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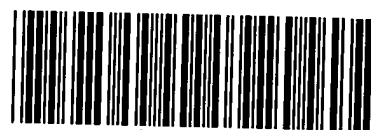
# **SARUM ACADEMY**

(A Company Limited By Guarantee)

## **REPORT OF THE DIRECTORS AND THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

TUESDAY



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**SARUM ACADEMY**

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**FOR THE YEAR ENDED 31 AUGUST 2014**

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# SARUM ACADEMY

## REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2014

Status	The organisation is a company limited by guarantee, incorporated on 30 September 2009.		
Company number	7035327		
Registered and principal office	Sarum Academy Westwood Road Salisbury SP2 9HS		
Company secretary	Jean Campbell		
Trustees	Canon Edward Probert Joy Tubbs Richard Gamble Sarah Thomas Catherine Simon	Representative of The Church of England Representative of Diocesan Board of Education Representative of Wiltshire Council Representative of Bryanston School Representative of Bath Spa University	
Governors and Directors	Canon Edward Probert Neil Boulton The Revd. Maggie Guillebaud Sarah Thomas Catherine Simon Rosie Stiven Angela Siggs Cllr Richard Rogers Mark Manterfield Alexander Hartley Mark Deketelaere Ruth Johnson	*# *^ *^# * * *# * * * *# * * *#^	Chairperson Vice Chairperson           Principal and accounting officer
Principal and Accounting Officer	Ruth Johnson	*#^	
	*	Full Board and Annual Business Meeting	
	#	Member of the Finance and General Purposes Committee	
	^	Member of the Curriculum and Standards Committee	
Management team	Ms D Higgins Mr J Curtis Mr A Milford Mrs J Moore Ms L Henderson Mr B Burley Mr J Oldham	Director of Business and Finance Deputy Principal - appointed 1st January 2014 Assistant Principal/ Acting Deputy Principal/ Deputy Principal Deputy Principal Acting Deputy Principal - resigned April 2014 Assistant Principal - resigned August 2014 Assistant Principal - promoted September 2013	
Bankers	Lloyds TSB Bank plc Salisbury Branch Birmingham OSC Ariel House 2138 Coventry Road Sheldon Birmingham B26 3JW		
Solicitors	Stone King 13 Queens Square Bath BA1 2HJ		
Auditors	Fawcetts Chartered Accountants and Statutory Auditors Windover House St Ann Street Salisbury SP1 2DR		

**SARUM ACADEMY**  
**REPORT OF THE TRUSTEES AND DIRECTORS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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

The trust operates an academy for pupils ages 11 to 19 serving Salisbury in Wiltshire. It has a pupil capacity of 1,150 and had a roll of 527 in the school census on 17 January 2014.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The charitable company is known as Sarum Academy Trust.

##### **The Trustees and Directors**

The trustees are responsible under charity law and the directors under company law. Details of the trustees and directors who served throughout the year are included below:

The governors (who act as directors) who served during the year and up to the date of this report were as follows:

Canon Edward Probert	
The Revd. Maggie Guillebaud	
Neil Boulton	
Tiff Nield	resigned August 2014
Sarah Thomas	
Catherine Simon	
Mark Manterfield	
Jenny Hill-Parker	resigned August 2014
Richard Rogers	appointed December 2013
Rosie Stiven	
Angela Siggs	appointed October 2013
Alexander Hartley	appointed October 2014
Mark Deketelaere	appointed October 2014
Ruth Johnson	

The trustees who served during the year and up to the date of this report were as follows:

Canon Edward Probert		
Christopher Shepperd	resigned August 2014	(also a director)
Nick Glass	resigned April 2014	
Richard Gamble	appointed September 2014	
Joy Tubbs	appointed September 2014	
Sarah Thomas		
Catherine Simon		

##### **Members' Liability**

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

##### **Trustees' Indemnities**

Professional indemnity insurance covering the Academy (including governors, trustees, teaching and administration staff) is in place through Marsh Educational Practice. Policy number GA 10829833.

##### **Method of Recruitment and Appointment or Election of Trustees**

The directors are appointed by the sponsoring bodies who also appoint trustees.

**SARUM ACADEMY**  
**REPORT OF THE TRUSTEES AND DIRECTORS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Policies and Procedures Adopted for the Induction and Training of Trustees**

Policies and procedures have been adopted for the induction and training of governors. In the first instance a meeting with a member of the Governing body, normally the Chair of Governors and Principal. This is followed by a visit to the Academy, including a one to one induction meeting with the Principal and tour, meeting members of the senior team.

Other individual training is arranged as appropriate and the new trustee will join any general development arranged for trustees.

**Operating Policy**

In addition to the AGM, the directors and trustees will under normal circumstances meet on three additional occasions each year, to review performance, future operating plans and budgets. Extraordinary board meetings will be held as required.

The day to day running of the Academy is devolved to the Governors, the Principal and Executive Leadership Team.

**Organisational Structure**

The Academy Leadership structure consists of two levels: the Governors and the Executive Leadership Team.

The aim of this structure is to devolve responsibility and encourage involvement in decision making at all levels

Decision making is in line with the Scheme of Delegation and the Financial Operating Procedures, which were agreed at the Governors' meeting of 15 July 2010.

**Governors**

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. They have appointed the Principal and have delegated such powers and functions as they consider appropriate to the Principal for the internal organisation, management and control of the Academy, including the implementation of all policies approved by the Governors and for the teaching and curriculum. The Principal is also the Accounting Officer.

**Executive Leadership Team**

The Executive Leadership Team consists of the Principal, Deputy Principals, Assistant Principals and the Director of Business and Finance.

These leaders control the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. As a group the Executive Leaders and other middle management are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

Some spending control is devolved to Curriculum Team Leaders, with limits above which a Senior Leader must countersign.

**Connected Organisations including Related Party Relationships**

The Academy enjoys a good relationship with the sponsors, Bryanston School, Bath Spa University and the Diocese of Salisbury and Wiltshire Council. However these arrangements are not financial.

The Academy also has a relationship with the Wessex Partnership, a local forum of secondary heads. A mini bus belonging to the partnership is kept at the Academy and maintained by the facilities team.

**SARUM ACADEMY**  
**REPORT OF THE TRUSTEES AND DIRECTORS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**OBJECTIVES AND ACTIVITIES**

Sarum Academy is a Church of England Academy founded by a partnership between the Church of England, Bryanston School, Wiltshire Council and Bath Spa University.

At the heart of its community and grounded in Christian values, Sarum Academy has the learning and care of all young people at its heart. It sees all learners as individuals with gifts and needs and is committed to transforming the outcomes of education for all children and the communities from which they come.

**Objectives and Aims**

The objective of the Academy is to advance public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing an Academy offering a broad curriculum with a strong emphasis on, but in no way limited to, mathematics and the arts.

The Academy aims to:

- Drive up standards of achievement for each young person, offer closer individual support and enable access to broader learning opportunities
- Build a strong inclusive community which works collaboratively to build confidence and promote greater resilience amongst individuals, families and communities
- Transform aspirations and expectations of success and significantly widen career progression

**Strategic Intentions**

1. Provide a thriving community hub which delivers provision to local community.
2. Establish the confidence of the local community within the context of the sponsors' ethos, Christian values and the specialisms of the Arts and Mathematics, through strong and effective leadership and management.
3. Continue development of high quality teaching and learning to meet and exceed national professional standards through structured systems of accountability.
4. Promote effective academic mentoring and home learning to develop high aspirations and raise standards of achievement.
5. Cultivate a climate of staff learning that fosters growth, personal development and reflective practice and leads to raised standards.
6. Foster an inclusive environment through the 5 schools in which all pupils are valued, respected and given every opportunity to succeed.
7. Provide a curriculum that engages, enriches and meets the needs of every pupil to create independent and resilient learners.
8. Engage pupils in the Academy development process, fostering social responsibility and creating a culture of service.
9. Encourage pupil's personal development by embracing the core values of Respect, Aspiration, Excellence, Tenacity, Partnership and Service throughout the Academy.

**Public benefit**

The Academy has undertaken to provide educational facilities and services to pupils of all ages and to the wider community for the public benefit.

These have included:

- Hosting summer classes for local residents
- Making sports facilities available to members of the local community and sports groups
- Helping to advance the local Salisbury City Church, who use the Academy premises for their services, Alpha courses, parenting groups and other meetings
- Becoming involved in intergenerational local activities
- Involvement with the local primary schools assisting teaching and learning, particularly in science and sport
- Leading a Community choir for pupils, staff and local residents
- Attending local residents' meetings
- Supporting our Local Interagency Group

The Governors give a wide meaning to education and do not limit it to education in a classroom environment. The Academy, under their guidance, has aimed to promote, sustain and increase individual and collective knowledge and understanding of specific areas of study, skills and expertise for the public benefit.

## SARUM ACADEMY

### REPORT OF THE TRUSTEES AND DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2014

## STRATEGIC REPORT

### Achievements and Performance

#### Three Year Performance Summary and Key Performance Indicators

Since 2010-11 the percentage of pupils achieving 5+A\*-C including English and Maths had been on an improving trend. The gap between disadvantaged pupils and other pupils was narrowing; the gap between boys and girls was also narrowing. All these factors were beginning to suggest good progress overall, as pupils arrive at the Academy with significantly below average attainment and leave the Academy with average attainment. In 2014 a significant under-performance in English has had a detrimental effect on the headline figures; this was a sudden, temporary deviation in progress.

	2010-11	2011-12	2012-13	2013-14*
5+A*-C including English & Maths	37%	41% ↑	51% ↑	33% ↓
Difference Pupil Premium vs All 5+A*-C including English & Maths	-18%	-15% ↓	-7% ↓	-29% ↓
% of Boys 5+A*-C including English & Maths	36%	36% =	49% ↑	24% ↓
% of Girls 5+A*-C including English & Maths	37%	47% ↑	53% ↑	40% ↓
% of pupils who achieved the English Baccalaureate	0%	2% ↑	6% ↑	9% ↓
% of pupils attaining 5+A*-G	89%	89% =	96% ↑	96% =
% of pupils making expected progress in English	58%	38% ↓	67% ↑	45% ↓
% of pupils attaining GCSE English grade C or above	50%	45% ↓	74% ↑	39% ↓
% of pupils making expected progress in Maths	47%	54% ↑	62% ↑	53% ↓
% of pupils attaining GCSE Maths grade C or above	46%	52% ↑	58% ↑	52% ↓

\* 2014 based on year 11 figures 2013/14, does not include add back.

#### Key Stage 4 - Examination Results 2013-2014

##### In English

39% of pupils gained a C grade or better in English. This was predicted to be 68%, and compares to the 74% achieved in 2013. In 2013 outcomes in English were broadly in line with predictions and coursework assessments were within tolerance. 45% of all pupils made expected progress with an overall Value Added score of 999.211. 19% of all pupils made above expected progress, this compares to 24% in 2013.

##### Why did the results drop in English?

Amongst the contributing factors were the downgrading of coursework by the moderator, the loss of the speaking and listening component and the change to 'first entry counts'. The significant majority of pupils at the Academy are borderline pupils in both English and Maths.

##### How well were pupils performing throughout the year:

30% of pupils achieved a C grade in their mock examination in November 2013, 56% of pupils achieved a C grade or better in their mock examination in February 2014. 70% of pupils completed controlled assessments at a C grade or better. These were moderated internally.

##### Which group underperformed?

35% of the grades in English were D grades. 25 pupils had secured a Level 4B at KS2 and should have converted to a C grade but did not. A greater proportion of these were boys.

##### Which group performed well?

Pupils with above-average KS2 attainment performed well; 60% made 4+ Levels of progress. 47% of this group achieved A\*-A grades.

The Academy instigated a full review of the English team and is acting on its recommendations.

**SARUM ACADEMY**  
**REPORT OF THE TRUSTEES AND DIRECTORS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**In Maths**

52% of pupils gained a C grade or better in Maths. This was predicted to be 58%, and compares to the 58% achieved in 2013. In 2013 outcomes in Maths were broadly in line with predictions. 29% of pupils achieved a C grade in their mock examination in November, 36% of pupils achieved a C grade or better in their mock examination in February. 13% of the overall grades in Maths were D grades. 13 pupils had secured a Level 4B at KS2 and should have converted to a C grade but did not. 53% of all pupils made expected progress with an overall Value Added score of 998.137. 18% of all pupils made above expected progress this compares to 17% in 2013. Pupils with above average KS2 attainment performed well. 40% of this group made 4+ Levels of progress, 40% achieved A\*-A grades.

**Subjects other than English and Maths**

In 2013 the Academy's Best 8 value added score was 1000.0. Data is not yet available for 2014.

- Pupils with low Key Stage 2 performance achieved an average of an E
- Pupils with an average Key Stage 2 performance achieved an average grade of a C-
- Pupils with an above-average Key Stage 2 performance achieved an average grade of a B+
- The Average Best 8 grade per pupil in all qualifications is a D+ overall
- The Average Best 8 points score GCSE only has risen from 205.6 to 293.89

*There were no pupils with high Key Stage 2 performance in the Academy.*

**Subjects showing sustained good<sup>1</sup> performance:**

Subject	Evidence	
	3 or more levels of progress [LP]	4 or more levels of progress [LP]
Art & Design	100%	45%
Biology	82%	55%
Business	100%	75%
Chemistry	91%	73%
Fashion & Textiles	91%	n/a
Health & Social Care	94%	50%
Music	100%	100%
Drama (Performing Arts)	100%	64%
Photography	83%	38%
Physics	100%	64%
Sport	93%	33%
Vehicle Technology	80%	40%

**Subjects on an improving trend:**

Subject	Evidence			
	3 or more levels of progress 2012-13	A*-C 2012-13	3+LP 2013-14	A*-C 2013-14
Catering	-	15%	67%	67%
Geography	-	50%	44%	54%
History	-	43%	62%	62%
RE	-	41%	41%	41% <sup>2</sup>

**Subjects where performance is still inconsistent:**

English, Maths, Applied Science<sup>3</sup>, Psychology, Product Design, French

*Note: Psychology and Product Design no longer feature in the Key Stage 4 curriculum.*

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<sup>1</sup> 80%+ 3 Levels of Progress - 30%+ 4 levels of Progress

<sup>2</sup> All pupils entered for GCSE RE in 2013-14

<sup>3</sup> Legacy issues, course changes and entry policy have made it difficult to compare performance in Science.



**SARUM ACADEMY**  
**REPORT OF THE TRUSTEES AND DIRECTORS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Other significant headlines:**

- 9% of pupils gained the EBACC this is a 3% increase from 2014.
- The average entries per pupil, all qualifications, were 11.3
- The average entries per pupil, GCSEs only, were 7.2. This is a rise from 6.3
- In 2013 50% of all qualification were BTECs, in 2014 GCSEs accounted for 63% of all qualifications
- 11.4% of all grades were A\* A or equivalent (70/713 at GCSE, 80/410 at BTEC)
- 54% of all grades were A\*-C or equivalent
- 2.8% (31) of all grades were Us

In 2013 the Academy was ranked 22nd out of 55 when compared with school's nationally with similar prior attainment data. This has not as yet been published for 2014.

**Going Concern**

After making appropriate enquiries, the Directors and Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the year ahead. 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.

**Key Financial Performance Indicators**

There were no major overspends during the year and all were offset by additional income. The Academy ended the year with cash of £455,578.

**Income**

Income was higher than anticipated in 2013/14 due primarily to £532.8k, which was repayment for new build expenses paid by the Academy and recovered from Wiltshire County Council who hold the budget for the building project.

**Expenditure**

- There was a £439k overspend, entirely due to the relocation to the new building and offset by the extra income mentioned above.
- Staff redundancies and severance costs were £36k over target however this was offset by wage savings
- Building costs were paid and reclaimed
- All other areas were under budget

There were cost efficiency savings in most areas.

- There was a £91k reduction on salaries costs due to reorganisation

**FINANCIAL REVIEW**

The overall financial position of the Academy at the end of 2013/14 is acceptable.

The Academy has benefited by maintaining a stable finance team for the second year, although a change of Finance Officer occurred in August after one team member moved abroad. In addition to this the financial systems, PS Financials, is operating well.

**Financial and Risk Management Objectives and Policies**

There are no immediate financial risks facing the Academy. The bank balance shows a comfortable credit, and cash flow reports indicate no cash flow or liquidity issues within the next financial year however there are concerns regarding pupil numbers as described in more detail overleaf.

**SARUM ACADEMY**  
**REPORT OF THE TRUSTEES AND DIRECTORS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Principal Risks and Uncertainties**

The Academy has a defined pension scheme which was underfunded by £111k at 31st August 2014.

As reported last year, Salisbury has experienced a dearth of Year 7 pupils due to the decreasing birth rate in the early 2000's. This has impacted the Academy for a number of years but the local authority is now predicting a slow increase in Year 7 numbers from 2015/16. 2013/14 was also the last of the large year 11 groups leaving, resulting in reduced pupil numbers and, therefore, reduced funding.

Whilst this reduction has been offset in part by the Academy's success in recruiting post 16 pupils this is unlikely to be the case going forward. The decision to allow Salisbury Sixth Form College to open this year, and the Salisbury UTC to follow in September 2015 whilst existing provision is undersubscribed, will undoubtedly exacerbate the problem by further diluting the Sarum Academy numbers in 2015/16. The Academy's financial situation has been very strained and this is set to continue.

The 2012/13 Directors Report forecasted an in year loss of £200k in 2013/14 and the Academy expected to start using the cash reserves built up since September 2010; however the action plan put forward in last year's report was implemented and the Academy ended August 2014 with a modest in year surplus. This leaves the cash reserves untouched and there are sufficient funds available to cover the shortfall in 2014/15. This will leave a small cash reserve but it will not be sufficient to cover the deficit forecasted for 2015/16.

The Governors and senior management continue to implement an ever evolving action plan, which is evaluated fortnightly and adjusted on a monthly basis. Steps are being taken to increase income and maximise costs efficiencies. This has been effective to date with substantial year on year savings seen in most areas, particularly within staff costs:

- 2010/11 Total Costs £4,720,968 Staff Costs £3,871,349
- 2011/12 Total Costs £4,486,773 Staff Costs £3,601,000
- 2012/13 Total Costs £4,051,484 Staff Costs £3,247,275
- 2013/14 Total Costs £3,987,456 Staff Costs £2,947,225

There are a number of factors that will impact the Academy over the next few years:

- Numbers in the lower school are anticipated to rise as the birth rate increases; numbers in Years 4 & 5 are already showing a substantial percentage increase.
- The planned development of a new residential estate on land adjacent to the Academy is now confirmed to start; work will commence in December and the first homes ready are predicted to be for occupation in April 2015. The estate, which will ultimately boast 1200 homes, is expected to increase pupil numbers by 20 for every 100 homes built; build rate is initially anticipated to be 129 houses a year.
- Building of a new road to bypass the estate creating more direct access from local villages.
- The number of pupils making Sarum Academy their first choice is escalating, with numbers improving from 17 in 2010/11 to 63 in 2014/15. This is due to a number of factors:
  - New building with state of the art facilities
  - Better local image due to work with press, local radio social media, etc.
  - Work with year 5 and 6's from feeder schools
  - Visiting other primary schools, not traditional feeders, to improve their knowledge of the Academy and remove historic prejudices
  - Positive Ofsted and SIAS reports
- The return of UK forces personnel to the area from 2016 will increase
- Growth of lettings within the Academy.

**Reserves**

The Academy has free reserves of £263,563 at the year end. Its restricted reserves are restricted for use in providing educational services to pupils enrolled within the Academy. These include £73,286 of the General Annual Grant received from the Education Funding Agency. The reserves carried forward are to be set against anticipated future costs.

**SARUM ACADEMY**  
**REPORT OF THE TRUSTEES AND DIRECTORS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Investment Policy**

The Academy invested £450k with Lloyds TSB between September and November 2013. This was a continuation of the previous year's venture, undertaken by investing £75k a week for 6 weeks; the money was then returned to the main account and reinvested on a rolling basis meaning that £75k a week could be recalled, on one week's notice with no penalties. This was a very low risk investment which resulted in additional income but was ended in November 2013 to assist cash flow; the Academy did not make any further investments during the year.

Any future investments will be in line and an agreed policy drawn up in keeping with the Academies Financial Handbook instructions and approved by the Governors.

**Plans for Future Periods**

The Academy successfully moved into its new premises in time for the 2013/14 academic year, although the final handover/sign off has still not been completed. The buildings and grounds have been very well received by pupils, parents and members of the public. As well as the day to day educational use, the Academy welcomes over 1,000 visitors a week from the local community who use the facilities for a wide spectrum of events, from sporting use, including martial arts, football and fencing to the arts, which have taken the form of concerts and plays; it is also home to a local church. As these uses increase the Academy is fulfilling its aim to become a centre for the community.

The Academy continues to carry out its strategic intentions outlined under the Objectives, Strategies and Activities section.

**Funds held as Custodian Trustee on behalf of others**

Funds for Extended Schools have been held by the Academy to enable closer contact with feeder Schools and allowed the Academy to take the lead in many projects. Sarum Academy also employed staff on behalf of Extended Schools. Funding has now come to a close and staff made redundant. However a small amount of money remains to fund Salisbury West Area Multi-Agency Forum [SWAMAF] meetings and finances.

These monies are kept within a separate bank account to ensure segregation and detailed trading accounts are kept for that account.

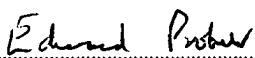
**AUDITORS**

In so far as the trustees and directors are aware:

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

The auditors, Fawcetts, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 24/12/14 and signed on the board's behalf by:

  
.....  
Canon Edward Probert  
Chairperson

## SARUM ACADEMY

### GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

#### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Sarum Academy 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 directors and trustees have delegated the day-to-day responsibility to the Governors and Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Sarum Academy Trust and the Secretary of State for Education. The Principal 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 Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met once during the year.

#### Trustees

Canon Edward Probert	Representative of The Church of England Diocese of Salisbury
Joy Tubbs	Representative of Diocesan Board of Education
Richard Gamble	Representative of Wiltshire Council
Sarah Thomas	Representative of Bryanston Academy
Catherine Simon	Representative of Bath Spa University

#### Governors and Directors

There have been a number of changes to the Trustees. Chris Shepperd, Representative of the Diocesan Board of Education and Nick Glass, Representative of Wiltshire Council, both retired during the 2013/14 Academic year and as a result left the Board. Nick Glass was replaced by Richard Gamble, representing Wiltshire Council and Joy Tubbs replaced Chris Shepperd for the Diocesan Board of Education.

The Trustees reviewed the vision and ethos put into place when the Academy opened to see if it needed to be redefined. Some of the day to day practicalities had changed to allow the smooth running of the Academy and enable focus on building up the Academy's reputation and it was felt that the atmosphere and activities in the Academy resonated with the vision. It was agreed that most of the vision should remain but it was a working document and changes would be made.

The Sponsors agreed to carry out an audit of their involvement and indicate what further contributions each could make to the Academy. This information was gathered and sent to the clerk to be collated in July. A document has been prepared to move involvement forward.

#### Meeting Attendance 2013-2014

There was one Trustees' meeting, which all Trustees attended.

Trustee Meetings		Meetings attended	Out of a possible
Canon Edward Probert	Representative of The Church of England Diocese of Salisbury	1	1
Joy Tubbs	Representative of Diocesan Board of Education	1	1
Richard Gamble	Representative of Wiltshire Council	1	1
Sarah Thomas	Representative of Bryanston School	1	1
Catherine Simon	Representative of Bath Spa University	1	1

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

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The governing body has formally met 8 times during the year. Attendance during the year at meetings of the governing body was as follows:

<b>Director - Governors</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Canon Edward Probert	8	8
The Revd. Maggie Guillebaud	5	8
Neil Boulton	6	8
Tiff Neild	6	8
Sarah Thomas	3	8
Catherine Simon	3	8
Jenny Hill-Parker	6	8
Ruth Johnson	8	8
Mark Manterfield	6	8
Rosie Stiven	8	8
Angela Siggs	5	7
Councillor Ricky Rogers	4	6

A self-evaluation was carried out by the Governors in April/May 2013.

The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to review the financial position of the Academy and the system of internal controls. Attendance at meetings in the year was as follows:

<b>Finance &amp; General Purpose Committee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
The Revd. Maggie Guillebaud      resigned F&GP 21/01/14	2	3
Mark Manterfield	6	8
Rosie Stiven	7	8
Edward Probert      joined F&GP 25/03/14	2	3
Ruth Johnson	8	8

The Curriculum and Standards Committee is also a sub-committee of the main governing body. Its purpose is to review the curriculum provided, and standards achieved, by the Academy. Attendance at meetings in the year was as follows:

<b>Curriculum &amp; Standards Committee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Neil Boulton	5	5
Tiff Neild	2	5
Catherine Simon	1	5
Ruth Johnson	5	5

An audit committee has been appointed. Once again it is a sub-committee of the main governing body. Its purpose is to review the risks to internal financial control at the academy trust. Changes to this committee were discussed at the inaugural meeting and changes will be made within the 2014/2015 Academic Year.

The initial meeting of this committee was held on 18th November 2014.

<b>Audit Committee Consists of</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
The Revd. Maggie Guillebaud	0	1
Neil Boulton	1	1
Mark Manterfield	1	1
Rosie Stiven	1	1
Edward Probert	1	1
Ruth Johnson	1	1

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

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**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 academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sarum Academy for the period 1 September 2013 to 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.

**Capacity to Handle Risk**

The key risks to which the Academy Trust is exposed have been reviewed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Directors and Trustees are of the view that a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks 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.

**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 general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor; however the Governors have appointed an external auditor Clifford Fry & Co to undertake the Responsible Officer checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Annually the Responsible Officer should report to the Governing Body through the Finance and General Purpose Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities, however due to staff changes no 2013/14 review was carried out. A review is scheduled this term.

SARUM ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

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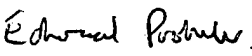
**Review of Effectiveness**

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

- the work of Cheryl Waite from Clifford Fry
- the work of the external auditor Fawcetts
- the work of A. J. Uddin, External Assurance EFA
- the financial management and governance self-assessment process
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.
- Regular meetings between the Accounting Officer and the Director of Business and Finance.

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 General Purposes Committee and a plan is in place to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the directors on ..... 22/12/14 ..... and signed on their behalf by:

  
Canon Edward Probert  
Chairperson

  
Ruth Johnson  
Accounting Officer

Dated: 22/12/14

Dated: 22/12/14

**SARUM ACADEMY**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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As accounting officer of Sarum Academy 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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



Ruth Johnson  
Accounting Officer

Dated: 22/12/14 .



**SARUM ACADEMY**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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The Governors of Sarum Academy and are also the directors of the charitable company for the purposes of company law are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

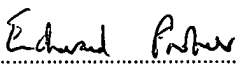
- a) select suitable accounting policies and then apply them consistently;
- b) observe the methods and principles in the Charities Statement of Recommended Practice;
- c) make judgements and estimates that are reasonable and prudent;
- d) state whether applicable UK Accounting Standards have been followed,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

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

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

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

Approved by order of the members of the board of trustees on 22/12/14 and signed on its behalf by:

  
.....  
Canon Edward Probert  
Trustee

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF**  
**SARUM ACADEMY**

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

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

**Respective responsibilities of the directors and auditors**

As explained more fully in the Statement of Trustees' and Directors' Responsibilities set out on page 15, the trustees and directors 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 as 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' and Directors' Report (which includes the Strategic Report) to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion**

In our opinion the financial statements:

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

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

In our opinion the information given in the Trustees' and Directors' Report (which includes the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

SARUM ACADEMY

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**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept or 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 trustees' and directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Simon Ellingham BA FCA DChA (Senior Statutory Auditor)

for and on behalf of Fawcetts  
Chartered Accountants & Statutory Auditors  
Windover House  
St Ann Street  
Salisbury  
SP1 2DR

Dated: 22 December 2017

**INDEPENDENT AUDITORS' REPORT ON REGULARITY  
TO THE GOVERNING BODY OF  
SARUM ACADEMY  
AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 21 December 2012 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 Sarum Academy 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 Sarum Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sarum Academy and the EFA those matters we are required to state to it 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 Sarum Academy and the EFA, for our review work, for this report, or for the opinion we have formed.

**Respective responsibilities of Sarum Academy accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of Sarum Academy's funding agreement with the Secretary of State for Education dated 23 August 2010 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the 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.

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:

- substantive testing on individual transactions;
- a review of minutes of committees and board meetings which may be relevant to regularity;
- analytical procedures on the general activities of the academy;
- consideration of the evidence supporting the accounting officer's statement on regularity, propriety and compliance.

**INDEPENDENT AUDITORS' REPORT ON REGULARITY  
TO THE GOVERNING BODY OF  
SARUM ACADEMY  
AND THE EDUCATION FUNDING AGENCY**

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**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.



Simon Ellingham BA FCA DChA (Senior Statutory Auditor)  
for and on behalf of Fawcetts  
Chartered Accountants & Statutory Auditors  
Windover House  
St Ann Street  
Salisbury  
SP1 2DR

Dated: 22 December 2014

**SARUM ACADEMY**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted £	Restricted Fixed Asset £	Restricted General £	2014 Total £	2013 Total £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds:</b>						
Voluntary Income	3	(1,889)	-	36,410	34,521	835
Activities for generating funds	4	86,334	-	-	86,334	157,452
Investment Income	5	1,065	-	-	1,065	1,734
<b>Incoming resources from charitable activities:</b>						
Funding for the Academy's educational operations	6	-	15,992,718	3,509,716	19,502,434	3,856,221
<b>TOTAL INCOMING RESOURCES</b>		<b>85,510</b>	<b>15,992,718</b>	<b>3,546,126</b>	<b>19,624,354</b>	<b>4,016,242</b>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds:</b>						
Generating voluntary income		-	-	38,649	38,649	-
<b>Charitable activities:</b>						
Academy's educational operations	9	-	1,442,220	3,581,152	5,023,372	4,738,628
<b>Governance costs</b>	10	<b>34,007</b>	<b>-</b>	<b>-</b>	<b>34,007</b>	<b>42,143</b>
<b>Total resources expended</b>	8	<b>34,007</b>	<b>1,442,220</b>	<b>3,619,801</b>	<b>5,096,028</b>	<b>4,780,771</b>
<b>Net incoming/(outgoing) resources</b>		<b>51,503</b>	<b>14,550,498</b>	<b>(73,675)</b>	<b>14,528,326</b>	<b>(764,529)</b>
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gain on defined benefit pension schemes	25	-	-	(135,000)	(135,000)	58,000
<b>Net movement in funds</b>		<b>51,503</b>	<b>14,550,498</b>	<b>(208,675)</b>	<b>14,393,326</b>	<b>(706,529)</b>
Fund balances as brought forward at 1 September 2013		212,060	3,589,078	172,399	3,973,537	4,680,066
<b>Fund balances as at 31 August 2014</b>		<b>263,563</b>	<b>18,139,576</b>	<b>(36,276)</b>	<b>18,366,863</b>	<b>3,973,537</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

**SARUM ACADEMY**  
**BALANCE SHEET**  
(Company number: 7035327)

**AS AT 31 AUGUST 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible fixed assets	14	18,213,929	3,576,756
<b>Current assets</b>			
Debtors	15	290,776	728,671
Cash at bank and in hand		455,578	558,797
		<u>746,354</u>	<u>1,287,468</u>
<b>Creditors: amounts due within one year</b>	16	<u>482,420</u>	<u>914,687</u>
<b>Net current assets</b>		<u>263,934</u>	<u>372,781</u>
<b>Net assets excluding pension asset/liability</b>		18,477,863	3,949,537
Pension scheme (liability)/asset	25	<u>(111,000)</u>	<u>24,000</u>
<b>Net assets including pension asset/liability</b>		<u>18,366,863</u>	<u>3,973,537</u>
<b>Funds</b>	17		
Restricted funds		18,103,300	3,761,477
Unrestricted funds			
General reserve fund		263,563	212,060
<b>Total funds</b>		<u>18,366,863</u>	<u>3,973,537</u>

Approved and authorised for issue by the board of directors on 22/12/14

On behalf of the board:

*Edward Probert*

Canon Edward Probert

**SARUM ACADEMY**  
**CASH FLOW STATEMENT**  
**AS AT 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash inflow from operating activities	20	15,984,357	142,956
Returns on investments and servicing of finance	21	1,065	1,734
Capital expenditure	22	<u>(16,088,641)</u>	<u>(2,043)</u>
<b>(Decrease)/Increase in cash in the year</b>	23	<u><b>(103,219)</b></u>	<u><b>142,647</b></u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2013		558,797	416,150
<b>Net Funds at 31 August 2014</b>		<u><b>455,578</b></u>	<u><b>558,797</b></u>



**SARUM ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. 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 2013 to 2014 issued by the Education Funding Agency (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 Board of Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

The Governors consider that the main issue regarding going concern relates to funding based on pupil numbers. Pupil numbers are predicted by Wiltshire Council to drop in the year ended 31 August 2016 which would result in a deficit in funding.

Should there continue to be insufficient pupil numbers and no adjustment to the funding equation then the Academy would have to renegotiate its' funding agreement with the Education Funding Agency.

The Governors consider that there is sufficient funding to cover the year following the date of approval of these financial statements and that the going concern basis of preparation is therefore appropriate.

**Incoming resources**

All incoming resources are recognised when the Academy 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 year is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

▪ **Voluntary income**

Voluntary income includes private donations, sponsorship and monies received for school trips and are accounted for when receivable.

▪ **Activities for generating funds**

Activities for generating funds include music, exam and uniform income and are accounted for when receivable.

▪ **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.

▪ **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's accounting policies.

**SARUM ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. Accounting policies (continued)**

**Resources expended**

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

▪ **Cost 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's educational operations.

▪ **Governance costs**

These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**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's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 basis expected to represent its useful life, as follows:

Leasehold buildings	50 years straight line
Internal works	20 years straight line
Electrical Service/Installations	10 years straight line
Furniture and fixtures	5 years and 10 years straight line
Computer equipment	3 year straight line

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 of 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 under operating leases are charged on a straight line basis over the lease term.

**Stock**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

## SARUM ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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#### 1. Accounting policies (continued)

##### **Taxation**

The Academy is considered to pass the tests set out in paragraph 1 schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or 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.

##### **Retirement benefits**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, are contracted out of the State Earnings Related Pension Scheme (SERPS) and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective method. As stated in note 26 the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on 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 costs 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 represents those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the governors.

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

#### 2. General Annual Grant

Under the funding agreement with the Secretary of State the academy 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 has not exceeded these limits during the year ended 31 August 2014.

**SARUM ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**3. Voluntary Income**

	Unrestricted £	Restricted £	2014 £	2013 £
School trips	-	36,410	36,410	-
Other donations	(1,889)	-	(1,889)	835
	<u>(1,889)</u>	<u>36,410</u>	<u>34,521</u>	<u>835</u>

**4. Activities for Generating Funds**

	Unrestricted £	Restricted £	2014 £	2013 £
Hire of facilities	30,941	-	30,941	48,381
Visit income	-	-	-	21,836
Music income	3,567	-	3,567	-
Catering income	5,480	-	5,480	-
Uniform income	4,917	-	4,917	-
Other income	41,429	-	41,429	87,235
	<u>86,334</u>	<u>-</u>	<u>86,334</u>	<u>157,452</u>

**5. Investment Income**

	Unrestricted £	Restricted £	2014 £	2013 £
Interest receivable	1,065	-	1,065	1,734
	<u>1,065</u>	<u>-</u>	<u>1,065</u>	<u>1,734</u>

**6. Funding for Academy's Educational Operations**

	Unrestricted £	Restricted £	2014 £	2013 £
<b>DfE / EFA revenue grants</b>				
General Annual Grant (GAG)	-	2,576,683	2,576,683	3,090,684
Start up grants	-	317,446	317,446	373,595
Capital grants	-	15,992,718	15,992,718	-
Other DfE / EFA grants	-	441,834	441,834	263,208
	<u>-</u>	<u>19,328,681</u>	<u>19,328,681</u>	<u>3,727,487</u>
<b>Other Government grants</b>				
School Standards Funds	-	-	-	51,506
Extended Schools	-	-	-	72,826
Special educational projects	-	173,753	173,753	4,402
	<u>-</u>	<u>173,753</u>	<u>173,753</u>	<u>128,734</u>
	<u>-</u>	<u>19,502,434</u>	<u>19,502,434</u>	<u>3,856,221</u>

**7. Expenditure**

Incoming/(outgoing) resources for the year include:	2014 £	2013 £
Auditors' remuneration - audit	7,000	6,750
- other services	-	2,750
Depreciation on owned assets	1,451,468	709,785
Operating leases	<u>8,289</u>	<u>8,151</u>

**SARUM ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**8. Resources expended**

	Staff Costs £	Non-pay Expenditure Premises £	Other Costs £	2014 £	2013 £
Costs of generating voluntary income					
School trips	-	-	38,649	38,649	-
	-	-	38,649	38,649	-
Academy's educational operation					
Direct costs	2,226,822	1,451,468	243,492	3,921,782	3,383,174
Allocated support costs	720,404	191,171	190,015	1,101,590	1,355,454
	2,947,226	1,642,639	433,507	5,023,372	4,738,628
Governance costs including un-allocated support costs	-	-	34,007	34,007	42,143
	2,947,226	1,642,639	506,163	5,096,028	4,780,771

**9. Charitable Activities - Academy's educational operations**

	Unrestricted funds £	Restricted fixed asset funds £	Restricted funds £	2014 £	2013 £
<b>Direct costs</b>					
Teaching & educational support staff costs	-	-	2,226,822	2,226,822	2,378,812
School visit expenditure	-	-	-	-	18,159
Depreciation	-	1,442,220	9,248	1,451,468	709,785
Educational supplies	-	-	135,124	135,124	153,352
Exam fees	-	-	60,599	60,599	81,593
Staff development	-	-	16,916	16,916	16,588
Educational consultancy	-	-	10,913	10,913	5,198
Other direct costs	-	-	19,940	19,940	19,687
	-	1,442,220	2,479,562	3,921,782	3,383,174
<b>Allocated support costs</b>					
Support staff costs	-	-	669,704	669,704	704,451
Severance payments	-	-	50,700	50,700	164,013
Recruitment and support	-	-	22,181	22,181	6,708
Maintenance of premises and equipment	-	-	21,040	21,040	109,213
Cleaning	-	-	7,829	7,829	9,879
Rent and rates	-	-	52,393	52,393	25,197
Light and heat	-	-	82,758	82,758	94,256
Insurance	-	-	30,540	30,540	30,565
Security and transport	-	-	21,606	21,606	16,243
Computer costs	-	-	53,161	53,161	91,003
Catering	-	-	44,553	44,553	63,710
Bank charges	-	-	227	227	(30)
Other support costs	-	-	44,898	44,898	40,245
	-	-	1,101,590	1,101,590	1,355,454
	-	1,442,220	3,581,152	5,023,372	4,738,628

**SARUM ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**10. Governance costs**

	Unrestricted funds £	Restricted fixed asset funds £	Restricted funds £	2014 £	2013 £
Legal and professional fees	27,007	-	-	27,007	34,213
Auditors remuneration					
Audit of financial statements	7,000	-	-	7,000	6,750
Responsible officer audit	-	-	-	-	1,180
	<u>34,007</u>	<u>-</u>	<u>-</u>	<u>34,007</u>	<u>42,143</u>

Legal and professional fees include HR, IT, legal, payroll and other support costs for the administration function

**11. Staff costs**

Staff costs during the year were:

	2014 £	2013 £
Wages and salaries	2,335,649	2,517,117
Social security costs	176,900	194,049
Pension costs	<u>328,980</u>	<u>328,463</u>
	2,841,529	3,039,629
Supply teacher costs	54,996	43,633
Staff restructuring costs	<u>50,700</u>	<u>164,013</u>
	<u>2,947,225</u>	<u>3,247,275</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £50,700 (2013: £164,013). £48,000 of the non-statutory/non-contractual payments exceeded £5,000 individually, and these were for £30,000, £6,100, £5,900 and £6,000.

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

	2014 No	2013 No
<b>Charitable activities</b>		
Teaching staff	30	43
Administration and support staff	38	41
Management	<u>7</u>	<u>7</u>

The number of employees whose emoluments exceeded £60,000 was:

	2014 No	2013 No
£60,001 - £70,000	1	1
£110,001 - £120,000	<u>1</u>	<u>1</u>

One of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for this staff member amounted to £16,098 (2013 - £19,633 (two employees)). The other employees participated in the Local Government Pension Scheme, pension contributions amounted to £5,282 (2013 - £nil).

**12. Governors' remuneration and expenses**

The Principal, who is on the governing board, only receives remuneration in respect of services provided in undertaking her role of Principal and not in respect of her services as a trustee. Other governors did not receive any remuneration nor travel or subsistence claims from the Academy, in respect of their roles as governors, in the year. The value of the trustee's remuneration was as follows:

R Johnson (principal and trustee)	£110,000 - £115,000 (2013: £110,000 - £115,000)
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**SARUM ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**13. Governors' and Officers' Insurance**

In accordance with normal commercial practice, the Academy has purchased insurance to protect the governors and officers from claims arising from negligent act, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5 million on any one claim and the cost for the year ended 31 August 2014 was £1,660 (2013: £1,760).

**14. Tangible Fixed Assets**

	Leasehold Buildings £	Internal Works £	Electrical Service/ Installation £	Furniture and Equipment £	Computer Equipment £	Total £
<b>Cost</b>						
At 1 September 2013	4,230,602	-	-	1,424,533	44,078	5,699,213
Additions	7,583,159	1,906,123	4,777,097	1,026,709	795,553	16,088,641
Disposals	(1,039,066)	-	-	-	-	(1,039,066)
<b>At 31 August 2014</b>	<b>10,774,695</b>	<b>1,906,123</b>	<b>4,777,097</b>	<b>2,451,242</b>	<b>839,631</b>	<b>20,748,788</b>
<b>Depreciation</b>						
At 1 September 2013	1,230,558	-	-	849,121	42,778	2,122,457
Charge for the year	215,494	95,306	477,710	396,500	266,458	1,451,468
Disposals	(1,039,066)	-	-	-	-	(1,039,066)
<b>At 31 August 2014</b>	<b>406,986</b>	<b>95,306</b>	<b>477,710</b>	<b>1,245,621</b>	<b>309,236</b>	<b>2,534,859</b>
<b>Net book values</b>						
At 31 August 2014	10,367,709	1,810,817	4,299,387	1,205,621	530,395	18,213,929
At 31 August 2013	3,000,044	-	-	575,412	1,300	3,576,756

The cost of leasehold buildings represents the donation in kind from the Diocese of Salisbury for the long-leasehold together with the building work carried out during the year which has been included at the cost of construction as provided by the main contractor.

The majority of the fixed assets purchased during the year are included at a cost as provided by the main contractor.

**15. Debtors**

	2014 £	2013 £
Trade debtors	34,779	76,986
Prepayments	54,864	28,791
Other debtors	201,133	622,894
	<b>290,776</b>	<b>728,671</b>

**16. Creditors: amounts falling due within one year**

	2014 £	2013 £
Trade creditors	40,517	231,422
Other taxation and social security	44,512	61,563
Other creditors	346,075	218,376
Accruals and deferred income	51,316	403,326
	<b>482,420</b>	<b>914,687</b>

**Deferred income**

	2014 £
Deferred income at 1 September 2013	343,946
Resources deferred in the year	
Bursary funding	4,871
School trips	1,940
Amounts released from previous years	(343,946)
<b>Deferred income at 31 August 2014</b>	<b>6,811</b>

**SARUM ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**17. Funds**

	Balance at 1 September 2013	Incoming Resources £	Resources Expended £	Gains, losses and Transfers £	Balance at 31 August 2014 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	144,722	2,576,683	(2,648,119)	-	73,286
Start Up Grant	-	317,446	(317,446)	-	-
Other DfE / YPLA Grants	-	441,834	(441,834)	-	-
Trip income	3,677	36,410	(38,649)	-	1,438
Other Government Grants	-	173,753	(173,753)	-	-
	<u>148,399</u>	<u>3,546,126</u>	<u>(3,619,801)</u>	<u>-</u>	<u>74,724</u>
<b>Restricted fixed asset funds</b>					
DfE / YPLA capital grants	-	-	-	-	-
Capital expenditure from GAG	35,117	-	-	-	35,117
Capital donation	-	15,992,718	(1,101,839)	-	14,890,879
Private sector capital donation	3,553,961	-	(340,381)	-	3,213,580
	<u>3,589,078</u>	<u>15,992,718</u>	<u>(1,442,220)</u>	<u>-</u>	<u>18,139,576</u>
<b>Pension reserve</b>	<u>24,000</u>	<u>-</u>	<u>(135,000)</u>	<u>-</u>	<u>(111,000)</u>
<b>Total restricted funds</b>	<u>3,761,477</u>	<u>19,538,844</u>	<u>(5,062,021)</u>	<u>-</u>	<u>18,103,300</u>
	Balance at 1 September 2013	Incoming Resources £	Resources Expended £	Gains, losses and Transfers £	Balance at 31 August 2014 £
<b>Unrestricted funds</b>					
Unrestricted funds	212,060	85,510	(34,007)	-	263,563
<b>Total unrestricted funds</b>	<u>212,060</u>	<u>85,510</u>	<u>(34,007)</u>	<u>-</u>	<u>263,563</u>
<b>Total funds</b>	<u>3,973,537</u>	<u>19,624,354</u>	<u>(5,096,028)</u>	<u>-</u>	<u>18,366,863</u>

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

**Private sector capital donation**

This fund represents the value of assets transferred from Salisbury High School and the value of land held under a leasehold arrangement with the Diocese of Salisbury. The costs set against this fund represents the annual depreciation charge provided to allocate the value of these assets over their estimated useful life.

**Capital donation**

This fund represents monies provided by the Education Funding Agency for the purpose of constructing new buildings and facilities. The costs set against this fund represents the annual depreciation charge provided to allocate the value of these assets over their estimated useful life.

**18. Analysis of net assets between funds**

	Unrestricted £	Restricted £	Restricted Fixed Asset £	Total £
Tangible fixed assets	-	74,353	18,139,576	18,213,929
Current assets	263,563	482,791	-	746,354
Current liabilities	-	(482,420)	-	(482,420)
Pension scheme liability	-	(111,000)	-	(111,000)
<b>Total net assets</b>	<u>263,563</u>	<u>(36,276)</u>	<u>18,139,576</u>	<u>18,366,863</u>



**SARUM ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**19. Financial commitments**

**Operating leases**

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

	2014 £	2013 £
<b>Other</b>		
Expiring within one year	-	-
Expiring within two and five years inclusive	9,029	8,415
	<u>9,029</u>	<u>8,415</u>

**20. Reconciliation of net incoming/(outgoing) resources to net inflow from operating activities**

	2014 £	2013 £
Net incoming/(outgoing) resources	14,528,326	(764,529)
Depreciation (note 14)	1,451,468	709,785
Interest receivable (note 5)	(1,065)	(1,734)
Decrease/(Increase) in debtors	437,895	(529,453)
(Decrease)/Increase in creditors	(432,267)	728,887
<b>Net cash inflow/(outflow) from operating activities</b>	<u>15,984,357</u>	<u>142,956</u>

**21. Returns on Investment and servicing of finance**

	2014 £	2013 £
Interest received	1,065	1,734
<b>Net cash inflow from investment and servicing of finance</b>	<u>1,065</u>	<u>1,734</u>

**22. Capital expenditure and financial investment**

	2014 £	2013 £
Purchase of tangible fixed assets	(16,088,641)	(2,043)
Disposal of fixed assets	-	-
Capital funding received from sponsors and others	-	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<u>(16,088,641)</u>	<u>(2,043)</u>

**23. Analysis of changes in net funds**

	Balance at 1 September 2013 £	Cash flows £	Balance at 31 August 2014 £
Cash at bank and in hand	558,797	(103,219)	455,578
<b>Total net funds</b>	<u>558,797</u>	<u>(103,219)</u>	<u>455,578</u>

**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.

## SARUM ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

#### 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 Wiltshire County Council. 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 was 31 March 2004 and of the LGPS 31 March 2013.

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

##### Teachers' Pension Scheme

###### Introduction

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

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

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

###### Valuation of the Teachers' Pension Scheme

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 the 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 the 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 representatives bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half year 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 since April 2012 on a 40:80:100% basis.

**SARUM ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**25. Pension and similar obligations (continued)**

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 the 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 contributions scheme. The academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £156,967, of which employer's contributions totalled £116,595 and the employees' contributions totalled £40,372. The agreed contribution rates for future years are 20.9 per cent for employers and 5.5 - 12.5 per cent for employees.

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

**Principal Actuarial Assumptions**

	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	4.4%	5.1%
Rate of increase for pension in payment / inflation	2.6%	2.8%
Discount rate for scheme liabilities	3.7%	4.6%
Inflation assumption (CPI)	2.8%	2.8%
Commutation of pensions to lump sums pre April 2008	50.0%	50.0%
Commutation of pensions to lump sums post April 2009	75.0%	75.0%

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

	At 31 August 2014	At 31 August 2013
Retiring today		
Males	22.3	21.3
Females	24.5	23.6
Retiring in 20 years		
Males	24.1	23.3
Females	26.9	25.5

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	6.3%	1,475	6.6%	1,215
Bonds	3.4%	353	4.1%	253
Property	4.5%	208	4.7%	169
Cash	3.3%	42	3.6%	51
<b>Total market value of assets</b>		<b>2,078</b>		<b>1,688</b>
<b>Present value of scheme liabilities - Funded</b>		<b>(2,189)</b>		<b>(1,664)</b>
<b>(Deficit)/surplus in the scheme</b>		<b>(111)</b>		<b>24</b>

The actual return on scheme assets was £275,000 (2013 - £182,000).

**SARUM ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**25. Pension and similar obligations (continued)**

**Amounts recognised in the statement of financial activities**

	2014 £	2013 £
Current service cost	136,000	119,000
Past service cost	-	-
<b>Total operating charge</b>	<b>136,000</b>	<b>119,000</b>

**Analysis of pension finance income / (costs)**

	2014 £	2013 £
Expected return on pension scheme assets	103,000	70,000
Interest on pension liabilities	(80,000)	(62,000)
<b>Pension finance income / (costs)</b>	<b>23,000</b>	<b>8,000</b>

The actuarial gain 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 the adoption of FRS 17 is a £224,000 loss (2013: £97,000 loss)

**Movements in the present value of defined benefit obligations**

	2014 £	2013 £
At 1 September 2013	1,664,000	1,473,000
Current service cost	136,000	119,000
Interest cost	80,000	62,000
Employee contributions	39,000	36,000
Actuarial loss /(gain)	288,000	43,000
Benefits paid	(18,000)	(69,000)
<b>At 31 August 2014</b>	<b>2,189,000</b>	<b>1,664,000</b>

**Movements in the fair value of the Academy's share of scheme assets**

	2014 £	2013 £
At 1 September 2013	1,688,000	1,439,000
Expected return on assets	103,000	70,000
Actuarial (gain) / loss	161,000	121,000
Employer contributions	105,000	91,000
Employee contributions	39,000	36,000
Benefits paid	(18,000)	(69,000)
<b>At 31 August 2014</b>	<b>2,078,000</b>	<b>1,688,000</b>

The estimated value of employer contributions for the year ended 31 August 2015 is £153,000

**The five-year history of experience adjustments is as follows:**

	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligations	(2,189)	(1,664)	(1,473)	(1,045)
Fair value of scheme assets	2,078	1,688	1,439	1,169
<b>(Deficit)/surplus in the scheme</b>	<b>(111)</b>	<b>24</b>	<b>(34)</b>	<b>124</b>
Experience adjustments on share of scheme assets	161	121	10	3
Experience adjustments on share of scheme liabilities	43	-	-	-

**26. Related party transactions**

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

There were no material related party transactions during the year.