

THETFORD LEARNING TRUST
(A Company Limited by Guarantee)

THE THETFORD ACADEMY

Annual Report and Financial Statements
For the year ended 31 August 2014



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COMPANIES HOUSE

Company Registration Number:
07300320 (England & Wales)

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

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**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

REFERENCE AND ADMINISTRATIVE DETAILS

MEMBERS

R de Souza (appointed September 2013)
T Agnew (appointed September 2013)
D Tibble (appointed September 2013)
M Foreman (resigned January 2014)
C Oakes (resigned April 2014)
D Lawrence (resigned July 2014)

GOVERNORS

S Berwick (Chair 2014/15 appointed October 2013) *
R de Souza (Chair 2013/14 appointed September 2013)
*

T Agnew (appointed September 2013) * #
A Ball (Executive Principal and Accounting Officer
from October 2013) *
H Buscall (appointed September 2013) *
M Gibbins * #
M Green
C Haggett
M Parfett (appointed January 2014) *
J Pountney (appointed January 2014)
B Rogers (appointed September 2013)
D Tibble (appointed September 2013) * #

M Foreman (resigned January 2014)
K King (resigned September 2013)
C Oakes (Vice Chair, resigned April 2014)
C Spillane (Principal and Accounting Officer and ex
officio governor until October 2013)

* member of Finance and General Purposes committee

member of Audit and Risk Committee. This committee
has been constituted as a joint committee with the
Inspiration Trust

COMPANY SECRETARY

C Powell (resigned August 2014)
C Montgomery (appointed October 2014)

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REFERENCE AND ADMINISTRATIVE DETAILS

SENIOR LEADERSHIP TEAM

- **Principal** A Ball (Mr Ball was appointed Executive Principal at the Academy from September 2013, formally taking on Accounting Officer responsibilities from 25 October 2013 following the departure of Mrs Spillane)
- **Vice Principal (Academy Standards)** K Blakey
- **Vice Principal (Student Achievement)** M Neild (until July 2014)
- **Senior Assistant Principal (Behaviour and Attendance)** I Mackintosh
- **Assistant Principal (Sixth Form)** R Coulter
- **Assistant Principal (Teaching and Learning)** C McIntyre
- **Assistant Principal (Raising Achievement)** C Oswick
- **Assistant Principal (SENDCo)** P MacDonald Brown

PRINCIPAL AND REGISTERED OFFICE

Thetford Academy
Croxtan Road
Thetford
IP24 1LH

COMPANY REGISTRATION NUMBER

07300320 (England and Wales)

AUDITOR

Lovewell Blake LLP
Chartered Accountants
The Gables
Old Market Street
Thetford
Norfolk
IP24 2EN

BANKERS

Lloyds PLC
35 King Street
Thetford
IP24 2AX

SOLICITORS

Browne Jacobson LLP
44 Castle Gate
Nottingham
NG1 7BJ

**THETFORD LEARNING TRUST
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**REPORT OF THE GOVERNORS (INCLUDING STRATEGIC REPORT)
FOR THE YEAR ENDED 31 AUGUST 2014**

REPORT OF THE GOVERNORS

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Thetford Learning Trust operates Thetford Academy, a co-educational secondary school in Thetford, Norfolk.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Thetford Learning Trust, hereafter referred to as the Academy, is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the prime governing documents of the Academy. The governors act as trustees for the charitable activities of the Academy and are also directors of the charitable company for the purposes of company law. The charitable company is known as The Thetford Academy.

Details of the governors who served throughout the year are included in the Reference and Administrative Details on page 1.

Thetford Learning Trust formally transferred the management and operation of Thetford Academy to the Inspiration Trust on 1 September 2014, and Thetford Academy will accordingly be governed in accordance with the Inspiration Trust's Memorandum and Articles of Association from September 2014. Thetford Learning Trust will be formally wound down upon presentation of the accounts for the year ended 31 August 2014.

Members' Liability

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

Governors' Indemnities

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

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**REPORT OF THE GOVERNORS (INCLUDING STRATEGIC REPORT)
FOR THE YEAR ENDED 31 AUGUST 2014**

Method of Recruitment and Appointment or Election of Governors

The management of the Academy is the responsibility of the governors who are elected and co-opted under the terms of the Academy deed. The governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation. From 1 September 2014 the appointment/election of governors shall be governed by the Inspiration Trust Articles of Association. As such, governors will no longer automatically be directors of the Inspiration Trust.

The term of office for any governor shall be four years, save that this time limit shall not apply to either the Executive Principal or the sponsors. Subject to remaining eligible to be a particular type of governor any governor may be reappointed or re-elected. The governors who were in office at the date of approval of the report and financial statements and who served during the year are listed on page 1.

Policies and Procedures adopted for the Induction and Training of Governors

The training and induction provided for new governors will depend on their existing experience.

Where necessary induction has included training on educational, legal and financial matters. All new governors are given the opportunity of a tour of the Academy, have the chance to meet with staff and students and are provided with copies of key documents, such as the Articles of Association, policies, procedures, accounts, budgets, plans and other documents they need to undertake their role as governors. During 2013/14 the Governing Body induction process was led by the Chair and Clerk to Governors and involved a workshop style presentation accompanied by an information pack. This gave new governors the opportunity to discuss and explore issues salient to their particular roles in an informal group setting. The Governing Body intends to review and strengthen induction procedures and training opportunities further during 2014/15.

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FOR THE YEAR ENDED 31 AUGUST 2014**

Organisational Structure

The Academy was set up with a management structure to support the Education Brief. During 2013/14 the Academy's organisational structure consisted of four levels: Thetford Learning Trust members, the governors, the Senior Leadership Team (the SLT as described on page 1 took over from the previous Executive Leadership Team) and other staff undertaking leadership roles in the Academy including curriculum leaders.

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

During 2013/14 the Governing Body operated a committee structure reporting into the main Governing Body. Committees included Audit & Risk and Curriculum & Standards. All Committees had approved terms of reference set out in the approved Governing Body Standing Orders.

During the course of the 2013/14 academic year the full Governing Body formally met 5 times.

The governors have approved a scheme of financial delegation which clearly sets out the level of financial authority delegated to the Executive Principal and members of the Senior Leadership Team.

Prior to 2013/14 an Executive Leadership Team (ELT), comprising the Principal, Vice Principals and Director of Finance, controlled the Academy at an executive level, implementing the policies laid down by the governors and reporting back to them. The ELT was headed by the Principal and Accounting Officer, Mrs Catherine Spillane. Following the Inspiration Trust taking on the role of sponsors, which was formally agreed by members of the Thetford Learning Trust on 4 September 2013, Mr Adrian Ball became Executive Principal at the Academy. He formally took on the Accounting Officer duties after the departure of Mrs Spillane, following the Governing Body approval on 25 October 2013. Following Mr Ball's appointment he has established and restructured the Academy leadership team to provide a wider Senior Leadership Team (SLT) which encompasses the Assistant Principals as well as the restructured ELT. Members of the SLT, listed on page 1, are responsible for developing and implementing Academy plans which seek to deliver the best possible education for its students within the agreed budget and scheme of delegation approved by governors.

Connected Organisations

With effect from September 2013, the Inspiration Trust became the sole sponsor of the Thetford Academy replacing the previous sponsors (Easton College, West Suffolk College, Norfolk County Council and Wymondham College).

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THE THETFORD ACADEMY**

**REPORT OF THE GOVERNORS (INCLUDING STRATEGIC REPORT)
FOR THE YEAR ENDED 31 AUGUST 2014**

OBJECTIVES AND ACTIVITIES

Aims and Objectives of the Academy

The Academy objective is set out in its Articles of Association. In summary it is to establish, maintain, manage and develop a school offering a broad curriculum with a strong emphasis on, but in no way limited to, English and mathematics. It seeks to deliver this object through The Thetford Academy which opened to students in September 2010 on premises leased from Norfolk County Council.

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

Objectives, Strategies and Activities

Following the Inspiration Trust becoming the Academy's sole sponsor in September 2013 it reviewed its objectives and priorities. The key objectives for 2013/14 can be summarised as:

- To be removed from the Ofsted special measures category and achieve at least a "good" rating by Ofsted by the end of 2014
- Achieving the Academy's best ever results in 2013/14
- Becoming an "outstanding" rated school by the end of 2016.

Specific priorities for the year ahead include:

- Continuing to make rapid improvements in Key Stage 4 and Key Stage 5 results
- Maintaining the high standards of behavior that have been established.
- Improving the range of teaching strategies to meet the needs of the diverse pupil cohort
- To increase levels of recruitment into Year 7 and Year 12 to increase numbers on roll.

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

- Achievement of students
- Behaviour and safety of students
- Care, guidance and support
- Quality of teaching
- Curriculum
- Leadership and management

Public Benefit

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

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FOR THE YEAR ENDED 31 AUGUST 2014**

STRATEGIC REPORT

Achievements and performance

In 2014 the Academy recorded its highest ever results at GCSE and A-level. In 2011, 2012 and 2013 the Academy had failed to exceed the national floor targets but in 2014 it exceeded them by 10% points. The gap between disadvantaged pupils and the rest of the cohort closed by 15% points and there is less of an attainment and progress gap at Thetford than the national average.

Academy student results in 2013/14 showed a rapid improvement from those in 2012/13. 50% of students achieved 5 GCSE grades of A*-C including English and Mathematics, which is well above the floor target and significantly more than the 39% achieved the previous year. GCSE results in core subjects were good with progress rates meeting or exceeding national figures. 64% of Academy students achieved a grade of A*-C in Mathematics which was a 11% point improvement from the previous year and in English 72% was achieved, which was an increase of 28% points from the 2012/13 position. Attendance of pupils increased from 90.4% in 2012/13 to 94.35% which is higher than the national average.

The Academy is committed to its new facilities being available for community use outside of school hours and the local community have embraced the facilities on offer with regular bookings in place for all of the Academy facilities outside of school hours.

Key Financial Performance Indicators

Academy expenditure on staff pay as a percentage of total incoming revenue resources was 71.3% in 2013/14 (2013: 68.3%).

Academy deficit on restricted funds (excluding pensions) was £338k (2013: deficit of £75k).

Academy year end current assets to current liabilities ratio was 3.2 to 1 (2013: 1.9 to 1).

Going Concern

Thetford Learning Trust formally transferred the assets and activities of Thetford Academy to the Inspiration Trust on 1 September 2014, and Thetford Academy will accordingly be governed in accordance with the Inspiration Trust's Memorandum and Articles of Association from September 2014. Thetford Learning Trust will be formally wound down upon presentation of the accounts for the year ended 31 August 2014.

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FOR THE YEAR ENDED 31 AUGUST 2014**

FINANCIAL REVIEW

Overview

These financial statements reflect the year of operational activity for the Academy. During the year the Academy received total income of £7,990k, of this sum £7,666k was received from the Department of Education (DfE) via the Education Funding Agency in respect of its General Annual Grant, used for its day to day running costs, and other revenue grants. In addition £25k was received for capital purposes. Other grants and income amounted to £299k.

Costs for the year totalled £8,715k excluding those relating to the Academy share of the Local Government Pension Scheme (LGPS). The annual review resulted in an actuarial assessed loss of £592k on the LGPS.

The Academy carried forward total reserves of £1,208k as at 31 August 2014.

Reserves Policy

The Governing Body reviews the reserve levels of the Academy annually at the year-end and as a part of its medium term budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. Governors determine what the level of uncommitted reserves should be. The aim is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

As a part of its monitoring of in-year financial performance the Governing Body reviews the forecast impact on reserves and considers this as a part of its medium term financial planning. As at 31 August 2014 the Academy held total restricted general funds of £925k.

Under Accounting Standard FRS17 it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for our non-teaching staff to a specific restricted reserve. As at 31 August 2014 the deficit on this reserve amounted to £1,245k. Contributions to the pension scheme are being increased over the next few years in order to reduce the deficit.

In addition the Academy held £1,441k restricted fixed asset funds as at 31 August 2014. The fixed asset fund reflects both the funding received for capital investment purposes and the depreciation costs of assets.

Unrestricted funds carried forward amounted to £87k.

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Investment Policy

The Governing Body has approved a treasury management policy and invests cash flow surpluses for a limited period of up to one year in order to generate a return on any cash balances. However, in balancing risk against return the Academy policy is clearly geared towards avoiding risk than to maximising return. As at 31 August 2014 the Academy has only cash deposits invested with its banker, Lloyds, amounting to £1m in total, and a further £250k invested in a NatWest instant access deposit account. Of the £1m invested with Lloyds £500k had been placed for 3 months at 0.7% and was due to mature in September 2014, and £500k each had been placed at 0.7% for 3 months and was due to mature in November 2014. The Academy treasury management policy allows investment in a small number of institutions that are assessed as high quality counterparties.

Principal Risks and Uncertainties

The Academy risk management strategy and risk register arrangements have been embedded throughout 2013/14 but will be reviewed further by the Audit and Risk Committee in 2014/15. Top financial risks that it has identified and are managing include failure to achieve planned student numbers and failure to deliver forecast necessary savings over the medium term and maintain sustainable improvements in student performance. The Academy has initiated actions in order to mitigate these risks.

Risk Management

The Academy has established risk management arrangements that include a risk management strategy and a strategic risk register. During 2013/14 the strategic risk register was reviewed regularly both by the SLT and Audit and Risk Committee. The risk register seeks to both identify the likelihood of a risk occurring, its impact and actions that are being taken to mitigate the risk. Risks included on the register are varied but have included educational risks such as the Academy not achieving the targeted student exam results and acceptable levels of progress, failure to achieve an increase in student numbers, target student attendance rates, improvements in student behaviour, improvements in the quality of teaching or improvements in gaining parental and wider community support. Most significantly it has included the risk of failing to take the Academy out of special measures within an acceptable timescale following an Ofsted inspection carried out in February 2013. It was this event that was instrumental in the Academy sponsors stepping down and agreeing to seek a new sponsor with more sector specialist expertise and capacity to support the Academy as it strives to make necessary improvements. As a result the Inspiration Trust became the new sponsor of the Thetford Academy in September 2013 and the new Executive Principal was appointed. The Ofsted special measures monitoring visit reports produced following visits in October 2013, March 2014 and July 2014 were positive and state that the Academy is now making progress towards the removal of special measures.

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Risk Management (continued)

In addition to the above the risk register records the risks associated with major incidents, ICT system failures and several financial and operational risks, including budgetary risks and health and safety and safeguarding of student risks. Notably the Academy had identified the risk of a significant budget gap over the medium term and as a result is progressing with a range of actions in order to deliver financial savings. The Finance & General Purposes Committee has overseen the development of savings plans on behalf of the Governing Body, which have already delivered £570k savings with a further £1,535k savings anticipated over the next period. Some significant financial risks such as public and employee liability are covered by Insurance. The Academy operates systems of internal financial control and checks and these are examined periodically by the Academy's auditors and Responsible Officer.

Equal Opportunities Policy

The Academy recognises its commitment to students, staff, parents/carers and governors and to the wider community based on the principle of promotion of self-respect and respect of others. As such we believe that discrimination is unacceptable and our equal opportunities policy seeks to foster all individuals' abilities. In meeting the duties, all our actions will embody our key principles and values which include:

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

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Disabled Persons

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

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

Accessibility

There is specific disability legislation in relation to disabled students and accessibility which means the Academy plans strategically over time to:

- Increase access to the curriculum.
- Make improvements to the physical environment of the Academy to increase access.
- Make written information available to students in a range of different ways.

The Academy ensures that disabled students do not receive less favourable treatment and to do this it has a duty to make reasonable adjustments.

PLANS FOR FUTURE PERIODS

The Academy primary focus in 2014/15 is to ensure its students make further progress and achieve high degrees of success in their exams. Notably it is targeting that at least 60% of our students will achieve 5 GCSEs at A* to C including English and mathematics and that we will have closed the attainment gap between those students eligible for free school meals and those from more well off backgrounds. Other targets we have set include:

- Sixth form students achieving 75% A*-C at A level and 60% A-C at AS level.
- 80% and 75% of students will have made the expected level of progress in English and mathematics at Key Stage 4 and Key Stage 3 respectively.
- Improving student attendance for all year groups and overall in order that it is equal to or above the national average (94.3%)
- Reducing the number of permanent and fixed term exclusions and removals from lessons
- Raising the quality of teaching significantly in order that all lessons meet teaching standards.
- Raising the quality of teaching English as an additional language.
- Establishing a rigorous system of performance management and appraisal that is informed by outcomes.
- Putting in place a sustainable budget plan that addresses the forecast medium term budget gap.

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AUDITOR

In so far as the Governors are aware:

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

The appointment of the current auditors, Lovewell Blake LLP, was made following a competitive process concluded in December 2010. The appointment is for a period of one year, renewable annually at the discretion of the governors. A formal competitive tender will be undertaken at least every five years.

The Report of the Governors, including Strategic Report, was approved by the Governors on 12 December 2014 and signed on their behalf by :



Sam Berwick, Chair of Governors.

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GOVERNANCE STATEMENT

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that the Thetford 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 Governing Body has delegated the day to day responsibility to the 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 assigned to it in the Funding Agreement between the Thetford Learning 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. With effect from 25 October 2013 the newly appointed Executive Principal assumed all the responsibilities of the Principal role, including those of Accounting Officer.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors Responsibilities. The Governing Body has met 5 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
R de Souza (Chair) (appointed September 2013)	5	5
C Oakes (Vice Chair) (resigned April 2014)	3	4
M Foreman (resigned January 2014)	1	3
M Gibbins (Responsible Officer)	5	5
M Green	4	5
C Haggett	5	5
T Agnew (appointed September 2013)	5	5
H Buscall (appointed September 2013)	1	5
D Tibble (appointed September 2013)	5	5
B Rogers (appointed September 2013)	3	5
S Berwick (appointed October 2013)	2	4
J Pountney (appointed January 2014)	2	2
M Parfett (appointed January 2014)	1	2

Details of governors attendance at committees during 2013/14 are as set out on the next page.

Governance reviews

Thetford Academy will be governed in accordance with the Inspiration Trust's Memorandum and Articles of Association from September 2014, and reviews of the governance structure will take place after the transition.

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GOVERNANCE STATEMENT

Audit & Risk Committee

Governor/member *	Meetings attended	Out of a possible
T Agnew (Chair)	4	4
D Tibble	3	4
J Hanson-Smith *	3	4
M Gibbins	3	3

Curriculum Committee

Governor	Meetings attended	Out of a possible
R de Souza	1	4
C Oakes	2	3
B Rogers	3	4
C Haggett	4	4
J Pountney	2	2
A Ball	4	4
M Green	3	4
M Foreman	2	2

Finance and General Purposes Committee

Governor	Meetings attended	Out of a possible
T Agnew (Chair)	2	4
D Tibble	3	4
H Buscall	3	4
S Berwick	3	3
M Gibbins	4	4
A Ball	4	4
R de Souza	1	4
M Parfett	2	2

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GOVERNANCE STATEMENT

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 the Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the Thetford Academy for the year ended 31 August 2014 and included a programme of visits and checks being carried out by the Responsible Officer with findings reported to governors.

The Academy is committed to ongoing review and development of its control framework. Recent changes introduced following the change in Academy sponsorship and integration of Thetford Academy, within the Inspiration Trust include:

- i) A review and update of the Academy Finance Manual to take into account the requirements set out in the latest Academies Financial Handbook and to tighten some of the financial delegations in view of the increasing financial constraints facing the Academy
- ii) Changes to the governance arrangements in all Inspiration Trust schools including Thetford Academy are in place for 2014/15. These changes are proposed in response to an internal review of governance by the Inspiration Trust across all its schools in June 2014 which identified; (1) duplication of some content between meetings (in particular concerning finance and policy); and (2) the need to harmonise governance arrangements in all Inspiration Trust schools. A more streamlined governance structure was instituted in September 2014 comprising the Trust Board of Directors (to lead on finance, some policy and overall strategy in all schools within the Inspiration Trust) a local governing body (being a committee of the Trust Board) in relation to each relevant school or defined group of schools, including Thetford Academy and a dedicated Audit and Risk Committee of the Trust Board. Terms of reference for the Trust Board and its local governing bodies were adopted and rolled out to all schools including Thetford Academy in September 2014. Whilst it is not envisaged that further sub-committees will be necessary, these terms of reference allow discretion for the Trust Board to set up a dedicated finance committee, or for any of the local governing bodies to set up a dedicated curriculum and standards committee if required. Governors at Thetford have been inducted by the Clerk to Governors as to the revised arrangements following the integration of Thetford Academy into the Inspiration Trust from 1 September 2014.
- iii) Finance Workshop meetings (established in 2013/14 and proposed to continue into 2014/15) in order for governors to scrutinise and challenge the medium term savings plans.
- iv) An external audit of governance in all Inspiration Trust Schools, including Thetford Academy, has been commissioned for Autumn 2014 led by Baker Tilly.
- v) Governors have been asked to undertake a self evaluation exercise on the governance of the Academy, the results of which are yet to be collated and analysed.
- vi) The Trust will further review the governance arrangements in all its schools, including Thetford Academy, by summer 2015 in readiness for the new academic year.

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GOVERNANCE STATEMENT

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been or are being 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'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 through its Audit and Risk Committee. The change in Academy sponsorship and integration of Thetford Academy within the Inspiration Trust seeks to provide additional capacity to the Governing Body in managing risk going forward.

The Risk and Control Framework

The Academy'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:

- i) Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed, and agreed as appropriate, by the Governing Body ;
- ii) Regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against budgets and of major purchase plans, capital works and expenditure programmes;
- iii) Regular review by the Finance and General Purposes Committee of medium term financial projections and the development of budget plans;
- iv) Setting targets to measure financial and other performance;
- v) A scheme of financial delegations which includes the need for major spending decisions to be considered and approved by the Governing Body before commitments are made.
- vi) Internal staff delegations of authority and separation of duties.
- vii) A Finance Manual which includes clearly defined purchasing guidelines.

The Governing Body

The Governing Body had considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, during the year the governors appointed Mr Michael Gibbins to the Governing Body who fulfilled the role of Responsible Officer. The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. Mr Gibbins reported the findings of his programme of visits to the Audit and Risk Committee and to the full Governing Body.

Following the transfer by Thetford Learning Trust of Thetford Academy to the Inspiration Trust on 31 August 2014, it was proposed that an external internal auditor should be appointed to undertake this role for all Inspiration Trust schools, including Thetford Academy during 2014/15. To this end Baker Tilly were appointed during September 2014 to provide a more professional Internal Audit service for the Trust.

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

GOVERNANCE STATEMENT

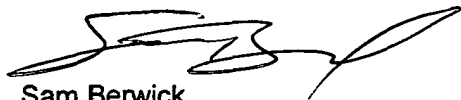
Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Senior Leadership Team within the Academy 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 and has a rolling plan to address any weaknesses identified and ensure continuous improvement of the system is in place. This plan has been reported to the Audit and Risk Committee who monitor progress of delivery against planned actions.

Approved by order of members of the Governing Body on 12 December 2014 and signed on its behalf by:



Sam Berwick
Chair of Governors



Adrian Ball
Executive Principal and Accounting
Officer

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of the Thetford Academy I have considered my responsibility to notify the Academy Governing Body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Thetford Learning 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 Governing Body are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy 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 Governing Body and EFA.



Adrian Ball
Executive Principal and Accounting Officer
12 December 2014

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

STATEMENT OF GOVERNORS RESPONSIBILITIES

The governors (who act as trustees for charitable activities of The Thetford Learning Trust and are also the directors of the Academy for the purposes of company law) are responsible for preparing the Report of the Governors 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 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 Academy and of the incoming resources and application of resources, including the income and expenditure, of the Academy for that period. In preparing these financial statements, the governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy 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 Academy applies financial and other controls which conform to the requirements both of priority and good financial management. They are also responsible for ensuring grants received from the EFA/DfE 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 Academy's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees of the Inspiration Trust will assume the above responsibilities in relation to Thetford Academy from 1 September 2014 onwards following the transfer of the operation and management of the Academy from Thetford Learning Trust to Inspiration Trust on 31 August 2014. The governors at Thetford Academy will continue on as local governors in relation to the Academy.

Approved by order of the members of the Governing Body on 12 December 2014 and signed on its behalf by:


Sam Berwick
Chair of Governors

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THETFORD LEARNING TRUST,
THE THETFORD ACADEMY**

We have audited the financial statements of Thetford Learning 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. 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 Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Governors' Responsibilities Statement set out on page 21, the governors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and report in accordance with this.

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

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

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THETFORD LEARNING TRUST,
THE THETFORD ACADEMY (continued)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Governors for the period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

DAVID BULLER FCA (Senior Statutory Auditor)
For and on behalf of LOVEWELL BLAKE LLP, Statutory Auditor

15 December 2014

The Gables
Old Market Street
Thetford
Norfolk
IP24 2EN

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE GOVERNING BODY OF THETFORD LEARNING TRUST, THE THETFORD ACADEMY AND
THE EDUCATION FUNDING AGENCY**

In accordance with the terms our engagement with The Thetford Learning Trust 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 the 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 the Governing Body and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Governing Body and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Thetford Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Thetford Learning Trust's funding agreement with the Secretary of State for Education dated 1 February 2011 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE GOVERNING BODY OF THETFORD LEARNING TRUST, THE THETFORD ACADEMY 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Review of minutes of the various committees and sub-committees, management accounts and discussions with key personnel.
- Evaluation of the implementation of the internal control procedures, and detailed review of the control environment for any changes or weaknesses.
- Review of expense claims and credit card expenditure, to ensure it adheres to internal control procedures and is not for personal benefit.
- Review of financial transactions for any unusual transactions which may be improper.
- Ensuring that all the activities of the Academy are in keeping with the Academy's framework and charitable objectives.
- Ensuring that key staff and Governors have declared their interest in related parties and following up with discussions and testing.
- Review of related party transactions to ensure that no favourable rates have been applied.
- Ensuring any contracts with connected parties have been procured following the Academy's procurement and tendering process, and if contracts were entered into after 7 November 2013 that the Academy has obtained statements of assurance confirming no profit element was charged.
- Ensuring expenditure does not contravene the funding agreement.
- Ensuring extra-curricular payments for staff have been made in accordance with the Handbook.
- Ensuring that where special payments, including compromise agreements have been made to staff, that prior approval has been sought for non-contractual amounts over £50,000, payments are not used as a substitute for taking appropriate action under the Academy's misconduct or performance management procedures, and payments are in line with the severance guidance published by EFA.
- Ensuring borrowing agreements, including leases, have been made in accordance with the Handbook.

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE GOVERNING BODY OF THETFORD LEARNING TRUST, THE THETFORD ACADEMY AND
THE EDUCATION FUNDING AGENCY (continued)**

- Ensuring land and building transactions, especially disposals, are in line with the funding agreement and Handbook and prior approval has been obtained.
- Ensuring that write-offs over 1% of total income or £45,000 (whichever is smaller) have been approved in advance by the Secretary of State.
- Ensuring procurement activity is in accordance with Annex 4.6 of Managing Public Money and that tendering processes have been adhered to.

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.

DAVID BULLER FCA (Senior Statutory Auditor)
For and on behalf of LOVEWELL BLAKE LLP, Statutory Auditor

15 December 2014

The Gables
Old Market Street
Thetford
Norfolk
IP24 2EN

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

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

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

	Notes	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds :						
Activities for Generating Funds	3	85,860	-	-	85,860	87,570
Investment income	4	13,066	-	-	13,066	30,279
Incoming resources from charitable activities :						
Funding for the Academy's educational operations	5	-	7,855,906	35,271	7,891,177	8,678,094
TOTAL INCOMING RESOURCES		<u>98,926</u>	<u>7,855,906</u>	<u>35,271</u>	<u>7,990,103</u>	<u>8,795,943</u>
RESOURCES EXPENDED						
Cost of generating funds :						
Cost of activities for generating funds	7	60,585	-	-	60,585	106,996
Charitable Activities:						
Academy's educational operations	7	-	8,183,553	432,974	8,616,527	8,766,679
Governance costs	8	-	37,750	-	37,750	22,182
TOTAL RESOURCES EXPENDED	6	<u>60,585</u>	<u>8,221,303</u>	<u>432,974</u>	<u>8,714,862</u>	<u>8,895,857</u>
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		38,341	(365,397)	(397,703)	(724,759)	(99,914)
Gross transfers between funds	15	-	(29,157)	29,157	-	-
NET INCOME/(EXPENDITURE) FOR THE YEAR		<u>38,341</u>	<u>(394,554)</u>	<u>(368,546)</u>	<u>(724,759)</u>	<u>(99,914)</u>
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial (losses)/gains on defined benefit pension schemes	15,25	-	(592,000)	-	(592,000)	113,000
NET MOVEMENT IN FUNDS		<u>38,341</u>	<u>(986,554)</u>	<u>(368,546)</u>	<u>(1,316,759)</u>	<u>13,086</u>
TOTAL FUNDS BROUGHT FORWARD AT 1 SEPTEMBER 2013		<u>48,581</u>	<u>666,941</u>	<u>1,809,164</u>	<u>2,524,686</u>	<u>2,511,600</u>
TOTAL FUNDS CARRIED FORWARD AT 31 AUGUST 2014		<u>86,922</u>	<u>(319,613)</u>	<u>1,440,618</u>	<u>1,207,927</u>	<u>2,524,686</u>

All of the Academy's activities derive from continuing operations during the above two financial periods.
The notes on pages 29 to 52 form part of these financial statements

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

**BALANCE SHEET
Company Number 07300320
AS AT 31 AUGUST 2014**

	Notes	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	12		1,220,056		1,422,709
CURRENT ASSETS					
Debtors	13	520,744		322,884	
Short term investments		1,250,256		2,500,000	
Cash at bank and in hand		<u>29,234</u>		<u>775,673</u>	
			1,800,234		3,598,557
CREDITORS					
Amounts falling due within one year	14	<u>567,363</u>		<u>1,900,580</u>	
NET CURRENT ASSETS			<u>1,232,871</u>		<u>1,697,997</u>
NET ASSETS EXCLUDING PENSION LIABILITY			2,452,927		3,120,686
Pension scheme liability	25		<u>(1,245,000)</u>		<u>(596,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>1,207,927</u>		<u>2,524,686</u>
FUNDS					
Restricted funds					
General funds	15	925,387		1,262,941	
Pension reserve	15, 25	<u>(1,245,000)</u>		<u>(596,000)</u>	
			(319,613)		666,941
Fixed asset reserve	15		<u>1,440,618</u>		<u>1,809,164</u>
Total restricted funds			1,121,005		2,476,105
Unrestricted funds			<u>86,922</u>		<u>48,581</u>
TOTAL FUNDS			<u>1,207,927</u>		<u>2,524,686</u>

The financial statements were approved by the Governing Body and authorised for issue on 12 December 2014 and are signed on their behalf by


Sam Berwick
Chair of Governors

The notes on pages 29 to 52 form part of these financial statements

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

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

	Notes	2014 £	2013 £
Net cash outflow from operating activities	19	(564,455)	(63,837)
Returns on investments and servicing of finance	20	13,066	30,279
Capital expenditure	21	<u>(195,050)</u>	<u>(1,275,539)</u>
(Decrease) in cash in the year		<u>(746,439)</u>	<u>(1,309,097)</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		<u>775,673</u>	<u>2,084,770</u>
Net funds at 31 August 2014	22	<u>29,234</u>	<u>775,673</u>

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

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

1. ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with the applicable United Kingdom Standards, the Charity Commission "Statement of Recommended Practice: Accounting and Reporting by Charities" (SORP 2005), the Academies Accounts Direction 2013 to 2014 issued by 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.

1.2 Going Concern

Thetford Learning Trust formally transferred the assets and activities of Thetford Academy to the Inspiration Trust on 1 September 2014, and Thetford Academy will accordingly be governed in accordance with the Inspiration Trust's Memorandum and Articles of Association from September 2014. Thetford Learning Trust will be formally wound down upon presentation of the accounts for the year ended 31 August 2014.

1.3 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 period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

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

Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy 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's accounting policies.

Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent that the goods or services have been provided or on completion of the service.

Interest Receivable

Interest receivable is included in the Statement of Financial Activities on an accruals basis.

1.4 Resources Expended

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

- **Costs of generating funds**
There 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.

1.5 Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Assets costing less than £1,000 are written off in the year of acquisition.

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

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

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 the 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.

1.6 Depreciation

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

Boilers	25 years
Motor vehicles	10 years
Technical equipment	5 to 10 years
Office and general equipment	5 years
Computer software and hardware	3 to 5 years

Enhancement to leasehold buildings is depreciated on the lesser of estimated useful life or the remaining period of the lease.

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

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

1.7 Leased Assets

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

1.8 Taxation

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

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

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

1.9 Pensions

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

Teachers' Pension Scheme (TPS)

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

Local Government Pension Scheme (LGPS)

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 cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

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

1.10 Fund Accounting

Unrestricted Funds

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

Restricted Fixed Asset Funds

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

Restricted Funds

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency.

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

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

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2014 on the amounts 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.

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Contributions to student visits and events	32,356	-	32,356	48,304
Hire of facilities	28,828	-	28,828	10,654
Uniform sales	<u>24,676</u>	<u>-</u>	<u>24,676</u>	<u>28,612</u>
	<u>85,860</u>	<u>-</u>	<u>85,860</u>	<u>87,570</u>

4. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Bank interest	<u>13,066</u>	<u>-</u>	<u>13,066</u>	<u>30,279</u>

**THETFORD LEARNING TRUST
THE THETFORD ACADEMY**

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

5. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
DfE/EFA Capital Grants				
Devolved formula capital grant	-	25,427	25,427	26,409
Other capital grants	-	9,844	9,844	-
DfE/EFA Revenue Grants				
General Annual Grant (See Note 2)	-	6,890,040	6,890,040	7,546,746
Start up grants	-	305,590	305,590	357,519
Pupil premium grant funding	-	354,000	354,000	292,262
16-19 bursary fund	-	16,698	16,698	21,280
Other DfE/ EFA revenue grants	-	99,677	99,677	45,300
Other Revenue Grants & Contributions:				
Pupil specific funding	-	7,275	7,275	110,645
Thetford cluster funding	-	43,973	43,973	109,668
Secondment income	-	1,728	1,728	5,850
Graduate teacher programme	-	9,600	9,600	32,700
Other grants, contributions and income	-	<u>127,325</u>	<u>127,325</u>	<u>129,715</u>
	<u>-</u>	<u>7,891,177</u>	<u>7,891,177</u>	<u>8,678,094</u>

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6. RESOURCES EXPENDED

	Staff Costs £	Non Pay Premises £	Non Pay – Other £	2014 £	2013 £
Costs of activities for generating funds	-	-	60,585	60,585	106,996
Academy's educational operations					
- Direct costs	5,024,366	-	1,037,595	6,061,961	6,438,277
- Allocated support costs	<u>651,333</u>	<u>459,479</u>	<u>1,443,754</u>	<u>2,554,566</u>	<u>2,328,402</u>
	5,675,699	459,479	2,541,934	8,677,112	8,873,675
Governance costs	<u>-</u>	<u>-</u>	<u>37,750</u>	<u>37,750</u>	<u>22,182</u>
	<u>5,675,699</u>	<u>459,479</u>	<u>2,579,684</u>	<u>8,714,862</u>	<u>8,895,857</u>

2014
£

2013
£

Incoming/outgoing resources for the year include:

Operating leases	1,664	15,621
Fees payable to auditor - audit	7,750	6,500
- other services	2,550	3,075
Profit on disposal of fixed assets	<u>2,000</u>	<u>1,458</u>

7. COST OF GENERATING FUNDS AND CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Direct Costs				
Teaching and educational support staff		4,858,530	4,858,530	4,989,382
Other staff related costs		165,836	165,836	151,618
Staff development and training		47,533	47,533	36,951
Bought in educational professional services		105,849	105,849	114,600
Agency staff		449,869	449,869	619,679
Teaching resources		204,901	204,901	219,849
External courses		118,503	118,503	129,479
Examination fees		110,940	110,940	176,722
Student uniform	27,049	-	27,049	32,045
Visits and events	<u>30,722</u>	<u>-</u>	<u>30,722</u>	<u>52,675</u>
	<u>57,771</u>	<u>6,061,961</u>	<u>6,119,732</u>	<u>6,522,997</u>

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	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Support Costs				
Support staff costs	2,814	648,519	651,333	814,033
Other staff related costs	-	-	-	24,535
Agency staff	-	-	-	34,702
Bought in professional services	-	520,082	520,082	178,795
Recruitment and support	-	45,143	45,143	95,478
Maintenance of premises	-	87,350	87,350	157,775
Cleaning	-	131,464	131,464	110,958
Premises occupancy costs	-	240,665	240,665	296,108
Transport	-	58,656	58,656	44,931
ICT hardware and software support	-	109,749	109,749	151,592
Catering	-	94,762	94,762	134,248
Administrative supplies	-	120,791	120,791	102,084
Telecommunications	-	7,989	7,989	14,082
Insurance	-	56,422	56,422	66,499
Depreciation	-	432,974	432,974	124,858
	<u>2,814</u>	<u>2,554,566</u>	<u>2,557,380</u>	<u>2,350,678</u>
	<u>60,585</u>	<u>8,616,527</u>	<u>8,677,112</u>	<u>8,873,675</u>
8. GOVERNANCE COSTS				
	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Clerking	-	15,000	15,000	14,398
Governance – Inspiration Trust	-	15,000	15,000	-
Audit fees	-	7,750	7,750	6,500
Actuarial review fees	-	-	-	550
Legal fees	-	-	-	734
	<u>-</u>	<u>37,750</u>	<u>37,750</u>	<u>22,182</u>

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9. STAFF

a) Staff costs

Staff costs during the period were:

	2014	2013
	£	£
Wages and salaries	4,487,673	4,765,151
Social security costs	333,141	356,224
Pension costs	632,049	632,214
FRS17 pension costs	<u>57,000</u>	<u>62,000</u>
	5,509,863	5,815,589
Travel and subsistence	6,498	13,321
Staff restructuring costs	<u>159,338</u>	<u>162,832</u>
	<u>5,675,699</u>	<u>5,991,742</u>

b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £96,000. Five of the non-statutory/non-contractual payments exceeded £5,000 individually, and these were for £20,000, £17,125, £17,000, £12,000 and £12,000.

c) Staff numbers

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

	2014	2013
	Number	Number
Teachers	84	83
Educational support and administrative	<u>86</u>	<u>87</u>
	<u>170</u>	<u>170</u>

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

	2014	2013
	Number	Number
£60,001 - £70,000	3	3
£70,001 - £80,000	-	1
£100,001 - £110,000	-	1

The three above employees participated in the Teachers Pension Scheme. During the year ended 31 August 2014 employer pension contributions for these staff amounted to £29,596 (2013: £44,123).

10. RELATED PARTY TRANSACTIONS - GOVERNORS' REMUNERATION AND EXPENSES

The Staff Governors only receive remuneration in respect of services they provide in undertaking the roles of Executive Principal and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration was as follows:

M Green (Staff governor)	£35,001 - £40,000 (2013: £30,001 - £35,000)
C Haggett (Staff governor)	£5,001 - £10,000 (2013: £5,001 - £10,000)

The Executive Principal is an employee of the Inspiration Trust and his salary is recharged to the Thetford Learning Trust as per note 26.

During the year ended 31 August 2014 no travel and subsistence expenses were paid to governors in respect of their role as governors.

Other related party transactions involving governors are set out in note 27.

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides maximum cover up to £1,000,000 on any one claim. The policy is a part of a combined insurance package so the precise costs of this element cannot be determined. The cost of this insurance is included in the total insurance cost.

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12. TANGIBLE FIXED ASSETS

	Land and Buildings £	Motor Vehicles £	Furniture and equipment £	Computer equipment and software £	Total £
Cost					
At 1 September 2013	42,047	20,200	233,196	1,330,203	1,625,646
Additions	-	-	13,613	217,708	231,321
Disposal	-	(3,000)	(19,980)	-	(22,980)
At 31 August 2014	<u>42,047</u>	<u>17,200</u>	<u>226,829</u>	<u>1,547,911</u>	<u>1,833,987</u>
Depreciation					
At 1 September 2013	149	10,247	39,676	152,865	202,937
Charged in the year	1,787	4,137	21,991	405,059	432,974
Disposals	-	(2,000)	(19,980)	-	(21,980)
At 31 August 2014	<u>1,936</u>	<u>12,384</u>	<u>41,687</u>	<u>557,924</u>	<u>613,931</u>
Net Book Value					
At 31 August 2014	<u>40,111</u>	<u>4,816</u>	<u>185,142</u>	<u>989,987</u>	<u>1,220,056</u>
At 31 August 2013	<u>41,898</u>	<u>9,953</u>	<u>193,520</u>	<u>1,177,338</u>	<u>1,422,709</u>

All assets are used for educational purposes.

The Academy has an occupational licence to occupy the premises at Croxton Road with a provision that it will enter into a 125 year long lease of both the newly developed premises and other parts of the school following final completion of the building works. The agreement came into force on 27 February 2012 and will not end until either the main design and build contract between Balfour Beatty and Norfolk County Council is terminated or, as expected, on a date when the novation agreement between the contractor, the Academy and Norfolk County Council comes into effect. This will be when the making good of defects certification process has been completed.

As the remaining lease agreement is short term, and risks and rewards have not all been substantially transferred to the Academy as at 31 August 2014, in accordance with SSAP 21 and FRS5 it is not considered appropriate to recognise these assets on the balance sheet of the Academy.

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13. DEBTORS

	2014	2013
	£	£
Trade debtors	24,461	5,202
Prepayments and accrued income	176,380	160,858
VAT	<u>319,903</u>	<u>156,824</u>
	<u>520,744</u>	<u>322,884</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors	90,618	452,875
Taxation and social security	101,571	113,715
Accruals and deferred income	<u>375,174</u>	<u>1,333,990</u>
	<u>567,363</u>	<u>1,900,580</u>

Deferred Income

	2014	2013
	£	£
Deferred income as at 1 September 2013	14,894	38,464
Resources deferred in the year	14,786	14,894
Amounts released from previous years	<u>(14,894)</u>	<u>(38,464)</u>
Deferred income as at 31 August 2014	<u>14,786</u>	<u>14,894</u>

Deferred income related to amounts received from EFA during 2013/14 relating to 2014/15.

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15. FUNDS

	Balance At 1 September 2013 £	Incoming Resources £	Resources expended £	Gains/ (Losses) and Transfers £	Balance At 31 August 2014 £
Restricted Funds					
General Annual Grant	859,849	6,890,040	(6,898,485)	(29,157)	822,247
Start up grant (a)	228,345	17,490	(245,835)	-	-
Start up grant (b)	145,909	288,100	(434,009)	-	-
Pupil premium grant funding	12,400	434,678	(373,867)	-	73,211
16-19 bursary fund	12,588	16,698	(3,207)	-	26,079
Other DfE / EFA grants	-	44,500	(44,500)	-	-
Other restricted funds	<u>3,850</u>	<u>164,400</u>	<u>(164,400)</u>	<u>-</u>	<u>3,850</u>
	1,262,941	7,855,906	(8,164,303)	(29,157)	925,387
Restricted Pension Reserve	<u>(596,000)</u>	<u>-</u>	<u>(57,000)</u>	<u>(592,000)</u>	<u>(1,245,000)</u>
	<u>666,941</u>	<u>7,855,906</u>	<u>(8,221,303)</u>	<u>(621,157)</u>	<u>(319,613)</u>
Restricted Fixed Asset Funds					
Devolved formula capital grants	90,696	25,427	(17,395)	-	98,728
Lead in grant – capital	9,872	-	(9,872)	-	-
Donations – capital	3,166	9,844	(3,506)	-	9,504
PfS – New building ICT capital grant	1,567,635	-	(381,071)	-	1,186,564
Funded from General Annual Grant	122,866	-	(15,860)	29,157	136,163
Capital assets inherited	<u>14,929</u>	<u>-</u>	<u>(5,270)</u>	<u>-</u>	<u>9,659</u>
	<u>1,809,164</u>	<u>35,271</u>	<u>(432,974)</u>	<u>29,157</u>	<u>1,440,618</u>
Total restricted funds	<u>2,476,105</u>	<u>7,891,177</u>	<u>(8,654,277)</u>	<u>(592,000)</u>	<u>1,121,005</u>
Total unrestricted funds	<u>48,581</u>	<u>98,926</u>	<u>(60,585)</u>	<u>-</u>	<u>86,922</u>
Total funds	<u>2,524,686</u>	<u>7,990,103</u>	<u>(8,714,862)</u>	<u>(592,000)</u>	<u>1,207,927</u>

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The General Annual Grant (GAG) has been provided by the EFA/DfE in order to fund the normal running costs of the Academy. During the year the Academy's GAG income exceeded GAG expenditure and the balance will be carried forward and used in future years as it manages the prospect of reducing incoming resources in 2014/15 and the medium term. Under the funding agreement with the Secretary of State the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 2 discloses whether the limit was exceeded.

Start Up Grants have been provided by the EFA/DfE for a limited period to cover additional temporary costs that occur in the period after an Academy opens. Start up grant (a) is provided to provide for resources such as expenditure on stocks of teaching and learning materials. Start up grant (b) is to cover the diseconomies of scale associated with opening the Academy with less than targeted student numbers.

Pupil premium grant was introduced by the DfE from April 2011. It has been provided with the aim of addressing underlying inequalities between children eligible for free school meals (FSM) and their wealthier peers. It is for schools to decide how the funding is used to raise the levels of attainment of disadvantaged pupils. From September 2013 to March 2014 funding of £900 per pupil for pupils eligible for free school meals (FSM) at any point in the last six years and for pupils in care who have been continuously looked after for six months was provided. With effect from April 2014 the sum per pupil increased to £935.

The 16-19 bursary fund provides assistance to students whose access to, or completion of, education is inhibited by financial constraints or barriers. It is the Academy's responsibility to set up and administer a bursary scheme and its policy sets the criteria for those students eligible for financial assistance.

Other DfE/EFA grants relate to student catch up funding.

Funding includes provision from the Thetford cluster to assist disadvantaged students, from NCC to assist the Academy develop its special educational needs strategy and funding linked to specific staff costs incurred such as those relating to the graduate teacher programme. The balance held as at 31 August 2014 represents a £3,850 energy reduction grant.

The restricted pension reserve represents the deficit on the Academy's share of the Local Government Pension Scheme as at 31 August 2014.

Restricted fixed assets funds include the net value of Partnership for Schools ICT funding for the Academy new building project after depreciation charges. In addition it includes net funding relating to devolved formula capital grants provided by the EFA/DfE for the cost of minor works and ICT capital replacement, lead in grant for the purchase of capitalised equipment, the depreciated value of a vehicle donated by West Suffolk College, the net value of capital assets inherited from the predecessor schools after depreciation and the value of capital investment funded from GAG in 2013/14.

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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Funds balances at 31 August 2014 are represented by:

	Unrestricted Funds	Restricted Funds	Restricted Fixed Assets Funds	2014 £
	£	£	£	£
Tangible Fixed Assets	-	-	1,220,056	1,220,056
Current Assets	86,922	1,402,560	310,752	1,800,234
Current Liabilities	-	(477,173)	(90,190)	(567,363)
Pension Scheme Liability	-	(1,245,000)	-	(1,245,000)
Total	<u>86,922</u>	<u>(319,613)</u>	<u>1,440,618</u>	<u>1,207,927</u>

17. CAPITAL COMMITMENTS

As at 31 August 2014 the Academy had the following contracted capital commitments. These represented commitments contracted for, but not provided in the financial statements as goods or services had not been delivered as at that date:

	2014 £	2013 £
Computer equipment and software	<u>175,564</u>	<u>377,728</u>

18. FINANCIAL COMMITMENTS

Operating Leases

As at 31 August 2014 the Academy had annual commitments under operating leases as follows:

	2014 £	2013 £
Office equipment		
Expiring within one year	-	221
Expiring within two to five years inclusive	<u>1,664</u>	<u>1,664</u>
	<u>1,664</u>	<u>1,885</u>

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19. RECONCILIATION ON NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net (expenditure)	(724,759)	(99,914)
Depreciation (note 12)	432,974	124,858
Profit on sale of fixed assets	-	(1,458)
Capital grants and other capital income	(35,271)	(26,409)
Interest receivable (note 4)	(13,066)	(30,279)
FRS 17 pension cost less contributions payable (note 25)	47,000	49,000
FRS 17 pension finance cost (note 25)	10,000	13,000
(Increase) in debtors	(197,860)	(113,026)
Decrease/(Increase) in short term investments	1,249,744	(1,000,000)
(Decrease)/Increase in creditors	<u>(1,333,217)</u>	<u>1,020,391</u>
Net cash outflow from operating activities	<u>(564,455)</u>	<u>(63,837)</u>

20. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Interest received	<u>13,066</u>	<u>30,279</u>
Net cash inflow from returns on investments and servicing of finance	<u>13,066</u>	<u>30,279</u>

21. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Purchase of tangible fixed assets	(231,321)	(1,304,948)
Capital grants	35,271	26,409
Proceeds from sale of tangible fixed assets	<u>1,000</u>	<u>3,000</u>
Net cash (outflow) from capital expenditure and financial investment	<u>(195,050)</u>	<u>(1,275,539)</u>

22. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2013 £	Cashflows £	At 31 August 2014 £
Cash in hand and at bank	<u>775,673</u>	<u>(746,439)</u>	<u>29,234</u>

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23. CONTINGENT LIABILITIES

The Academy had no contingent liabilities as at 31 August 2014.

24. MEMBERS LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of its 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.

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 Norfolk Pension Fund. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £78,500 were payable to the schemes at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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.

Pension and Similar Obligations

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 Pension 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.

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Teachers' Pension Scheme Changes

Lord Hutton made recommendations in March 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 on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published proposals for the design of 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. Importantly, 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 since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representative 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.

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Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £289,000 of which employer's contributions totalled £219,000 and employees' contributions totalled £70,000. The planned employer contribution rate until March 2017 is 15.0% of pensionable pay plus a flat payment of £2,250 per month in 2013/14 rising in incremental steps to £5,833 per month by 2016/17. Employee contribution rates within the LGPS scheme range from 5.5% to 7.5% depending on the level of pay.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of an 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

	As at 31 August 2014	As at 31 August 2013
Rate of increase in salaries	3.5%	5.1%
Rate of increase for pensions in payment/inflation	2.7%	2.8%
Discount rate for scheme liabilities	3.7%	4.6%
Expected return on assets	3.5%	5.1%

Salary increases are assumed to be 1% per annum until 31 March 2015 reverting to the long term assumption shown thereafter.

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post April 2008 service.

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

	As at 31 August 2014	As at 31 August 2013
Current Pensioners		
Males	22.1	21.2
Females	24.3	23.4
Future Pensioners		
Males	24.5	23.6
Females	26.9	25.8

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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%	1,850	6.6%	1,727
Bonds	3.4%	598	4.1%	515
Property	4.5%	313	4.7%	283
Cash	3.3%	<u>85</u>	3.6%	<u>52</u>
Total Market Value of Assets		2,846		2,577
Present value of scheme liabilities – funded		<u>(4,091)</u>		<u>(3,173)</u>
Deficit in scheme		<u>(1,245)</u>		<u>(596)</u>

The return on the Fund in market value terms for the period to 31 August 2014 is estimated by the appointed actuary based on actual fund returns as provided by the Administering Authority and index returns where necessary. Details are as follows:

Actual returns from 1 October 2013 to 30 June 2014	6.1%
Total returns from 1 September 2013 to 31 August 2014	11.3%

The actuary estimates that the scheme liabilities comprise of approximately £3,256,000, £363,000 and £472,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 August 2014. The approximation involved in the roll forward model means that the split of liabilities between the classes of members may not be reliable for certain types of employer. However the actuary is satisfied that the approach used leads to reasonable estimates for the aggregated liability figure.

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Amounts recognised in the statement of financial activities

	2014 £'000	2013 £'000
Current service cost (net of employee contributions)	266	268
Past service costs	—	—
Total operating charge	<u>266</u>	<u>268</u>

Analysis of pension finance income/(costs)

	2014 £'000	2013 £'000
Expected return on pension scheme assets	157	102
Interest on pension liabilities	<u>(153)</u>	<u>(115)</u>
Pension finance income/(costs)	<u>4</u>	<u>(13)</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. Losses of £649,000 were made during 2013/14 (gains of £51,000 in 2012/13) to set against the LGPS liability of £596,000 as at 31 August 2013.

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

	2014 £'000	2013 £'000
As at 1 September	3,173	2,635
Current service cost	266	268
Interest cost	153	115
Contributions by members	70	76
Actuarial losses	454	79
Losses on curtailments	14	—
Estimated benefits paid	<u>(39)</u>	<u>—</u>
As at 31 August	<u>4,091</u>	<u>3,173</u>

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

	2014 £'000	2013 £'000
As at 1 September	2,577	1,988
Expected return on assets	157	102
Actuarial (losses)/gain	(138)	192
Employer contributions	219	219
Member contributions	70	76
Estimated benefits paid	<u>(39)</u>	<u>-</u>
As at 31 August	<u>2,846</u>	<u>2,577</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £223,000.

The history of expenditure adjustments is as follows:

	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligations	(4,091)	(3,173)	(2,635)
Fair value of share of scheme assets	<u>2,846</u>	<u>2,577</u>	<u>1,988</u>
Deficit in the scheme	<u>(1,245)</u>	<u>(596)</u>	<u>(647)</u>

26. RELATED PARTIES

Owing to the nature of the Academy's operations and composition of the members of the Governing Body being drawn from a number of local public and private sector organisations, transactions are likely to take place with organisations in which a governor may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

With effect from September 2013 the Inspiration Trust became a member of the Thetford Learning Trust and the sole sponsor of the Thetford Academy replacing the previous sponsors (Easton College, West Suffolk College, Norfolk County Council and Wymondham College).

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26. RELATED PARTIES (continued)

The following related party transactions (excluding VAT when applicable) took place in the period of account.

The Inspiration Trust – sponsor of the Thetford Academy:

The Academy purchased services from the Inspiration Trust totalling £612,299 during the year. As at 31 August 2014 £68,481 was owing to the Inspiration Trust by the Academy.

The Academy also made recharges to the Inspiration Trust totalling £14,681 during the year. As at 31 August 2014 £4,803 was owing to the Academy by the Inspiration Trust.

In addition, the Academy purchased services from Sir Isaac Newton Sixth Form totalling £8,004, services from Hethersett Academy totalling £8,551, and made recharges to Cromer Academy totalling £1,728. These are all member institutions of the Inspiration Trust. As at 31 August 2014, £1,619 was owing to Hethersett Academy by the Academy, and £1,728 was owing to the Academy by Cromer Academy.

Thetford Alternative Provision Free School – a company in which C Oakes, M Foreman and M Gibbins (governors of the Academy) are also governors:

The Academy purchased services from Thetford Alternative Provision Free School totalling £34,105 (2013: £Nil) during the year. The Academy also sold assets to Thetford Alternative Provision Free School totalling £300 (2013: £3,925) during the year. There were no amounts outstanding at 31 August 2014 (2013: £Nil)

27. EVENTS AFTER THE BALANCE SHEET DATE

As at 1 September 2014 the assets and activities of Thetford Learning Trust were transferred to the Inspiration Trust, sponsor of the Academy.

28. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the Inspiration Trust, the sponsor of the Academy during the year.