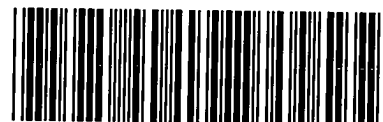


THE CRYPT SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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THE CRYPT SCHOOL
(A company limited by guarantee)

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THE CRYPT SCHOOL
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

| | |
|--|---|
| Members and Trustees | R D James, Chairman G Webster, Vice Chair G Stevens, Parent Trustee Miss P Burdett J Bird, Parent Trustee G Taylor, Staff Trustee J Standen, Headmaster and Accounting Officer Mrs K Barrett, Parent Trustee (resigned 31 August 2014) J Horsey (resigned 30 September 2014) |
| Trustees | Mrs C Chad-Daniels, Staff Trustee Mrs B Whitman (appointed 7 October 2013) M Evans (appointed 7 October 2013) D Preece (appointed 7 October 2013) |
| Company secretary | Mrs J Hitchings |
| Senior management team | J Standen, Headmaster N Dyer, Deputy Headmaster A Courteney, Assistant Headteacher J Waterston, Assistant Headteacher P Stanlake, Assistant Headteacher R Biggs, Assistant Headteacher C Sturge, Assistant Headteacher Mrs J Hitchings, Finance Manager Mrs H Baldwin, Business Manager |
| Principal and registered office | Podsmead Road Gloucester GL2 5AE |
| Company registered number | 07489196 |
| Statutory auditors | Davies Mayers Barnett LLP Pillar House 113/115 Bath Road Cheltenham Gloucestershire GL53 7LS |
| Bankers | Yorkshire Bank Ground Floor Epsilon House The Square Gloucester Business Park Brockworth Gloucester GL3 4AD |
| Solicitors | Stone King LLP 13 Queen Square Bath BA1 2HJ |

THE CRYPT SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

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

The trust operates as a Grammar school for boys aged 11-16 with a co-educational sixth form. It currently has on role 876 pupils as at the census dated Thursday 2nd October 2014.

Structure, governance and management

Constitution

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

The trustees of The Crypt School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Crypt School.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

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

Method of recruitment and appointment or election of Trustees

The members may appoint up to 12 Trustees from outside the school plus additional staff Trustees including the Headmaster. The staff Trustees must not exceed a third of the total board of Trustees. In addition there will be a minimum of 2 parent Trustees who are elected by parents of registered pupils at the Academy. A parent Trustee must be a parent of a pupil at the Academy at the time when he is elected.

Policies and procedures adopted for the induction and training of Trustees

Induction is carried out by the Headmaster and Chair of Trustees. The Clerk to the Trustees ensures that all Trustee's attend any mandatory training required for their roles and keeps them informed of any optional training available through the Local Authority and local professional firms.

THE CRYPT SCHOOL
(A company limited by guarantee)

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

Organisational structure

The Trustees who have served throughout the year are set out on page 1. Trustees are expected to serve for a 4 year term. The full board of Trustees meets 5 times per year. The committees, authorised by the board of Trustees, are Resources, Staff and Pay, Property Health and Safety, Audit and Admissions which meet according to their terms of reference. The board of Trustees has an approved scheme of delegation which sets out appropriate levels for decision making for committees and senior management. Certain key decisions, such as the overall approval of pay levels and budget approval are reserved for the board of Trustees. The Trust's Accounting Officer is the Headmaster.

Connected organisations, including related party relationships

The Crypt School was designated as a Teaching School and a National Support School by the National College for Teaching and Leadership in February 2013. The Crypt School works with its partners in the secondary and primary school sectors and with Higher Education providers to: ensure high quality initial teacher training; support high quality professional development for teachers and leaders; and to broker and provide support for schools where improvement is required.

There were no financial transactions between the school and any Trustee or party related to a Trustee during the year.

Trustees' indemnities

There are no qualifying third party indemnity provisions in place.

Objectives and Activities

Objects and aims

The Crypt School is an 11-18 selective boys' grammar school with a co-educational sixth form. We have a long and distinguished tradition of academic excellence dating back to 1539, when the school was founded at the church of St. Mary de Crypt in the centre of Gloucester. We moved to our present site in 25 acres of grounds on the Southern Outskirts of the city in the 1940's. There are currently 876 students on roll, including 268 in the Sixth Form, an increase of 21 pupils on the number on roll as at the same time last year.

We have the highest expectations for all our pupils in both academic and extra-curricular pursuits. We aim to ensure that every pupil achieves their potential and leaves school fully prepared for and confident in facing the challenges of life as well rounded young adults. Most importantly we want our pupils to feel valued, cheerful and secure at school. In later life we hope that they retain fond memories of their school days, and will be able to feel that they were a part of something very special.

The school is forward looking and will continue to embrace new teaching technologies and methodologies to ensure high quality outcomes for our students. Continuing Professional Development is important, and we place a high emphasis on helping staff to develop the skills they need to do their job well. Our culture supports staff in trying new ideas. At the same time we place a high emphasis upon traditional grammar school values: excellence and the celebration of learning, valued for its own sake; determination in the face of difficulties and the inevitable challenges that life throws our way; leadership opportunities; care and celebrating every individual's worth.

THE CRYPT SCHOOL
(A company limited by guarantee)

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

Objectives, strategies and activities

The Crypt School aims to provide a high quality education. It ensures its students achieve excellent examination results and whilst at the same time our broad and balanced curriculum helps them to develop into well rounded young adults with the skills and qualities required for adult life. The foundation for this is built upon a safe working environment where students enjoy school and there is an excellent relationship between the school and its parents.

In the last 12 months there has been a particular focus on:

- Securing high quality results in the VI Form, and maintaining excellence at GCSE.
- The percentage of students going on to study at university and on apprenticeships with local and nationally recognised firms which include Higher Education.
- Developing our role as a National Teaching School and a National Support School.
- The outcomes of students in receipt of Pupil Premium Funding
- Securing the prestigious National Association for Able Children in Education NACE award, which recognises excellence in provision for gifted and talented students.
- Securing funding for a new Teaching Block, to address increases in student numbers which has placed undue stress on Science Laboratories and Mathematics classrooms.
- Ensuring that our broad range of extra-curricular and enrichment opportunities offered by staff is maintained at an excellent level.
- Working with external partners to deliver a shared third generation astro turf facility on land adjacent to the school, accessed across school land.

Public benefit

The Trustees have fulfilled their duty to have due regard to their requirement to comply with public benefit as set out by the Charities Commission.

The Crypt School is a selective Grammar School and the Trustees feel that it has met its requirements through its focus on the aforementioned strategies.

THE CRYPT SCHOOL
(A company limited by guarantee)

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

Strategic report

Achievements and performance

Key financial performance indicators

The board of Trustees developed a range of Key Performance Indicators in 2011, and these are monitored throughout the school year.

Key Performance Indicators include:

1. Results and Academic Performance

- (a) The 2013-2014 academic year is the most successful year in the school's history. There were record raw results at A2 and GCSE. External validation of these results shows that there has been significant "value added." These results confirm the school has maintained its "Outstanding Status", awarded by Ofsted in 2012. The raw results at GCSE, AS and A2 are all higher than those achieved in the 2011 academic year, which underpinned the 2012 Ofsted judgement.
- (b) GCSE: 98% achieved 5+A*-C including English and Maths. 50% of grades were A* or A, beating the previous best performance of 47% in 2012. 53% of boys achieved 5+ A*-A grades, and 38% achieved 8+A*-A grades. The improvement in the 8+A*-A is significant, the previous best being 30% achieved in 2012. 100% of Pupil Premium Students achieved 5+A*-C EM, and 60% of Pupil Premium Students achieved 5+A*-A. Pupil premium students achieve as well as their peers at the school.
- (c) AS results in raw terms were the second best recorded, with 41% of grades at A-B. This bodes well for performance in 2015.
- (d) A level results were the best ever recorded in raw terms, with 59.5% at A*-B, beating the previous benchmark of 58% set in 2011.
- (e) These achievements are all the more remarkable given the well-publicised issues of grade deflation, tougher marking, the reintroduction of linear exams, and league table rules which discourage early entry.
- (f) 83% of Year 13 went onto University; 7% went onto Apprenticeships which include Higher Education; 7% went into paid employment and 3% went on to pursue further education. There were no "NEETs." 6 students secured places at Oxford and Cambridge, and 41% at Russell Group universities, both of which are school records. Apprenticeships are proving an increasingly popular option for our students, who are either employed or sponsored by prestigious local and national firms through university. For example in both 2013 and 2014 a student has earned a scholarship with a national Accountancy firm (KPMG 2013, Deloitte 2014.) Other examples include apprenticeships and sponsorships with local engineering firms such as GE Aviation and Renishaw.
- (g) The school has preserved its broad and balanced curricula offer despite the difficult financial times faced by the public sector.
- (h) The school is full and oversubscribed in every year group and numbers are up on those of a year ago. With 876 on roll the school is clearly very popular with parents.
- (i) Attendance remains high at 96% overall, with the majority of the 4% explained by permission granted for study leave. An EWO was appointed to support the very few students with attendance issues.

2. Parental Perceptions

- (a) Kirkland Rowell were engaged once again to conduct an independent parental perception survey in December 2013. This was the fifth such survey. The overall approval rating was 91%, up from 87.5% in the previous survey. Kirkland Rowell indicate that 80% is the threshold for "outstanding."
- (b) There were 2 complaints resolved at Headmaster level in 2013-2014, and none referred onwards to the board of Trustees.
- (c) The number on roll as mentioned previously is a key indicator of the strength of parental perceptions.

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

3. External Judgements

- (a) Ofsted visited the school for a one day inspection of Extra Curricular Sport in December 2013. Our provision was graded as "exceptional with unique features."
- (b) The school was awarded the prestigious NACE award in 2014, achieved by only a very small number of schools nationally (around 400). This recognises the excellence of our provision for gifted and talented students.

4. Curriculum and Staffing

- (a) Extra-curricular provision (music, performing arts, sports, educational visits and lunchtime clubs) remains a key priority, and the numbers of activities and those participating was preserved.
- (b) There was a low level turnover of staff in 2014 and once again it was pleasing to note the strength of the various fields of applicants enabling the school to recruit high calibre teachers and professional support staff.

5. Teaching and Learning

- (a) The percentage of lessons graded good and outstanding by internal audits was maintained.
- (b) The school works closely with its Teaching School partners, and has supported other schools development during 2013-2014.

Going concern

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

Financial review

- The Academy's financial position is currently strong and the accounts show a surplus which will be added to the reserves. It has been the Trust's policy to add to reserves in recent years. This is due to the expectation that these may be required from 2015/16 when as well as falling funding there will be increasing costs particularly in staffing due to increases in pension contributions and changes to National Insurance rules in relation to the pension schemes. The Academy wishes to maintain a level of reserves that will enable it to continue to offer a high standard of teaching, a broad curriculum and a good level of enrichment and extra-curricular activities.
- The school has been able to maintain the breadth of its curriculum in 2013/14 and 2014/15, despite the tightening of budgets, due largely to good financial management and the increase in the numbers of pupil on role:- 835 in 2012/13, 855 in 2013/14 to 876 in 2014/15.
- There was no Academy Capital Maintenance Fund projects completed during the Year 2013/14 but the school was successful in winning a bid worth £1.8 million in April 2014 to expand the school with a new teaching block. Work on the new block starts in October 2014 and it is expected to be opened after Easter in 2015. The new block will provide much needed facilities in the form of two science laboratories and 5 new classrooms.
- The school was able to improve the Wi-Fi facilities for the school largely due to the investment of £25k from Gloucester United Schools. In addition the Crypt School Association provided funding for several pieces of equipment in both Drama and Music which were vital to these departments. The association has also agreed to fund a new mini bus during the new financial year.

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

Reserves policy

The Trustees have agreed to maintain reserves at a minimum level of 3% of income. Reserves can only fall below this level with the prior agreement of the Resources, Staff and Pay committee and approval will only be given where a plan is presented to replenish the reserves back to this level. This level of reserves is felt to be prudent given expected reductions in income in the forthcoming Academic years while ensuring that it does not affect the school's current operational activities. The Academy's level of reserves is currently much higher than this with free reserves of £314,839 although they are expected to fall in the next 3 years.

Investment Policy

The Trustees follow a low risk investment policy with all balances held within bank accounts which are currently immediately accessible. The Trustee's plan over the next 12 months to invest some reserves in longer term accounts but will continue to follow a low risk investment policy.

Principal risks and uncertainties

The school continues to monitor its risks through KPI's, Management accounts and Budget forecasts which are reviewed by the Resources, Staff and Pay Committee. The risk register is reviewed by the senior management team and the board of Trustees.

The principal risk facing the Academy is the continuing uncertainty surrounding the method the Education Funding Agency will use to calculate the Academy's funding over the next 3 years. Added to this is the knowledge that staffing costs are going to increase substantially over the next 2 years. All schools are facing a rise in staffing costs due to a change in Government Policy regarding National Insurance contribution relief to defined benefit schemes. In addition employer's contributions to both the Teachers' Pension Scheme and Local Government Pension Scheme, to which support staff contribute, are going to rise significantly.

Trustees have carefully considered these risks as part of a 3 year budget plan and are well aware of critical times in the financial years ahead. The management team has prepared a range of options for reducing costs for 2015/16 and beyond. Key decisions will be made once the final budgets have been received but the Academy is confident that it can meet the challenges ahead.

The Academy's level of reserves held in liquid assets mean that cashflow is not currently a significant issue for the school. The level of reserves are also substantially higher than the LGPS pension scheme deficit.

In terms of non-financial risks facing the school the Headmaster has resigned and is due to leave the school after Easter 2015, having been appointed as Headmaster of an Independent School. The Trustees have appointed the Deputy Headmaster, Mr Nick Dyer, as the new Headmaster and are confident that this will ensure a seamless transfer of responsibilities to maintain and enhance the high standards achieved by the outgoing Headmaster, Mr Jon Standen.

Plans for future years

Teaching & Learning

The School already holds the prestigious Teaching School designation and in the 2012 Ofsted report, Teaching and Learning was grade as outstanding. It will therefore be important for the School to focus on both maintaining its reputation as an outstanding Teaching and Learning School and improving upon its current position. All teachers at the School must be committed to improving their practice with an ambition that all teaching is at least good with an ambition that teachers work to make their teaching outstanding on a daily basis. This will require a continued commitment by the School to provide, and its teaching staff to undertake effective school-based and, where appropriate, locally and nationally provided CPD.

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

Attainment and the curriculum

Results in 2014 were the best the School has ever achieved at all levels. The School will aim to continue to work to improve attainment, with a particular focus on driving standards further in the VI form, whilst successfully implementing curriculum change. With significant curriculum change from 2015, the School will ensure that its curriculum matches its aspiration to provide a genuinely grammar school curriculum, whilst provided breadth and choice for its pupils. At GCSE, a new curriculum will be introduced in September 2015, reducing slightly the number of GCSEs boys will study, to ensure that the boys studying for the new harder linear exams are as well prepared as they can be for public examinations in the summer of 2017. A new assessment regime will be put in place for the start of the 2015-16 academic year to both replace existing NC levels at KS3 and to provide an assessment continuum from Year 7 through to Year 11. At A Level, the School will continue to offer students the opportunity to study 4 AS courses in Year 12 and 3 in Year 13, but will review this offer in light of both curriculum changes and financial constraints.

Leadership and management

The strength of leadership at all levels of the School was recognised by Ofsted in 2012. The School will continue to invest in both middle and senior leadership training to ensure that current leaders have the skills they need to succeed and to supply a pool of talent to draw upon in the future. Phil Stanlake, one of the existing Assistant Heads has been appointed as Deputy Head from April 2014 and the roles of the existing leadership team will be reviewed in light of the skills and experience of the new appointee. To further strengthen the financial management of the School, a School Bursar will be appointed for January 2015 start. A new School Development Office will then be established to create a strategic development plan for the future development of the school site, to bid for and manage new capital projects, to establish fund raising capacity and to establish an alumni database.

Enrichment

As curriculum changes impact on the School, it will remain vitally important that the School continues to invest in developing pupils' wider personal qualities, knowledge and skills. The School will work to ensure genuine enrichment is provided to all of its pupils through providing opportunities for pupils to take part in: sporting and other recreational activities, such as the DoE; discussion activities in tutorials and assemblies and through other organised events; charity and school council work; leadership roles; VI form co-curricular enrichment; educational trips and visit and so on.

VI form

The VI form continues to make good progress under its new leadership team. The School will continue to invest in the current academic offer of 4 AS subjects and 3 full A Levels, with the opportunity for students to embark on co-curricular study through the Open University and the EPQ. The School will undertake a review of its curriculum offer during 2014-15 academic year and work to both review and strengthen its university support and enrichment programmes.

Funds held as custodian trustee on behalf of others

The Academy Trust holds funds belonging to the Crypt School Association in one of its bank accounts. These funds are not controlled by the Trust and are therefore not included within the financial statements.

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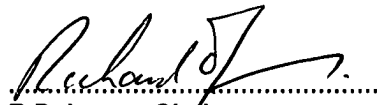
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Disclosure of information to auditors

In so far as the Trustees are aware:

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

This report, incorporating the Strategic report, was approved by order of the board of Trustees, as the company directors, on 11 December 2014 and signed on the board' behalf by:


.....
R D James, Chairman

THE CRYPT SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Crypt School and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustee's report and in the Trustees' responsibilities statement. The board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| R D James (Chairman) | 5 | 5 |
| G Webster (Vice Chair) | 5 | 5 |
| G Stevens | 3 | 5 |
| P Burdett | 4 | 5 |
| J Bird | 3 | 5 |
| G Taylor | 4 | 5 |
| J Standen, Headmaster and Accounting Officer | 5 | 5 |
| K Barrett (resigned 31/08/2014) | 4 | 5 |
| J Horsey (resigned 30/09/2014) | 2 | 5 |
| C Chad-Daniels | 5 | 5 |
| B Whitman (appointed 07/11/2013) | 4 | 5 |
| M Evans (appointed 07/11/2013) | 3 | 5 |
| D Preece (appointed 07/11/2013) | 5 | 5 |

Governance reviews:

The trust is planning to hold an extra meeting in December 2014 to carry out a self- evaluation of its governance. The Trust is in the process of updating its skills matrix for each Trustee with a view to recruiting 4 new Trustees over the next 6 months both through appointments and Parent elections.

The Resources, Staff and Pay (RSP) Committee is a sub-committee of the main governing body. Its purpose is to provide guidance and assistance to the Headmaster and the board of Trustees on matters relating to staff and pay, budgeting and finance. In particular the RSP committee review the financial priorities made in the annual budget and examine the assumptions made before recommending it to the board of Trustees. They quarterly monitor income and expenditure against the budget and review the year end accounts before presenting them to board of Trustees.

The RSP committee is responsible for approving the Finance Manual and for regularly reviewing the Risk register and monitoring the financial, strategic and governance risks to the school. At each meeting the committee reviews the KPI's for the school and ensures that action plans are in place to rectify any areas where there is underperformance.

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GOVERNANCE STATEMENT (continued)

Governance (continued)

The committee is responsible for setting the Headmaster's targets and reviewing his performance against them. They formulate and agree Pay Policy's and have overall responsibility for Performance reviews and remuneration.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| G Webster, Vice Chair | 5 | 5 |
| G Stevens | 2 | 5 |
| J Horsey (resigned 30/09/2014) | 4 | 5 |
| P Burdett | 4 | 5 |
| J Standen, Headmaster and Accounting Officer | 5 | 5 |
| R D James, Chairman | 5 | 5 |

The Audit Committee is also a sub-committee of the main board of Trustees. The audit committee is responsible for ensuring that the school complies with its policies, controls and systems. In association with the Responsible Officer and the RSP committee they review the risks to internal financial control and carry out reviews of the internal systems highlighting any failures in procedure.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------------------------------|-------------------|-------------------|
| Mrs K Barrett (resigned 31/08/2014) | 2 | 2 |
| J Bird | 2 | 2 |
| Miss P Burdett | 2 | 2 |

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Crypt School for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

THE CRYPT SCHOOL
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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

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

Due to the resignation of the Responsible Officer, Grant Stevens, due to work commitments, the full programme of checks was not carried out during the 2013-2014 academic year. The Chairman of Trustees carried out Responsible Officer visits in the interim period. Mike Evans has since been appointed as the Responsible Officer. The Audit Committee has been delegated an increased focus on financial systems for the 2014-2015 year.

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

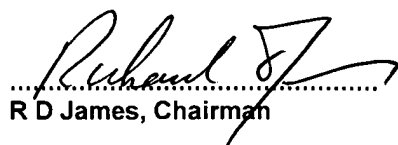
Review of Effectiveness

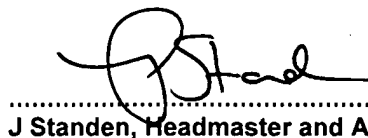
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Trustees on 11 December 2014 and signed on its behalf, by:


.....
R D James, Chairman


.....
J Standen, Headmaster and Accounting Officer

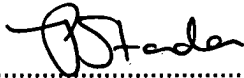
THE CRYPT SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Crypt School I have considered my responsibility to notify the Academy Trust board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the Academy Trust board of Trustees are able to identify any material, irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook (2013).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and EFA.



.....
**J Standen, Headmaster and
Accounting Officer**

Date: 11 December 2014

THE CRYPT SCHOOL
(A company limited by guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

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

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

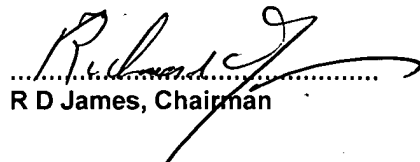
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the board of Trustees on 11 December 2014 and signed on its behalf by:


.....
R D James, Chairman

THE CRYPT SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF THE CRYPT SCHOOL

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

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

Respective responsibilities of Trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

THE CRYPT SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF THE CRYPT SCHOOL

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Nicola Smith (Senior statutory auditor)

for and on behalf of

Davies Mayers Barnett LLP

Chartered Accountants
Statutory Auditors
Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS
11 December 2014

THE CRYPT SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 22nd September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Crypt School during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Crypt School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Crypt School's funding agreement with the Secretary of State for Education dated 29th March 2011, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

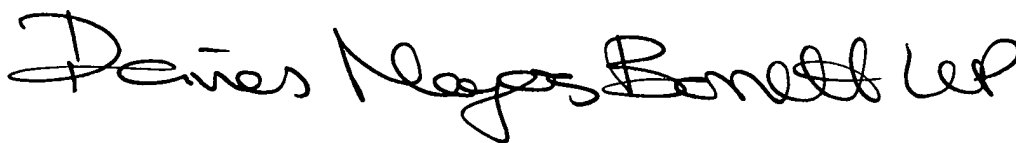
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

THE CRYPT SCHOOL
(A company limited by guarantee)

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

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 year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in black ink, appearing to read 'Davies Mayers Barnett LLP', is written across the page.

Davies Mayers Barnett LLP

Chartered Accountants
Reporting Accountants
Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS

11 December 2014

THE CRYPT SCHOOL
(A company limited by guarantee)

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

| | Note | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Restricted fixed asset funds 2014 £ | Year ended 2014 £ | Year ended 2013 £ |
|---|------|------------------------------------|----------------------------------|---|----------------------------|----------------------------|
| INCOMING RESOURCES | | | | | | |
| Incoming resources from generated funds: | | | | | | |
| Voluntary income | 2 | 170,976 | 303,374 | 31,264 | 505,614 | 428,931 |
| Activities for generating funds | 3 | 17,848 | - | - | 17,848 | 20,505 |
| Investment income | 4 | - | 3,579 | - | 3,579 | 1,033 |
| Incoming resources from charitable activities: | | | | | | |
| Funding for the Academy Trust's educational operations | 5 | - | 4,063,173 | 1,836,455 | 5,899,628 | 4,079,982 |
| TOTAL INCOMING RESOURCES | | 188,824 | 4,370,126 | 1,867,719 | 6,426,669 | 4,530,451 |
| RESOURCES EXPENDED | | | | | | |
| Costs of generating funds: | | | | | | |
| Costs of generating voluntary income | | 142,144 | 303,399 | - | 445,543 | 349,878 |
| Costs of activities for generating funds | | - | - | - | - | 4,877 |
| Charitable activities: | | | | | | |
| Academy Trust's educational operations | | - | 3,805,018 | 648,310 | 4,453,328 | 4,302,016 |
| Governance costs | 9 | - | 14,155 | - | 14,155 | 21,104 |
| TOTAL RESOURCES EXPENDED | 6 | 142,144 | 4,122,572 | 648,310 | 4,913,026 | 4,677,875 |
| NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS | | 46,680 | 247,554 | 1,219,409 | 1,513,643 | (147,424) |

THE CRYPT SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

| | Note | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Restricted fixed asset funds 2014 £ | Year ended 2014 £ | Year ended 2013 £ |
|---|------|------------------------------------|----------------------------------|---|----------------------------|----------------------------|
| Transfers between Funds | 17 | - | (88,184) | 88,184 | - | - |
| NET INCOME / (EXPENDITURE) FOR THE YEAR | | 46,680 | 159,370 | 1,307,593 | 1,513,643 | (147,424) |
| Actuarial gains and (losses) on defined benefit pension schemes | | - | (160,000) | - | (160,000) | 17,000 |
| NET MOVEMENT IN FUNDS FOR THE YEAR | | 46,680 | (630) | 1,307,593 | 1,353,643 | (130,424) |
| Total funds at 1 September 2013 | | 268,159 | 162,619 | 19,464,657 | 19,895,435 | 20,025,859 |
| TOTAL FUNDS AT 31 AUGUST 2014 | | 314,839 | 161,989 | 20,772,250 | 21,249,078 | 19,895,435 |

All of the Academy Trust's activities derive from continuing operations during the above period.

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

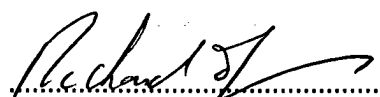
The notes on pages 23 to 41 form part of these financial statements.

THE CRYPT SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07489196

BALANCE SHEET
AS AT 31 AUGUST 2014

| | Note | £ | 2014 £ | £ | 2013 £ |
|---|------|-------------------|--------------------------|-------------------|--------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 18,970,252 | | 19,411,418 |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 1,467,279 | | 176,221 | |
| Cash at bank and in hand | | 1,751,763 | | 1,032,721 | |
| | | <u>3,219,042</u> | | <u>1,208,942</u> | |
| CREDITORS: amounts falling due within one year | 16 | (484,216) | | (451,925) | |
| NET CURRENT ASSETS | | | <u>2,734,826</u> | | <u>757,017</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>21,705,078</u> | | <u>20,168,435</u> |
| Defined benefit pension scheme liability | 24 | | (456,000) | | (273,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITY | | | <u><u>21,249,078</u></u> | | <u><u>19,895,435</u></u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted funds: | | | | | |
| Restricted funds | 17 | 617,989 | | 435,619 | |
| Restricted fixed asset funds | 17 | 20,772,250 | | 19,464,657 | |
| Restricted funds excluding pension liability | | <u>21,390,239</u> | | <u>19,900,276</u> | |
| Pension reserve | | (456,000) | | (273,000) | |
| Total restricted funds | | | <u>20,934,239</u> | | <u>19,627,276</u> |
| Unrestricted funds | 17 | | 314,839 | | 268,159 |
| TOTAL FUNDS | | | <u><u>21,249,078</u></u> | | <u><u>19,895,435</u></u> |

The financial statements were approved by the Trustees, and authorised for issue, on 11 December 2014 and are signed on their behalf, by:


R D James, Chairman

THE CRYPT SCHOOL
(A company limited by guarantee)

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

| | Note | 2014 £ | 2013 £ |
|---|------|----------------|----------------|
| Net cash flow from operating activities | 20 | 328,142 | 969,677 |
| Returns on investments and servicing of finance | 21 | 3,579 | 1,003 |
| Capital expenditure and financial investment | 21 | 387,321 | (867,487) |
| INCREASE IN CASH IN THE YEAR | | 719,042 | 103,193 |

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

| | 2014 £ | 2013 £ |
|--|------------------|------------------|
| Increase in cash in the year | 719,042 | 103,193 |
| MOVEMENT IN NET FUNDS IN THE YEAR | 719,042 | 103,193 |
| Net funds at 1 September 2013 | 1,032,721 | 929,528 |
| NET FUNDS AT 31 AUGUST 2014 | 1,751,763 | 1,032,721 |

THE CRYPT SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

Basis of Preparation

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

Going concern

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

Incoming resources

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

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

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

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

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 and it is measurable.

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 the Academy's policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

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

THE CRYPT SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Long Leasehold Buildings

The Academy has a 125 year lease for the property it operates from. The terms and conditions attached to the lease have been considered by the Governors and they have concluded that the risk and rewards of ownership have substantially transferred to the Academy and therefore a Long Leasehold Buildings asset has been recognised within fixed assets and depreciated in line with the accounting policy. The valuation of the Long Leasehold Buildings has also been considered by the Governors and included at what they consider a reasonable and reliable estimate of current market value. Note 14 refers.

Resources expended

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets and depreciation

Assets costing £250 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|--------------------------|---|-----------------|
| Long leasehold buildings | - | 2% on cost |
| Leasehold improvements | - | 10% on cost |
| Plant and machinery | - | 20% on cost |
| Motor vehicles | - | 20%-50% on cost |
| Fixtures and fittings | - | 20% on cost |
| Computer equipment | - | 25% on cost |

THE CRYPT SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation (continued)

Long leasehold buildings are depreciated over 50 years based on an assessment of remaining economic life when the assets were acquired.

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

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

Leased assets

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

Taxation

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

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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

THE CRYPT SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency, Department for Education, Private Sponsors and School Fund account.

2. VOLUNTARY INCOME

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Year ended 2014 £ | Year ended 2013 £ |
|---------------------|------------------------------------|----------------------------------|----------------------------|----------------------------|
| School Funds | 95,371 | 280,765 | 376,136 | 319,574 |
| Private sponsorship | - | 31,264 | 31,264 | 9,750 |
| Other donations | 75,605 | 22,609 | 98,214 | 99,607 |
| | <u>170,976</u> | <u>334,638</u> | <u>505,614</u> | <u>428,931</u> |

3. ACTIVITIES FOR GENERATING FUNDS

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Year ended 2014 £ | Year ended 2013 £ |
|--------------------|------------------------------------|----------------------------------|----------------------------|----------------------------|
| Hire of facilities | 17,848 | - | 17,848 | 20,505 |
| | <u>17,848</u> | <u>-</u> | <u>17,848</u> | <u>20,505</u> |

4. INVESTMENT INCOME

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Year ended 2014 £ | Year ended 2013 £ |
|---------------------|------------------------------------|----------------------------------|----------------------------|----------------------------|
| Short term deposits | - | 3,579 | 3,579 | 1,033 |
| | <u>-</u> | <u>3,579</u> | <u>3,579</u> | <u>1,033</u> |

THE CRYPT SCHOOL
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Year ended 2014 £ | Year ended 2013 £ |
|--------------------------------|------------------------------------|----------------------------------|----------------------------|----------------------------|
| DfE/EFA revenue grants | | | | |
| General Annual Grant (GAG) | - | 3,879,899 | 3,879,899 | 3,733,539 |
| Capital grant | - | 1,836,455 | 1,836,455 | 160,854 |
| Other DfE/EFA grants | - | 138,530 | 138,530 | 117,176 |
| | - | 5,854,884 | 5,854,884 | 4,011,569 |
| Other government grants | | | | |
| Local authority grants | - | 44,744 | 44,744 | 68,413 |
| | - | 44,744 | 44,744 | 68,413 |
| | - | 5,899,628 | 5,899,628 | 4,079,982 |

6. RESOURCES EXPENDED

| | Staff costs 2014 £ | Non Pay Premises 2014 £ | Expenditure Other costs 2014 £ | Total 2014 £ | Total 2013 £ |
|---|--------------------------|----------------------------------|---|--------------------|--------------------|
| Costs of generating voluntary income | 10,479 | - | 435,064 | 445,543 | 349,878 |
| Cost of generating funds | - | - | - | - | 4,877 |
| Educational operations - | | | | | |
| Direct costs | 2,691,814 | - | 442,337 | 3,134,151 | 3,065,590 |
| Educational operations - Support costs | 386,759 | 799,573 | 132,845 | 1,319,177 | 1,236,426 |
| Charitable activities | 3,078,573 | 799,573 | 575,182 | 4,453,328 | 4,302,016 |
| Governance | - | - | 14,155 | 14,155 | 21,104 |
| | 3,089,052 | 799,573 | 1,024,401 | 4,913,026 | 4,677,875 |

THE CRYPT SCHOOL
(A company limited by guarantee)

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

7. DIRECT COSTS

| | Restricted Funds £ | Total 2014 £ | Total 2013 £ |
|--|--------------------------|--------------------|--------------------|
| Educational supplies and services | 284,712 | 284,712 | 223,908 |
| Examination fees | 94,486 | 94,486 | 93,221 |
| Staff development | 22,950 | 22,950 | 16,571 |
| Other direct costs | 40,189 | 40,189 | 20,495 |
| Teaching and educational support staff | 2,691,814 | 2,691,814 | 2,711,395 |
| | <u>3,134,151</u> | <u>3,134,151</u> | <u>3,065,590</u> |

8. SUPPORT COSTS

| | Restricted Funds £ | Total 2014 £ | Total 2013 £ |
|---------------------------------------|--------------------------|--------------------|--------------------|
| Pension cost | 7,000 | 7,000 | 9,000 |
| Maintenance of premises and equipment | 62,255 | 62,255 | 59,887 |
| Cleaning | 9,656 | 9,656 | 9,230 |
| Rent and rates | 29,653 | 29,653 | 29,964 |
| Heat and light | 49,698 | 49,698 | 54,942 |
| Insurance | 49,000 | 49,000 | 54,470 |
| Security | 4,726 | 4,726 | 5,567 |
| Transport | 6,084 | 6,084 | 5,055 |
| Catering | 14,446 | 14,446 | 17,669 |
| Other support costs | 58,590 | 58,590 | 64,480 |
| Support staff costs | 379,759 | 379,759 | 359,817 |
| Depreciation | 648,310 | 648,310 | 566,345 |
| | <u>1,319,177</u> | <u>1,319,177</u> | <u>1,236,426</u> |

9. GOVERNANCE COSTS

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Year ended 2014 £ | Year ended 2013 £ |
|---|------------------------------------|----------------------------------|----------------------------|----------------------------|
| Auditors' remuneration: Audit of financial statements | - | 8,300 | 8,300 | 8,000 |
| Auditors' remuneration: Other services | - | 4,069 | 4,069 | 9,650 |
| Legal and professional fees | - | 1,450 | 1,450 | 2,228 |
| Other expenses | - | 336 | 336 | 1,226 |
| | <u>-</u> | <u>14,155</u> | <u>14,155</u> | <u>21,104</u> |

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FOR THE YEAR ENDED 31 AUGUST 2014**

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

| | 2014 £ | 2013 £ |
|--|-------------------|-------------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 284,470 | 202,505 |
| - leased assets | 363,840 | 363,840 |
| Auditors' remuneration | 8,300 | 8,000 |
| Auditors' remuneration - non-audit | 4,069 | 9,650 |
| Operating leases | 19,688 | 38,699 |
| | <u> </u> | <u> </u> |

11. STAFF

a. Staff costs

Staff costs were as follows:

| | 2014 £ | 2013 £ |
|-------------------------------|-------------------|-------------------|
| Wages and salaries | 2,516,611 | 2,493,541 |
| Social security costs | 183,594 | 186,508 |
| Other pension costs (Note 24) | 372,279 | 350,671 |
| | <u> </u> | <u> </u> |
| | 3,072,484 | 3,030,720 |
| Supply teacher costs | 9,568 | 40,492 |
| Pension finance cost | 7,000 | 9,000 |
| | <u> </u> | <u> </u> |
| | 3,089,052 | 3,080,212 |
| | <u> </u> | <u> </u> |

b. Staff numbers

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

| | 2014 No. | 2013 No. |
|----------------------------|-------------------|-------------------|
| Teachers | 45 | 45 |
| Administration and support | 26 | 26 |
| Management | 9 | 8 |
| | <u> </u> | <u> </u> |
| | 80 | 79 |
| | <u> </u> | <u> </u> |

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11. STAFF (continued)

c. Higher paid staff

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

| | 2014 No. | 2013 No. |
|-------------------------------|---------------------|---------------------|
| In the band £60,001 - £70,000 | 1 | 1 |
| In the band £80,001 - £90,000 | 1 | 1 |
| | <hr/> | <hr/> |
| | 2 | 2 |
| | <hr/> | <hr/> |

The above employee participated in the Teachers' Pension Scheme. During the year ended 31st August 2014 pension contributions for this member of staff amounted to £21,098 (2013: £20,610).

12. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration, including employer pension contributions, fell within the following bands:

| | 2014 £ | 2013 £ |
|------------------------------------|------------------------|-------------------|
| J Standen - Headteacher | 100,000-105,000 | 100,000-105,000 |
| G Taylor - Staff Governor | 35,000-40,000 | 35,000-40,000 |
| Mrs C Chad-Daniels, Staff Governor | 25,000-30,000 | 15,000-20,000 |

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

Other related party transactions involving the Trustees are set out in note 26.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3.9 million on any one claim and the cost for the year ended 31 August 2014 was £1,151 (2013 - £1,400). The cost of this insurance is included in the total insurance cost.

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14. TANGIBLE FIXED ASSETS

| | Long Leasehold Buildings £ | Leasehold Improvement s £ | Plant and machinery £ | Fixtures and fittings £ |
|-----------------------|-------------------------------------|-------------------------------------|---------------------------------|-------------------------------|
| Cost | | | | |
| At 1 September 2013 | 18,192,000 | 2,079,766 | 50,234 | 106,718 |
| Additions | 87,694 | 45,790 | 8,028 | 22,065 |
| At 31 August 2014 | 18,279,694 | 2,125,556 | 58,262 | 128,783 |
| Depreciation | | | | |
| At 1 September 2013 | 879,280 | 177,621 | 16,173 | 21,592 |
| Charge for the year | 363,840 | 209,286 | 10,642 | 22,254 |
| At 31 August 2014 | 1,243,120 | 386,907 | 26,815 | 43,846 |
| Net book value | | | | |
| At 31 August 2014 | 17,036,574 | 1,738,649 | 31,447 | 84,937 |
| At 31 August 2013 | 17,312,720 | 1,902,145 | 34,061 | 85,126 |
| | | Computer equipment £ | Motor vehicles £ | Total £ |
| Cost | | | | |
| At 1 September 2013 | | 116,843 | 24,255 | 20,569,816 |
| Additions | | 43,567 | - | 207,144 |
| At 31 August 2014 | | 160,410 | 24,255 | 20,776,960 |
| Depreciation | | | | |
| At 1 September 2013 | | 55,497 | 8,235 | 1,158,398 |
| Charge for the year | | 37,307 | 4,981 | 648,310 |
| At 31 August 2014 | | 92,804 | 13,216 | 1,806,708 |
| Net book value | | | | |
| At 31 August 2014 | | 67,606 | 11,039 | 18,970,252 |
| At 31 August 2013 | | 61,346 | 16,020 | 19,411,418 |

The Academy lease land and buildings from Gloucester United Schools Limited. On conversion the Trustees agreed to base their valuation of land and buildings on insurance valuation. This was chosen in favour of having a formal valuation done as the cost of a formal valuation would be onerous compared with the additional benefit derived by the users of the accounts.

Due to the Academy buildings being deemed specialist in nature and therefore not traded in an open market, insurance valuation was deemed to be a reasonable estimate of depreciated replacement cost for recognition purposes.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. DEBTORS

| | 2014 £ | 2013 £ |
|--------------------------------|------------------|----------------|
| Trade debtors | 9,503 | 8,111 |
| Other debtors | 61,127 | 35,313 |
| Prepayments and accrued income | 1,396,649 | 132,797 |
| | <u>1,467,279</u> | <u>176,221</u> |

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

| | 2014 £ | 2013 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 209,693 | 159,481 |
| Other taxation and social security | 50,617 | 53,493 |
| Other creditors | 90,429 | 76,056 |
| Accruals and deferred income | 133,477 | 162,895 |
| | <u>484,216</u> | <u>451,925</u> |

Deferred income

| | |
|--------------------------------------|-----------------|
| Deferred income at 1 September 2013 | 82,347 |
| Resources deferred during the year | 72,873 |
| Amounts released from previous years | <u>(82,347)</u> |
| Deferred income at 31 August 2014 | <u>72,873</u> |

Income received during the year ended 31st August 2014 specific to funding for future years has been deferred accordingly.

17. STATEMENT OF FUNDS

The income funds of the Academy comprise the following balances of grants to be applied for specific purposes:-

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|-------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | <u>268,159</u> | <u>188,824</u> | <u>(142,144)</u> | <u>-</u> | <u>-</u> | <u>314,839</u> |

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17. STATEMENT OF FUNDS (continued)

Restricted funds

| | | | | | | |
|----------------------------|----------------|------------------|--------------------|-----------------|------------------|----------------|
| General Annual Grant (GAG) | 236,505 | 3,879,899 | (3,649,202) | (82,494) | - | 384,708 |
| Other Government Grants | 10,495 | 44,744 | (36,961) | - | - | 18,278 |
| School Fund Account | 131,149 | 280,765 | (280,234) | - | - | 131,680 |
| Private Sponsorship | (4,671) | 3,034 | (2,666) | - | - | (4,303) |
| Investment Income | 3,431 | 3,579 | - | - | - | 7,010 |
| Other DfE/EFA grants | 51,328 | 138,530 | (110,010) | (5,690) | - | 74,158 |
| Investment income | 7,382 | 19,575 | (20,499) | - | - | 6,458 |
| Pension reserve | (273,000) | - | (23,000) | - | (160,000) | (456,000) |
| | <u>162,619</u> | <u>4,370,126</u> | <u>(4,122,572)</u> | <u>(88,184)</u> | <u>(160,000)</u> | <u>161,989</u> |

Restricted fixed asset funds

| | | | | | | |
|------------------------------|-------------------|------------------|--------------------|---------------|------------------|-------------------|
| DfE/EFA Capital Grants | 1,743,312 | 1,836,455 | (185,144) | - | - | 3,394,623 |
| Predecessor School Surplus | 163,897 | - | (26,386) | - | - | 137,511 |
| Donations- Capital | 17,328,946 | 31,264 | (371,364) | - | - | 16,988,846 |
| Capital expenditure from GAG | 180,338 | - | (42,516) | 88,184 | - | 226,006 |
| Private Sponsorship | 48,164 | - | (22,900) | - | - | 25,264 |
| | <u>19,464,657</u> | <u>1,867,719</u> | <u>(648,310)</u> | <u>88,184</u> | <u>-</u> | <u>20,772,250</u> |
| Total restricted funds | <u>19,627,276</u> | <u>6,237,845</u> | <u>(4,770,882)</u> | <u>-</u> | <u>(160,000)</u> | <u>20,934,239</u> |
| Total of funds | <u>19,895,435</u> | <u>6,426,669</u> | <u>(4,913,026)</u> | <u>-</u> | <u>(160,000)</u> | <u>21,249,078</u> |

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

The Restricted General Fund includes GAG and other grants receivable from the EFA. Local Authority and Private Sponsors towards the Academy's educational activities. School funds held in respect of education visits and events are also included in the Restricted General Fund.

The Restricted Fixed Asset Fund includes amounts receivable from the EFA. Partnership for Schools and Private Sponsors in respect of tangible fixed assets held for Academy use. Transfers between the GAG Fund and the Restricted Fixed Asset Fund relate to asset purchases from this fund.

The pension reserve relates to the Academy's share of the deficit of the Local Government Pension scheme overseen by the Local Authority.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31st August 2014 are represented by:

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Restricted fixed asset funds 2014 £ | Year ended 2014 £ | Year ended 2013 £ |
|--------------------------|------------------------------------|----------------------------------|---|----------------------------|----------------------------|
| Tangible fixed assets | - | - | 18,970,252 | 18,970,252 | 19,411,418 |
| Current assets | 314,841 | 1,036,482 | 1,867,719 | 3,219,042 | 1,208,942 |
| Current liabilities | - | (407,041) | (77,175) | (484,216) | (451,925) |
| Pension scheme liability | - | (456,000) | - | (456,000) | (273,000) |
| | <u>314,839</u> | <u>161,989</u> | <u>20,772,250</u> | <u>21,249,078</u> | <u>19,895,435</u> |

19. CAPITAL COMMITMENTS

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Contracted for, but not provided in the financial statements | - | - |

20. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2014 £ | 2013 £ |
|--|----------------|----------------|
| Net incoming resources before revaluations | 1,513,643 | (147,424) |
| Interest receivable | (3,579) | (1,003) |
| Depreciation of tangible fixed assets | 648,310 | 566,345 |
| Capital grants from DfE and other capital income | (1,867,719) | (170,604) |
| Decrease in stocks | - | - |
| Interest receivable | - | - |
| (Increase)/decrease in debtors | (17,804) | 610,338 |
| Increase in creditors | 32,291 | 95,025 |
| FRS17 pension cost less contributions payable | 16,000 | 8,000 |
| FRS17 pension finance costs | 7,000 | 9,000 |
| Net cash inflow from operations | <u>328,142</u> | <u>969,677</u> |

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2014 £ | 2013 £ |
|--|--------------|--------------|
| Returns on investments and servicing of finance | | |
| Interest received | <u>3,579</u> | <u>1,003</u> |

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21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

| | 2014 £ | 2013 £ |
|--|----------------|------------------|
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (207,144) | (1,038,091) |
| Capital grants from DfE and other capital income | 594,465 | 170,604 |
| Net cash inflow/(outflow) capital expenditure | <u>387,321</u> | <u>(867,487)</u> |

22. ANALYSIS OF CHANGES IN NET FUNDS

| | 1 September 2013 £ | Cash flow £ | Other non-cash changes £ | 31 August 2014 £ |
|---------------------------|-----------------------------|----------------|-----------------------------------|------------------------|
| Cash at bank and in hand: | 1,032,721 | 719,042 | - | 1,751,763 |
| Net funds | <u>1,032,721</u> | <u>719,042</u> | <u>-</u> | <u>1,751,763</u> |

23. MEMBERS' LIABILITY

Each member of the Academy undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined benefit schemes.

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

Costs incurred in the year relating to TPS were £273,063 (2013: £269,674) and relating to LGPS were £99,216 (2013: £72,997).

Contributions amounting to £48,456 were payable to the schemes at 31 August 2014 (2013 - 44,312) and are included within creditors (£38,774 TPS, £9,682 LGPS) (2013: £36,036 TPS, £8,276 LGPS).

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional
- assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

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

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

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24. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme Changes

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

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £110,636, of which employer's contributions totalled £83,216 and employees' contributions totalled £27,420. The agreed contribution rates for future years are 24% for employers and between 5.5-12.5% for employees. For the year ended 31st August 2015, the average agreed employers contribution rate is 21%.

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

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24. PENSION COMMITMENTS (continued)

Employer contributions

At 31st March 2013, a formal valuation of the LGPS was undertaken and determined the contributions payable to the fund from 1st April 2014 to 31st March 2017. The employer contribution rate payable is made up of a normal rate for future service plus additional amounts in relation to the deficit valued at 31st March 2013.

On this basis, the contribution rate which applies from 1st April 2014 is a normal future service contribution rate of 20.8% of pensionable pay per annum plus additional contributions in relation to the deficit. An allowance is included within the normal future service contribution rate for the expected costs associated with ill health early retirements and also for the administrative costs of running the Fund. The cost of any non-ill health early retirements, however, should be payable via additional contributions.

To recover the deficit via additional contributions, based on a recovery period of 20 years, the additional contribution rate required is 3.2% of pensionable pay per annum (as identified by Gloucestershire County Council 31st March 2013 valuation), leading to an overall employer contribution rate applicable as at 31st March 2013 of 24.0% of pensionable pay which is being phased in with a maximum increase of 2.5% per annum.

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

| | Expected return at 31 August 2014 % | Fair value at 31 August 2014 £ | Expected return at 31 August 2013 % | Fair value at 31 August 2013 £ |
|-------------------------------------|---|---|---|---|
| Equities | 6.30 | 376,000 | 6.60 | 297,000 |
| Government Bonds | 3.20 | 109,000 | 3.80 | 82,000 |
| Property | 4.50 | 31,000 | 4.70 | 25,000 |
| Cash/liquidity | 3.30 | 5,000 | 3.60 | 8,000 |
| Total market value of assets | | 521,000 | | 412,000 |
| Present value of scheme liabilities | | (977,000) | | (685,000) |
| Deficit in the scheme | | (456,000) | | (273,000) |
| | | | 2014 £ | 2013 £ |
| Present value of funded obligations | | | (977,000) | (685,000) |
| Fair value of scheme assets | | | 521,000 | 412,000 |
| Net liability | | | (456,000) | (273,000) |

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24. PENSION COMMITMENTS (continued)

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

| | 2014 £ | 2013 £ |
|----------------------------------|------------------|-----------------|
| Current service cost | (99,000) | (81,000) |
| Interest on obligation | (34,000) | (24,000) |
| Expected return on scheme assets | 27,000 | 15,000 |
| | <u>(106,000)</u> | <u>(90,000)</u> |
| Total | <u>(106,000)</u> | <u>(90,000)</u> |
| Actual return on scheme assets | <u>64,000</u> | <u>17,000</u> |

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

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

| | 2014 £ | 2013 £ |
|--------------------------------------|----------------|----------------|
| Opening defined benefit obligation | 685,000 | 541,000 |
| Current service cost | 99,000 | 81,000 |
| Interest cost | 34,000 | 24,000 |
| Contributions by scheme participants | 27,000 | 24,000 |
| Actuarial Losses | 136,000 | 15,000 |
| Benefits paid | (4,000) | - |
| | <u>977,000</u> | <u>685,000</u> |
| Closing defined benefit obligation | <u>977,000</u> | <u>685,000</u> |

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

| | 2014 £ | 2013 £ |
|-------------------------------------|----------------|----------------|
| Opening fair value of scheme assets | 412,000 | 268,000 |
| Expected return on assets | 27,000 | 15,000 |
| Actuarial gains and (losses) | (24,000) | 32,000 |
| Contributions by employer | 83,000 | 73,000 |
| Contributions by employees | 27,000 | 24,000 |
| Benefits paid | (4,000) | - |
| | <u>521,000</u> | <u>412,000</u> |
| | <u>521,000</u> | <u>412,000</u> |

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £195,000 loss (2013 - £35,000 loss).

The Academy expects to contribute £101,000 to its Defined benefit pension scheme in 2015.

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

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

| | 2014 | 2013 |
|--|---------|---------|
| Discount rate for scheme liabilities | 3.70 % | 4.60 % |
| Expected return on scheme assets at 31 August | 5.50 % | 5.90 % |
| Rate of increase in salaries | 3.90 % | 4.60 % |
| Rate of increase for pensions in payment / inflation | 2.60 % | 2.80 % |
| Inflation assumption (CPI) | 2.90 % | 2.90 % |
| Commutation of pensions to lump sums | 50.00 % | 50.00 % |

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

| | 2014 | 2013 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.5 | 21.7 |
| Females | 24.6 | 23.6 |
| Retiring in 20 years | | |
| Males | 24.4 | 23.5 |
| Females | 27.0 | 25.8 |

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

| | 2014 £ | 2013 £ | 2012 £ | 2011 £ |
|--|-----------|-----------|-----------|-----------|
| Defined benefit obligation | (977,000) | (685,000) | (541,000) | (375,000) |
| Scheme assets | 521,000 | 412,000 | 268,000 | 154,000 |
| Deficit | (456,000) | (273,000) | (273,000) | (221,000) |
| Experience adjustments on scheme liabilities | (136,000) | (15,000) | (62,000) | 9,000 |
| Experience adjustments on scheme assets | (24,000) | 32,000 | 10,000 | 9,000 |

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

| Change in assumptions at 31st August 2014 | Approximate % increase to Employer Liability | Approximate monetary amount (£000) |
|--|--|--|
| 0.5% decrease in Real Discount Rate | 12% | 121 |
| 1 year increase in member life expectancy | 3% | 29 |
| 0.5% increase in the Salary Increase Rate | 6% | 60 |
| 0.5% increase in the Pension Increase rate | 6% | 57 |

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NOTES TO THE FINANCIAL STATEMENTS
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25. OPERATING LEASE COMMITMENTS

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

| | 2014 £ | 2013 £ |
|-----------------------|---------------|---------------|
| Other | | |
| Within 1 year | 8,148 | - |
| Between 2 and 5 years | 11,540 | 19,688 |
| | <u>19,688</u> | <u>19,688</u> |

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest.

A member of the body of Trustees was also a councillor for Gloucester City Council during the year. This role does not involve any significant influence over pricing of Service Level Agreements or other Academy and Educational decisions, and the disclosure of transactions between Gloucester City Council and the Academy are therefore not disclosed.

During the year, the trust purchased services totalling £7,000 from The Creative Consortium, a company in which the Deputy Headmaster's wife is a shareholder and director.

All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. In entering these transactions, the trust has complied with the requirement of the EFA's Academies Financial Handbook.