)/Decrease in debtors	50,649	(65,780)
Increase/(Decrease) in creditors	<u>(1,365)</u>	<u>(106,716)</u>
Net cash (outflow)/inflow from operating activities	<u>(64,115)</u>	<u>(88,671)</u>