

REGISTRAR

Company Registration No. 07577113 (England and Wales)

ASTON COMMUNITY EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2014



ASTON COMMUNITY EDUCATION TRUST

CONTENTS

	Page
Reference and administrative details	1
Directors' report	2 - 14
Governance statement	15 - 16
Statement on regularity, propriety and compliance	17
Statement of Directors' responsibilities	18
Independent auditor's report on the accounts	19 - 20
Independent reporting accountant's report on regularity	21 - 22
Statement of financial activities	23
Balance sheet	24
Cash flow statement	25
Notes to the accounts	26 - 46

ASTON COMMUNITY EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Directors and Members

J Barton
P Bennett
R Dyson
J Long
E Newton
J Swift

Senior management team

- Executive Principal/Accounting Officer	E Newton
- Associated Principal	R Scutt
- Vice Principal	J Sanigar
- Vice Principal	R Hibberd
- Vice Principal	D Richardson
- Vice Principal	D Curran
- Associate Senior Leader	L Selkirk

Company registration number

07577113 (England and Wales)

Principal and Registered office

Aston Academy
Aughton Road
Swallownest
Sheffield
South Yorkshire
S26 4SF

Independent auditor

Hart Shaw LLP
Europa Link
Sheffield Business Park
Sheffield
S9 1XU

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

The Directors of Aston Community Education Trust present their annual report together with the financial statements and auditor's report of the Charitable Company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

There are two academies in the trust, an 11 - 19 secondary academy and a 6 - 11 primary school, with a combined roll within the trust, of over 1800 pupils/students. In September 2014 a second primary school 3 - 11 will be joining the trust.

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 Academy Trust are responsible for the strategic direction of the Academy Trust. The responsibility for ensuring that the strategic direction is undertaken falls with the Board of Directors, currently the makeup of the Board of Trustees and the Board of Directors are the same. The Directors undertake their responsibility by delegating some responsibility to the Local Governing Body of each Academy within the Multi Academy Trust. The Trustees of Aston Community Education Trust are also the Directors of the Charitable Company for the purposes of company law.

Details of Trustees who served throughout the year are included in the Reference and Administrative Details on page 1, which forms part of this report.

Trustees' liability

Each Trustee 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 Trustee, 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 Trustee.

Trustees' indemnities

Trustees benefit from indemnity insurance purchased at the Charitable Company's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of negligence, default of breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or a breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Charitable Company. The limit of this indemnity is £4,000,000.

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Method of recruitment and appointment or election of Trustees

The Trustees of Aston Community Education Trust are also the Directors of the Charitable Company for the purposes of company law. As stated in the Articles of Association, the total number of Trustees is 6 and they may appoint up to 6 Trustees, and up to 3 co-opted Trustees. The total number of Trustees (or co-opted Trustees) who are employees of the Company must not exceed one third of the total number of Trustees. The Secretary of State may in special circumstances appoint such additional Trustees as he sees fit. To date there have been no such additions.

There are also 15 people who fulfil the role of Local Governing Body for Aston Academy and 11 people who fulfil the role of Local Governing Body for Thurcroft Junior Academy and who exercise only the powers which are delegated by the Directors, via terms of reference which are reviewed on an annual basis. Of these there are 2 parent Governors (elected), 2 staff Governors (elected) and one Local Authority nominee in respect of Aston Academy. The same template (pro-rata) is used in Thurcroft Junior Academy, who are also part of the Academy Trust.

We have named Governors who take particular responsibility for the following: Anti-bullying; Arts; Child Protection and Safeguarding; Children in Public Care; Anti- Drugs; Health & Safety on School Trips; Health & Safety; Equality & Diversity; Special Education Needs; Sex & Relationships; Target Setting; Trustee Training & Development ; Executive Principal Review Panel; Associate Principal Review Panel.

Our Trustees' and Governors' details are available via the Academy website, by looking in the drop down menu "about us" and choosing "ACET".

Policies and procedures adopted for the induction and training of Trustees

We recognise the positive contribution that Governors can make to our organisation, when they have commitment, training and are given the opportunity to do so, therefore, attracting people with the experience, skills, desire and time to make a difference in their local community is fundamental to our approach. Such people are encouraged to join the team and work with the Trust, as participants of the Local Governing Bodies. The induction and training programme is managed by the named Trustee and a full programme of training and induction is offered, including attendance on relevant training courses offered by external providers, access to in-house training delivered by strategic leaders in school and opportunity to request further training that they feel would be beneficial.

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Organisational structure

Aston Community Education Trust are a Multi Academy Trust and are bound by amended articles of association which subject to the provisions of the Companies Act 2006 (and to any directions given by special resolution) ensure that the activities of the Academy Trust are managed by the Trustees through the Board of Directors who may exercise all the powers of the Academy Trust. The Directors have appointed separate committees (known as Local Governing Bodies) for each Academy and each committee has terms of reference which are reviewed on an annual basis. The Local Governing Body fulfils their role via sub committees (with annually reviewed terms of reference). The Trustees approve the annual budget and monitor the use of the budget via reports from relevant committees. The Senior Leadership Team comprising of The Executive Principal and four Vice Principals manage the Academies and implement the policies approved by the Trustees.

The Executive Principal fulfils the role of Accounting Officer in addition to which the following powers are delegated to the Executive Principal which are detailed within the relevant terms of reference and reviewed and approved annually:

Staffing

- Responsibility for appointing all staff below the level of the Leadership Team;
- Responsibility to ensure that selection panels of all posts within the Leadership Team are drawn from the membership of the full governing body to ensure a wide range of skills and experience; and
- Responsibility for the initial decision on dismissing school staff.

Finance

- Purchases of goods and services up to £7,500 allowed providing the market has been tested and the principles of best value applied;
- Purchases of goods and services over £7,500 and up to £75,000 providing at least 2 quotes are obtained, a written record of all quotes including verbal kept with the purchase order, and the principles of best value are applied;
- Purchases of goods and services over £75,000 to be part of a tendering process; minimum of 3 suitable contractors whenever possible; information on such projects provided for discussion and approval at the appropriate governing body committee; approval of the tenders to include at least one non staff Trustee and be either in person or via email where necessary, maintaining the confidentiality of the source of the tenders and noting the reasons, should the decision not be in favour of the lowest value tender.

Risk management

The Directors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to teaching, provision of facilities, financial and other operational areas of the Academy Trust. Systems or procedures have been established to manage those risks. The procedures include identifying potential risks, assessing them against a scoring system and identifying preventative measures as well as looking at resilience measures. There are in place a number of systems to assess risks that the Academy Trust faces, particularly in operational areas, including teaching, health & safety, anti-bullying and Academy educational visits. Systems include vetting of new staff and visitors; monitoring and supervision of the school site and internal financial controls, including a Controls Assurance Statement, which is reviewed at appropriate times by the Trustees. These systems are for the purpose of minimising risk. Where significant financial risk can still be identified the Trustees have ensured that adequate insurance cover is in place.

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Connected organisations including related party transactions

Aston Academy is a strong partner with its feeder primary school community and is in every sense a community Academy. Following requests from the Local Authority, we have provided support to help raise standards in some of our cluster primary schools and we have a very close and mutually beneficial relationship with Thurstcroft Junior Academy which is part of our Academy Trust.

The Transforming Rotherham Learning is at the core of our ethos:

- We are all responsible for all Rotherham's children and young people;
- All Rotherham learners will achieve; no one will be left behind;
- Learning is the core business: investment, policy and strategy must be driven by opportunities for learners;
- Learning communities will be rooted in and responsive to the needs of local people.

Objectives and activities

Objects and aims

The principal object and activity of the Charitable Company is the operation of Aston Community Education Trust to provide education for pupils/students of different abilities between the ages of 7 and 19.

In accordance with the Articles of Association the Charitable Company has adopted a "Scheme of Governance" approved by the Secretary of State for Education.

We are committed to providing high quality learning and teaching, enabling everyone to reach their full potential, whatever their age, ability, gender or ethnicity.

We believe that every person is unique and we work together in an inclusive environment of mutual respect and consideration, valuing everyone's contribution.

Through our partnership with the local and wider community we aim to support our young people in successfully taking their place in society.

Our Academies are committed to safeguarding and promoting the welfare of our pupils and all adults within the Academies and we have a responsibility to safeguard and promote the welfare of children.

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Objectives, strategies and activities

Aston Academy is the foundation for the Aston ethos. It is a fully inclusive secondary academy with an outstanding educational reputation and record of achievement. It has been one of the highest performing Academies/Schools within the Rotherham Education Authority for the past four years and is currently rated "Good" by OFSTED most recently in 2014. It is also a specialist Academy for maths and computing. Aston Academy is a strong partner with its feeder primary school community and is in every sense a community Academy. The Transforming Rotherham Learning is at the core of our ethos.

Children have unlimited potential and it is our responsibility to ensure that they maximise this potential. The Aston ethos starts with good behaviour, leading to strong personal values and feeling of worth. We back this up with strong pastoral care to ensure that our students can focus on their education in the widest sense. We want every student to achieve their potential. This encompasses their academic, social and personal development.

We are committed to providing education for all youngsters from the community which the school serves and therefore, would never adopt a selective admissions policy. We are equally committed to avoiding fixed and permanent exclusions for students in our care. Our continuous drive to improve achievement across the key stages, indicates our ambition for ALL our students.

We have an excellent record with children with Special Educational Needs and pride ourselves on exhausting every existing intervention to enable children to succeed and then if necessary we will create more - we are determined that no child will be left behind.

Our staff are talented, dedicated professionals, committed to delivering top quality education. There is a strong focus on developing the profession and on continuous improvement. Trustees, Governors, teachers and associate professionals work together as a team and indeed team work with all our partners is another critical aspect of our educational ethos and reason for our success.

Public benefit

The Directors have due regard to the guidance and requirements on public benefit published by the Charity Commission, in exercising their powers or duties and will further take into consideration the revised guidance when this is published. A key object of the Academy Trust is to advance for the public benefit education in the United Kingdom.

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Strategic Report

Achievements and performance

Aston Academy and Thurcroft Junior Academy

Both academies within the trust continue to build on our successes. Our annual Aston Community Education Trust Awards Evening took place on May 1st and was once again an outstanding event, celebrating all aspects of achievement across the Academy Trust, with staff, students, parents/carers, Trustees, Directors, Governors and invited VIP's all bursting with pride and enjoying the occasion as our wonderful young people claimed their awards.

Our key priorities for the year include:

- To continue to sustain and improve standards of achievement in all key stages for ALL students, closing the PP gap more rapidly and improving performance in the English Baccalaureate;
- To ensure that teaching in all key stages, and most subjects, is outstanding or never less than consistently good;
- To ensure that there is a consistent approach to student behaviour management, that attendance continues to improve and that an engaging curriculum continues to cover a wide range of opportunities so that students are encouraged to adopt safe practices and deal sensibly with risk;
- To ensure that leadership at all levels focuses relentlessly on progress to target and closing the PP gap; improving teaching and learning through sharper Monitoring and Evaluation Records (MER) and provision of targeted CPD.

During this academic year the Academy has focussed on student voice and in half term 6, there was a joint Student Council Meeting attended by school council and investors in pupils representatives and one of our ACET trustees, who took time to explain the role of Governor and Trustee highlighting how they are elected/ chosen and their significance to the day to day activities of academies across the Trust.

Part of our drive to improve the environment around the site, has seen the installation of over 150 high quality external lockers for use by students, these have been very well received and we intend to provide many more going forward and are in the process of identifying suitable areas around the site. Going forward, we have identified 'Teaching' as an area for improvement and we are committed to ensuring that much of the teaching in all key stages and in most subjects is outstanding and never less than consistently good and we have identified a number of strategies to achieve this, including; re-launching and regularly revisiting the academy Learning and Teaching Agreement and ensuring that MER programme is consistently implemented.

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Pupil Premium

Attainment of students entitled to the Pupil Premium Grant in all year groups is monitored each half term. Students needing intervention and support particularly in Mathematics and/or English are receiving extra support.

Our Educational Psychologist works with vulnerable cohorts, parents and carers, students and staff to enable students to successfully access classroom teaching.

Our Engagement and Learning Coordinator signposts services to support families and is offering intervention programmes to engage students in learning.

Our Education Welfare Officer monitors the attendance of our vulnerable cohorts including students entitled to the Pupil Premium Grant.

Financial support is given to students entitled to the Pupil Premium Grant to ensure that they have access to the wider mainstream curriculum. This may include:

- Off-site visits;
- Residential visits (key stage 3 and key stage 4);
- After school clubs, Extended Learning Task clubs and sporting activities;
- Transport;
- Summer school for Pupil Premium students for 10 days;
- School uniform;
- Extra-curricular support for Mathematics and English;
- EAL translators to support students in school who do not speak English.

Booster classes and enhanced staffing in Maths, English and Science have been funded from the Pupil Premium. Alternative curriculum offers have been made to support students who do not attend Aston Academy for mainstream provision. Payments to outside providers, additional transport arrangements, and taxis have been made to support these students. Pupil Premium students have also benefited from funding which has given them the opportunity to receive music lessons from peripatetic music teachers.

Year 7 literacy and numeracy catch-up premium

Literacy and numeracy groups met regularly during the summer term to develop provision in these important curriculum areas. Baseline testing for literacy was completed in the summer term for students whose literacy levels are significantly below their peers. Eligible students are being monitored, tracked and intervention programmes are in place to raise their literacy levels.

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

School Centred Initial Teacher Training

From September 2013 to February 2014 Aston Academy continued to develop the proposed Teaching School Alliance. However, once the Teaching School bid ended with the Ofsted judgement of February 2014, the Alliance became a Partnership. In practice, this means that Aston continues to be a leading member of the SCITT (School Centred Initial Teacher Training), contributing training places and expertise in training between thirty and fifty student teachers across nine schools.

School Direct

Our School Direct Cluster in partnership with the University of Sheffield continues to be very successful, with 18 trainees being trained by the University in partnership with six schools, led by Aston. All successfully completed their placements and qualified as teachers, the Cluster Partnership will continue into September 2014 and we are sure this initiative will continue to go from strength to strength.

PE and sports programme

A high level of sporting success continues to be achieved across the Academy Trust, we have had representation at international level in judo, county and national level in athletics (shot putt, long jump and relay), cricket (Yorkshire county), figure skating and swimming; one of our swimmers is ranked in the top 25 nationwide for swimming, competing in 200 and 400 freestyle medley and 400 individual medley. Teams have reached finals in rounders; netball; badminton; gymnastics; basketball and football; and we were winners of the Rotherham championships in cricket and football.

Fundraising

All year groups in Aston Academy were involved in the sponsored walk on Friday October 11th, when they shared an enjoyable experience with their classmates whilst raising funds for both local and national charities. The event was closely supervised by staff ably assisted by our Post 16 students who also showed great generosity of spirit when they led the annual Children in Need collection in both Academies on Friday November 15th. Each year we are amazed to see the array of colourful costumes which appear and this year was no exception. Thank you to all our pupils, students, their families and our staff for supporting charity events. Last year saw Aston Community Education Trust youngsters continuing their commitment to raising significant sums in support of good causes..

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Thurcroft Junior Academy

Support for Thurcroft Junior Academy (TJA) continues to include preparation for Standard Attainment Tests (SATs) through the contribution to;

- the planning and delivery of booster sessions in both mathematics and reading;
- the compilation of writing portfolios and the moderation of levels which were validated by the Local Authority; and
- exam invigilation from Aston Academy in order that TJA staff could focus on student support where identified.

By using additional funding, we have provided a focus on literacy and numeracy and appointed an HLTA to support pupils across the academy. There has been a continuing emphasis on improving attendance supported by a range of strategies including intervention of our EWO, these have proved successful in improving attendance. Y3 students from a range of abilities have been involved in 'pupil voice' interviews with a senior leader and provided their views on a range of questions, including 'Do you enjoy coming to school?'; 'Do you feel safe at school?' and 'Do staff deal with any problems you have?' - pupil views were overwhelmingly positive to these questions, all pupils commented that they did enjoy coming school, all felt safe and secure and a very high percentage of pupils felt that staff dealt with any problems that they had.

There have been a number of 'Rewards & Celebration' events throughout year, with certificates awarded for 100% attendance and in July there was our inaugural Y6 Graduation Event, providing an opportunity for parents/carers to attend a ceremony during which all pupils, had an opportunity to process in cap and gown, receive certificates marking the end of KS2 and their achievements, followed by 'afternoon tea' for everyone. The event was very well received by all who had an opportunity to attend and provided a unique and positive way of celebrating and marking the transition of our pupils to the next important stage of their education.

Premises

Managing and improving the physical environment of the Academy Trust continues to be a key priority and we were again successful in securing funding from the Academies Capital Maintenance Fund, which has provided superb changing facilities, including showers at Thurcroft Junior Academy, for the benefit all our pupils/students who have opportunity to use the facilities. At the Aston Academy site, we have made significant improvements to our entrance security, to include electronic access gates, which has further improved safeguarding during the school day for students/staff and visitors. In the latter part of this year, we have been successful in securing Academies Capital Maintenance Funding for a Heating Infrastructure Project, planning for the project which will be delivered during the next academic year, is already well under way.

Year 11

Academy results are very good and well above national figures for 2013. This is despite changes to the criteria linked to the Wolf report and the new regulations which relate to first entry. Our results are also well above Fischer D targets.

Measure	2014 result
5A* - C including maths and English	72%
5A* - C	76%
5A* - G	98%
3 levels progress English	89%
3 levels progress maths	69%
Average point score (based on 4Matrix)	417.86
Capped average point score	322.61
A* - C in English	82%
A* - C in maths	79%
English Baccalaureate	33%

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Year 12

Threshold measures indicate significant improvement on 2013 performance. A consistent drive through 2013-14 to reduce the proportion of U and E grades has led to a 6% improvement in A-E grade performance to 93% (87% 2013; national pass rate for 2014 is 88.8%). The proportion of entries graded at D or above has also increased from 75.8% in 2013 to 82% this year. ALPs analysis indicates that AS performance remains in the 'good' zone for 2014 (ALPs 5).

High levels of challenge and accountability for subject and faculty leaders will help to ensure an acute focus of the tracking of progress, focused and effective intervention and the accuracy of assessment and prediction data.

Year 13

A number of our Y13 students achieved outstanding success at A2 and these are shown in anonymised form below.

Student	Final Grades Achieved
Y13M15	AAB
Y13M55	AAB
Y13M71	AABC
Y13F16	AAABB
Y13F26	A*AA
Y13F44	A*AAB
Y13F61	A*AA
Y13F73	A*A*A
Y13F76	A*A*AAB
Y13F81	A*A*AC

Progression to Higher Education

Further to outstanding A2 level results, 95% of the Y13 cohort have secured places on a broad range of Higher Education courses.

80% of students were able to take up their 'first choice' offer. A further 13% students have progressed to either their 'insurance' choice or secured places through clearing. The small number of remaining students, have either gone on to full time employment; pursuing an apprenticeship pathway or in one case have chosen to re-sit Y13.

Going concern

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

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Key financial performance indicators

The Academy Trust uses performance indicators to evidence that in addition to working within all relevant legislative requirements and guidance, all funds are used in the most efficient and effective way, to fully support continuing excellence. The financial performance of the Academy Trust is monitored by the Directors, via regular meetings and access to concise monitoring information which can be clearly and easily understood. Performance indicators include monitoring that:

- spending has been for the purpose intended;
- no Trustee, Governor or employee has benefitted personally from the use of these funds;
- the Senior Officers' payroll arrangements fully meet tax obligations;
- competitive tendering is in place and applied;
- there is probity in the use of public funds;
- segregation of duties is embedded throughout financial systems; and
- regular comparison of staffing numbers against current and projected student intake takes place.

The Academy is also subject to scrutiny from external organisations. This could include, but may not be limited to, Ofsted inspection outcomes, examination / key stage results, pupil attendance data and pupil recruitment data, in addition to financial and investment performance. It could be presented as both achievements against objectives for the current accounting period, and as trends over time. Information from across the trust is used to inform the annual Budget Forecast return; Whole Government Accounts return; and Financial Management and Governance Evaluation.

Financial review

Most of the Academy Trust's income is received from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received in year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE and from other government bodies in accordance with Charities Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005). Such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The fixed asset fund balance is reduced by annual depreciation charges over expected useful life of the assets concerned.

The Statement of Financial Activities for the period ended 31 August 2014 shows a deficit before pension adjustments of £11,000.

At 31 August 2014 the net book value of fixed assets was £13,364,000 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy Trust.

The Academy Trust also received a capital grant of over £220,000 for Thurstoft Junior Academy in respect of improved changing facilities, including shower provision. During the year we have received notification that the Academies Capital Maintenance Fund is to support our Heating Infrastructure Project, funding has already started to arrive, in support of the preliminary stages of the project, however, the bulk of the project and receipt of funding will take place in the academic/financial year commencing 1st September 2014. These funds are in addition to the Devolved Formula Capital grants received by the Academy Trust.

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Reserves policy

The Academy Trust's policy is to assess the on-going financial needs of the organisation and make sufficient provision via appropriate income streams. The overarching principal is that this year's funds are for the benefit of this year's pupils/students and that all grant funding is spent as needed, however, within this is recognition that it is absolutely vital that prudent cost projections must be used to inform the annual budget and close attention must be paid to supporting renewals and analysing historic information and how it is used in the planning process. Reserves have not been allowed to exceed previously stated levels from the EFA including the restrictions within these levels (these limits were removed as of September 2012, but any specific requirements of individual funding agreements must be adhered to).

Unrestricted reserves are under the direction of Aston Community Education Trust and will be allocated in line with the strategic aims and objectives of the Academy Trust and Developing Excellence Plan priorities.

As at 31 August 2014 the unrestricted reserves were £436,000.

The restricted pension fund reserve is in deficit to the value of £2,345,000 as at 31 August 2014. This deficit has been inherited upon conversion to Academy status and the Trustees will continue to monitor this situation closely.

Investment policy

Using cash flow information, investments are restricted to risk free, short, fixed term on-shore deposits with our own bankers. Interest from such deposits is used by the Academy Trust as unrestricted income.

Financial and risk management objectives and policies

The Academy Trust recognises the need to identify and assess the probability of all financial risks. The objective is to comply with best practice and to have on-going, continually developing systems in place to mitigate financial risks. We continuously evaluate our systems, including appropriate software packages, to comply with our statutory obligations as an employer and we have worked with our auditors and colleagues in payroll and HR to ensure that all statutory returns have been submitted within appropriate timescales.

Principal risks and uncertainties

These include:

- Uncertainties in levels of funding, particularly in the current economic climate;
- Proposed changes to funding mechanisms at national level;
- Fluctuations in student number projections;
- Impact of raising the age of participation;
- Impact of parental choice;
- Management of pension deficit; and
- Impact of inflation and other similar factors outside the control of the Academy Trust.

The Academy Trust is mindful of all these more and more and will ensure that these form part of our developing risk register on an on-going basis and that appropriate controls exist to minimise/mitigate any impact on the Academy Trust.

ASTON COMMUNITY EDUCATION TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Plans for the future

The Academy Trust will continue our commitment to continuous improvement and higher levels of achievement for all our students/pupils across all Academy sites, in line with our ethos of ensuring that each and every student/pupil reaches his or her full potential. We fully understand what is required in order to promote effective and sustainable school improvement and we have well developed plans in place to support our students in relation to 'progress 8' and 'attainment 8'. Leadership will be relentless in providing resources and training to support an environment conducive to ensuring all students can and will achieve to target and beyond. Our overarching commitment to providing a broad and balanced curriculum continues to be a key priority, as is our intention to support and enhance our core curriculum of Maths, English, Science, ICT and PE.

We are continuing with our programme of partnership with local special schools, providing enrichment opportunities for their students, students of Aston Academy and students of Thurstcroft Junior Academy.

We plan to continue to submit relevant capital bids whenever possible to obtain maximum benefit for large scale high impact refurbishment projects to upgrade the buildings around both Academy sites which will provide immediate and long term benefit and we have identified some funds within the trust that can be used as a Building Development Fund at an appropriate time. With careful management to minimise disruption to students and staff this will further support learning and teaching by providing an enhanced student environment accessible to all stakeholders of the Academy Trust.

Auditor

The financial statement auditors, Hart Shaw LLP, are willing to continue in office and a resolution to reappoint them will be proposed in the annual general meeting.

Statement as to disclosure of information to the auditor

In so far as the Directors are aware:

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

Approved by order of the board of Directors on 04 December 2014 and signed on its behalf by:



J Barton

Chair of Directors

ASTON COMMUNITY EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Aston Community Education Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve 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 Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Aston Community Education Trust and the Secretary of State for Education. The Accounting Officer is 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 Directors' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met four times during the year. Attendance during the year at meetings of the board was as follows:

Directors	Meetings attended	Out of possible
J Barton	3	3
P Bennett	3	3
R Dyson	3	3
J Long	3	3
E Newton	3	3
J Swift	3	3

During the year an evaluation of the impact and effectiveness of the board of Trustees has been carried out and the structure of the subcommittees has been revised. This will be continually reviewed on an annual basis.

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 Aston Community Education Trust for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operative, 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 ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Strategic Finance Team and reported to the board of Trustees.

ASTON COMMUNITY EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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 finance 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; and
- identification and management of risks.

The board of Trustees has considered the need for a specific internal audit function and whilst not appointing an internal auditor, such a function has been undertaken by the external auditor, Hart Shaw LLP, and the information provided by them has been used to inform reports presented to the board of Directors by the Audit Committee. The Audit Committee's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Hart Shaw LLP have carried out financial checks each term and reported their findings to the Audit Committee. The Audit Committee reports to the board of Trustees on the operation of the systems of control and on the discharge of financial responsibilities.

Hart Shaw LLP have delivered their schedule of work as planned and have not identified any material control issues arising as a result of their reviews.

The system of internal control has been developed and is co-ordinated by the Executive Principal/Accounting Officer in liaison with the Business & Finance Director (or other delegated person). It aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly.

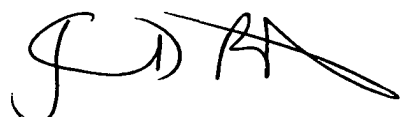
Review of effectiveness

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

- the work of the Audit Committee;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.
- regular scrutiny of financial and other performance monitoring data; and
- completion of a Financial Risk & Control Checklist.

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

Approved by order of the members of the board of Trustees on 04 December 2014 and signed on its behalf by:



J Barton
Chair of Trustees



E Newton
Accounting Officer

ASTON COMMUNITY EDUCATION TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2014

As Accounting Officer of Aston Community Education Trust 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 Education Funding Agency terms and conditions of funding, under the funding agreement in place between the academy trust and Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust's 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.

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.

Approved on 04 December 2014 and signed by:



E Newton
Accounting Officer

ASTON COMMUNITY EDUCATION TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Trustees (who act as Governors of Aston Community Education Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in 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 that grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of Trustees on 04 December 2014 and signed on its behalf by:



J Barton
Chair of Trustees

ASTON COMMUNITY EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASTON COMMUNITY EDUCATION TRUST

We have audited the accounts of Aston Community Education Trust for the year ended 31 August 2014 set out on pages 23 to 46. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the directors, who also act as trustees for the charitable activities of Aston Community Education Trust, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Directors' Annual Report to identify material inconsistencies with the audited accounts 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 accounts

In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

ASTON COMMUNITY EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ASTON COMMUNITY EDUCATION TRUST

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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Martin McDonagh (Senior Statutory Auditor)
Hart Shaw LLP

Chartered Accountants
Statutory Auditor
Europa Link
Sheffield Business Park
Sheffield
S9 1XU

Dated: 5 December 2014

ASTON COMMUNITY EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ASTON COMMUNITY EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY

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

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

Respective responsibilities of Aston Community Education Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Aston Community Education Trust's funding agreement with the Secretary of State for Education dated 29 June 2012 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- We have carried out systems testing to ensure adequate controls are in place to prevent the infringement of regularity requirements.
- We have carried out detailed substantive testing on revenue and capital transactions to ensure these have been properly reflected and recorded in the financial statements and are for the purpose of the Academy Trust.
- We have carried out a detailed review of related parties to ensure Trustees are not benefiting from transactions with the Academy Trust.

ASTON COMMUNITY EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ASTON COMMUNITY EDUCATION TRUST 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 period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Reporting Accountant
Hart Shaw LLP**

Europa Link
Sheffield Business Park
Sheffield
S9 1XU

Dated: 05 December 2014

ASTON COMMUNITY EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2014

		Unrestricted funds £'000	Restricted funds £'000	Fixed Asset fund £'000	Total 2014 £'000	Total 2013 £'000
Incoming resources	Notes					
<i>Resources from generated funds</i>						
- Voluntary income	2	1	-	-	1	7
- Inherited on conversion		-	-	-	-	11
- Activities for generating funds	3	61	245	-	306	261
- Investment income	4	3	-	-	3	3
<i>Resources from charitable activities</i>						
- Funding for educational operations	5	-	10,525	261	10,786	10,840
Total incoming resources		<u>65</u>	<u>10,770</u>	<u>261</u>	<u>11,096</u>	<u>11,122</u>
Resources expended						
<i>Costs of generating funds</i>						
- Fundraising trading	6	-	210	-	210	208
<i>Charitable activities</i>						
- Educational operations	7	-	10,066	792	10,858	10,659
Governance costs	8	-	39	-	39	8
Total resources expended	6	<u>-</u>	<u>10,315</u>	<u>792</u>	<u>11,107</u>	<u>10,875</u>
Net incoming/(outgoing) resources before transfers		65	455	(531)	(11)	247
Gross transfers between funds		-	(400)	400	-	-
Net income/(expenditure) for the year		<u>65</u>	<u>55</u>	<u>(131)</u>	<u>(11)</u>	<u>247</u>
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension scheme	19	-	(138)	-	(138)	95
Net movement in funds		65	(83)	(131)	(149)	342
Fund balances at 1 September 2013		371	(1,388)	13,495	12,478	12,136
Fund balances at 31 August 2014		<u>436</u>	<u>(1,471)</u>	<u>13,364</u>	<u>12,329</u>	<u>12,478</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

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

ASTON COMMUNITY EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2014

		2014	2013
	Notes	£'000	£'000
Fixed assets			
Tangible assets	12	13,364	13,495
Current assets			
Stocks	13	31	36
Debtors	14	441	389
Cash at bank and in hand		1,770	1,663
		<u>2,242</u>	<u>2,088</u>
Creditors: amounts falling due within one year	15	(932)	(1,013)
Net current assets		1,310	1,075
Total assets less current liabilities		<u>14,674</u>	<u>14,570</u>
Defined benefit pension liability	19	(2,345)	(2,092)
Net assets		<u>12,329</u>	<u>12,478</u>
Funds of the academy trust:			
Restricted income funds	17		
- Fixed asset funds		13,364	13,495
- General funds		874	704
- Pension reserve		(2,345)	(2,092)
Total restricted funds		<u>11,893</u>	<u>12,107</u>
Unrestricted funds	17	436	371
Total funds		<u>12,329</u>	<u>12,478</u>

The accounts were approved by order of the board of Directors and authorised for issue on 04 December 2014.

J Barton

Chair of Trustees

Company Number 07577113

ASTON COMMUNITY EDUCATION TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow/(outflow) from operating activities	20	504	703
Returns on investments and servicing of finance			
Investment income	3	3	
Net cash inflow/(outflow) from returns on investments and servicing of finance		3	3
		507	706
Capital expenditure and financial investments			
Capital grants received	261	509	
Payments to acquire tangible fixed assets	(661)	(935)	
Net cash flow from capital activities		(400)	(426)
Increase/(decrease) in cash	21	107	280

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

1.1 Basis of preparation

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

1.2 Going concern

The Directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the accounts.

1.3 Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

Sponsorship income provided to the academy trust 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 the value of the donation is measurable.

Donations

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

Other income

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

Donated services and gifts in kind

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

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

(Continued)

1.4 Resources expended

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

Costs of generating funds

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

Charitable activities

These are costs incurred on the academy trust's educational operations.

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

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

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

Leasehold land	Over the lease term of 125 years
Leasehold buildings	Over the remaining life of the buildings up to 50 years
Computer equipment	33.33% straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicated 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 impairment. Impairment losses are recognised in the Statement of Financial Activities.

1.6 Leasing and hire purchase commitments

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

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

(Continued)

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Taxation

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

1.9 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 19, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

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

1.10 Fund accounting

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

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

Restricted general funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency.

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

2 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Other donations	1	-	1	7
	<u>1</u>	<u>-</u>	<u>1</u>	<u>7</u>

3 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Hire of facilities	11	-	11	8
Consultancy	20	-	20	7
Trips, books etc	30	231	261	239
Cover for teachers	-	14	14	7
	<u>61</u>	<u>245</u>	<u>306</u>	<u>261</u>

4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Bank interest	3	-	3	3
	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

5 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
DfE / EFA revenue grants				
General annual grant (GAG)	-	9,846	9,846	9,992
Start up grants	-	50	50	-
Capital grants	-	261	261	509
Other DfE / EFA grants	-	610	610	300
	-	10,767	10,767	10,801
Other government grants				
Local authority grants	-	8	8	27
Other grants	-	-	-	2
	-	8	8	29
Other funds				
Other incoming resources	-	11	11	10
Total funding	-	10,786	10,786	10,840

6 Resources expended

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2014 £'000	Total 2013 £'000
Academy's educational operations					
- Direct costs	6,719	792	733	8,244	7,989
- Allocated support costs	1,285	255	1,074	2,614	2,670
	8,004	1,047	1,807	10,858	10,659
Other expenditure					
Costs of activities for generating funds	-	-	210	210	208
Governance costs	-	-	39	39	8
	-	-	249	249	216
Total expenditure	8,004	1,047	2,056	11,107	10,875

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

6 Resources expended (Continued)

Incoming/outgoing resources for the year include:	2014 £'000	2013 £'000
Operating leases		
- Land and buildings	26	60
- Other	50	42
Loss/(profit) on disposal of fixed assets	1	-
Fees payable to auditor		
- Audit	8	4
- Other services	8	3

7 Charitable activities - the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Direct costs				
Teaching and educational support staff costs	-	6,719	6,719	6,498
Depreciation	-	792	792	773
Technology costs	-	91	91	111
Educational supplies and services	-	170	170	93
Examination fees	-	179	179	264
Staff development	-	65	65	23
Educational consultancy	-	43	43	65
Other direct costs	-	185	185	162
	-	8,244	8,244	7,989
Allocated support costs				
Support staff costs	-	1,285	1,285	1,254
Technology costs	-	50	50	42
Recruitment and support	-	34	34	18
Maintenance of premises and equipment	-	255	255	271
Cleaning	-	216	216	213
Energy costs	-	150	150	160
Rent and rates	-	76	76	110
Insurance	-	138	138	139
Security and transport	-	20	20	24
Catering	-	104	104	134
Interest and finance costs	-	74	74	79
Other support costs	-	212	212	226
	-	2,614	2,614	2,670
Total costs	-	10,858	10,858	10,659

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

8 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Legal and professional fees	-	23	23	1
Auditor's remuneration				
- Audit of financial statements	-	8	8	7
- Non-audit services	-	8	8	-
	<u>-</u>	<u>39</u>	<u>39</u>	<u>8</u>

9 Central services

No central services were provided by the trust to its academies during the period and no central charges arose.

10 Staff costs

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

	2014 Number	2013 Number
Teachers	90	90
Administration and support	69	67
Management	50	50
	<u>209</u>	<u>207</u>

Costs included within the accounts:

	2014 £'000	2013 £'000
Wages and salaries	6,235	6,062
Social security costs	473	466
Other pension costs	951	947
	<u>7,659</u>	<u>7,475</u>
Supply teacher costs	345	277
	<u>8,004</u>	<u>7,752</u>
Total staff costs		

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

10 Staff costs

(Continued)

The number of employees whose emoluments were £60,000 or more was:

	2014 Number	2013 Number
£60,001 - £70,000	4	3
£70,001 - £80,000	2	1
£120,001 - £130,000	1	1
	<u> </u>	<u> </u>

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

		2014	2013
Teachers' Pension Scheme	Numbers	7	4
	£'000	74	56
		<u> </u>	<u> </u>
Local Government Pension Scheme	Numbers	-	-
	£'000	-	-
		<u> </u>	<u> </u>

11 Directors' remuneration and expenses

The Principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Directors. Other Directors did not receive any payments from the academy trust in respect of their role as Directors. The value of the Directors' remuneration was as follows: E Newton (Principal of Aston and Trustee) £135,000-£140,000 (2013: £135,000-£140,000). During the year, travel and subsistence payments totalling £nil (2013: £nil) were reimbursed to Directors.

Other related party transactions involving the Directors are set out within the related parties note.

Directors' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £4,000,000 (2013: £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £925 (2013: £925).

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

12 Tangible fixed assets

	Leasehold land and buildings £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 September 2013	14,154	682	225	51	15,112
Additions	416	202	43	-	661
Disposals	-	(86)	-	-	(86)
At 31 August 2014	14,570	798	268	51	15,687
Depreciation					
At 1 September 2013	1,185	345	62	25	1,617
On disposals	-	(85)	-	-	(85)
Charge for the year	579	179	27	6	791
At 31 August 2014	1,764	439	89	31	2,323
Net book value					
At 31 August 2014	12,806	359	179	20	13,364
At 31 August 2013	12,969	337	163	26	13,495

13 Stocks

	2014 £'000	2013 £'000
School uniform	4	-
Computer consumables	5	5
Stationery and books	22	31
	31	36

14 Debtors

	2014 £'000	2013 £'000
Trade debtors	2	1
VAT recoverable	172	145
Prepayments and accrued income	267	243
	441	389

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

15 Creditors: amounts falling due within one year	2014 £'000	2013 £'000
Trade creditors	377	489
Taxes and social security costs	146	146
EFA creditor: abatement of GAG	-	51
Other creditors	115	109
Accruals	57	53
Deferred income	237	165
	<u>932</u>	<u>1,013</u>
16 Deferred income	2014 £'000	2013 £'000
Deferred income is included within:		
Creditors due within one year	<u>237</u>	<u>165</u>
Total deferred income at 1 September 2013	165	-
Amounts credited to the statement of financial activities	(165)	(80)
Amounts deferred in the year	<u>237</u>	<u>165</u>
Total deferred income at 31 August 2014	<u>237</u>	<u>85</u>

At the balance sheet date, the Academy Trust was holding in advance £174,000 of capital grants, £20,000 of start up grants, £23,000 of trip income, £15,000 GAG rates relief and £5,000 of exceptional needs funding.

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Funds

	Balance at 1 September 2013 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2014 £'000
Restricted general funds					
General Annual Grant	691	9,846	(9,303)	(1,146)	88
Start up grants	-	50	(50)	-	-
Other DfE / EFA grants	-	610	(610)	-	-
Other government grants	-	8	(3)	-	5
Building maintenance fund	-	-	-	746	746
Other restricted funds	13	256	(234)	-	35
	<u>704</u>	<u>10,770</u>	<u>(10,200)</u>	<u>(400)</u>	<u>874</u>
Funds excluding pensions	704	10,770	(10,200)	(400)	874
Pension reserve	(2,092)	-	(115)	(138)	(2,345)
	<u>(1,388)</u>	<u>10,770</u>	<u>(10,315)</u>	<u>(538)</u>	<u>(1,471)</u>
Restricted fixed asset funds					
DfE / EFA capital grants	1,889	261	(50)	(52)	2,048
Inherited fixed asset fund	10,941	-	(576)	-	10,365
Capital expenditure from GAG or other funds	665	-	(166)	452	951
	<u>13,495</u>	<u>261</u>	<u>(792)</u>	<u>400</u>	<u>13,364</u>
Total restricted funds	<u>12,107</u>	<u>11,031</u>	<u>(11,107)</u>	<u>(138)</u>	<u>11,893</u>
Unrestricted funds					
General funds	371	65	-	-	436
Total funds	<u>12,478</u>	<u>11,096</u>	<u>(11,107)</u>	<u>(138)</u>	<u>12,329</u>

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Funds

(Continued)

General Annual Grant

The General Annual Grant (GAG) fund has been spent in line with the terms of the Master Funding Agreement. Under this funding agreement, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Start up grants

This includes a grant to support the academy in the sponsorship of Lowedges Primary School in 14/15.

Other DfE/EFA grants

This includes the Pupil Premium funding, School Direct funding and the Sponsor Capacity funding.

The Pupil Premium is additional funding given to academies so that they can support their disadvantaged pupils and close the attainment gap between them and their peers.

The School Direct funding is grants received to support teacher training.

The Sponsor Capacity funding is a grant received to support the academy trust in expansion by sponsoring an additional academy. This particular grant is to support the sponsorship of Lowedges Primary School in the next academic year.

Other government grants

This includes special educational needs funding to be used to provide support and facilities for pupils with special educational needs.

Building maintenance fund

The building maintenance fund includes surplus funding transferred from the General Annual Grant fund which has been set aside for future building maintenance work.

Other restricted funds

Other restricted funds includes income for hire of facilities, money collected for trips/books etc. and cover for teachers.

Restricted general funds have been spent in line with the terms of the Master Funding Agreement. Restricted fixed asset funds are used solely for capital purchases in line with the strategic objectives of the Academy Trust.

A total of £400,000 has been transferred from restricted funds to the restricted fixed asset fund, as permitted by the Accounts Direction 2014.

The restricted pension fund is in deficit to the value of £2,345,000 as at 31 August 2014. However this deficit has been inherited upon conversion to Academy status. The Trustees will continue to monitor this situation closely.

Funds attributable to each Academy

The funds attributable to each academy are as follows: Aston Academy £10,366,000 and Thurstcroft Junior Academy £1,963,000.

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Funds

(Continued)

The expenditure attributable to each Academy is as follows:

	Aston £'000	Thurcroft £'000	Total 2014 £'000	Total 2013 £'000
Teaching and educational staff	6,155	564	6,719	5,838
Other support staff	1,170	115	1,285	1,993
Educational supplies	158	27	185	93
Other costs	2,647	271	2,918	2,951
	<u>10,130</u>	<u>977</u>	<u>11,107</u>	<u>10,875</u>

18 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Fixed asset funds £'000	Total funds £'000
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	-	-	13,364	13,364
Current assets	436	1,806	-	2,242
Creditors: amounts falling due within one year	-	(932)	-	(932)
Defined benefit pension liability	-	(2,345)	-	(2,345)
	<u>436</u>	<u>(1,471)</u>	<u>13,364</u>	<u>12,329</u>

19 Pensions and similar obligations

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

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

Contributions amounting to £115,000 (2013: £109,000) were payable to the schemes at 31 August 2014 and are included within creditors.

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

19 Pensions and similar obligations

(Continued)

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.

Teachers' Pension Scheme changes

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

19 Pensions and similar obligations

(Continued)

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 were to be phased in from April 2012 on a 40:80:100 percent basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust 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 trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years 11.9% for employers and 5.5 to 7.5% for employees. The estimated value of employer contributions for the forthcoming year is £302,000.

The Academy Trust has entered into an agreement with the Trustees to make additional contributions in addition to normal funding levels. These amount to £5,825 for Aston Academy and £1,150 for Thurcroft Junior Academy to be paid monthly during the period September 2014 to March 2015. The Academy Trust will continue to make additional contributions after March 2015 however the rates have not yet been agreed.

	2014 £'000	2013 £'000
Employer's contributions	261	249
Employees' contributions	87	88
Total contributions	348	337

Principal actuarial assumptions

	2014 %	2013 %
Rate of increase in salaries	3.95	4.15
Rate of increase for pensions in payment	2.25	2.40
Discount rate for scheme liabilities	4.00	4.60
Inflation assumption (CPI)	2.20	2.40

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

19 Pensions and similar obligations

(Continued)

Sensitivity Analysis

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

	Central £'000	Sensitivity 0.1% p.a discount rate £'000	Sensitivity 0.1% p.a inflation rate £'000	Sensitivity 1 year increase in life expectancy £'000
Liabilities	4,293	4,189	4,400	4,368
Assets	(1,948)	(1,948)	(1,948)	(1,948)
Deficit	<u>2,345</u>	<u>2,241</u>	<u>2,452</u>	<u>2,420</u>
Projected service cost for next year	324	313	335	332
Projected expected return on assets for next year	(122)	(122)	(122)	(122)
Projected interest cost for next year	179	179	184	183

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

	2014 Years	2013 Years
Retiring today		
- Males	23	22
- Females	26	25
Retiring in 20 years		
- Males	25	24
- Females	<u>28</u>	<u>27</u>

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

19 Pensions and similar obligations

(Continued)

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

	2014 Expected return %	2014 Fair value £'000	2013 Expected return %	2013 Fair value £'000
Equities	7.00	1,193	7.00	1,044
Government bonds	2.90	255	3.40	236
Other bonds	3.80	128	4.40	113
Cash/liquidity	0.50	35	0.50	34
Property	6.20	210	5.70	163
Other assets	7.00	127	7.00	125
Total market value of assets		1,948		1,715
Present value of scheme liabilities - funded		(4,293)		(3,807)
Net pension asset / (liability)		(2,345)		(2,092)

The expected rate of return on plan assets is based on market assumptions, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the assumptions appropriate to the individual classes weighted by the proportion of the assets in the particular asset class.

The actual return on scheme assets was £215,000 (2013 - £173,000)

Operating costs and income recognised in the statement of financial activities

	2014 £'000	2013 £'000
Financial expenditure/(income)		
Expected return on pension scheme assets	(110)	(77)
Interest on pension liabilities	184	156
	74	79
Other expenditure/(income)		
Current service cost	302	307
Past service cost	-	-
	302	307
Total operating charge/(income)	376	386

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

19 Pensions and similar obligations

(Continued)

Actuarial gains and losses recognised in the statement of financial activities

	2014 £'000	2013 £'000
Actuarial (gains)/losses on assets: actual return less expected	208	(95)
Experience (gains)/losses on liabilities	(70)	-
(Gains)/losses arising from changes in assumptions	-	-
Total (gains)/losses	<u>138</u>	<u>(95)</u>
Cumulative (gains)/losses to date	<u>320</u>	<u>182</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities amounting to a £138,000 loss (2013: £95,000 gain). The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £320,000 loss (2013: £182,000 loss).

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

	2014 £'000	2013 £'000
Opening defined benefit obligations	(3,807)	(3,274)
Current service cost	(302)	(307)
Interest cost	(184)	(156)
Contributions by employees	(87)	(88)
Actuarial gains/(losses)	70	-
Benefits paid	17	18
	<u>(4,293)</u>	<u>(3,807)</u>

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

	2014 £'000	2013 £'000
Opening fair value of scheme assets	1,715	1,224
Expected return on assets	110	77
Actuarial gains/(losses)	(208)	95
Contributions by employers	261	249
Contributions by employees	87	88
Benefits paid	(17)	(18)
	<u>1,948</u>	<u>1,715</u>

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

19 Pensions and similar obligations

(Continued)

History of experience gains and losses:

	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligations	(4,293)	(3,807)	(3,274)
Fair value of share of scheme assets	1,948	1,715	1,224
Surplus / (deficit)	(2,345)	(2,092)	(2,050)
Experience adjustment on scheme liabilities	70	-	-
Experience adjustment on scheme assets	(208)	95	(18)

20 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2014 £'000	2013 £'000
Net income	(11)	247
Capital grants and similar income	(261)	(509)
Net deficit/(surplus) transferred on conversion	-	(11)
Net current assets other than cash transferred on conversion	-	11
Investment income	(3)	(3)
FRS17 pension costs less contributions payable	41	58
FRS17 pension finance income	74	79
Depreciation of tangible fixed assets	791	773
Losses/(profits) on disposals of fixed assets	1	-
(Increase)/decrease in stocks	5	(25)
(Increase)/decrease in debtors	(52)	(1)
Increase/(decrease) in creditors	(81)	84
Net cash inflow/(outflow) from operating activities	504	703

21 Reconciliation of net cash flow to movement in net funds

	2014 £'000	2013 £'000
Increase/(decrease) in cash	107	1,663
Net funds at 1 September 2013	1,663	-
Net funds at 31 August 2014	1,770	1,663

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

22 Analysis of net funds

	At 1 September 2013 £'000	Cash flows £'000	Non-cash changes £'000	At 31 August 2014 £'000
Cash at bank and in hand	1,663	107	-	1,770

23 Commitments under operating leases

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

	2014 £'000	2013 £'000
Expiry date:		
- Within one year	50	1
- Between two and five years	-	48
	<u>50</u>	<u>49</u>

24 Capital commitments

	2014 £'000	2013 £'000
At 31 August 2014 the academy trust had capital commitments as follows:		
Expenditure contracted for but not provided in the accounts	508	224

The Academy Trust has secured capital grant funding to cover the cost of the above project except for £109,000 which is being provided in the form of an EFA approved interest free loan from SALIX, a not for profit organisation funded by The Department for Energy and Climate Change. This will be repayable over the next 8 years.

25 Related parties

Owing to the nature of the academy trust's operations and the composition of the board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which Directors have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

ASTON COMMUNITY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

26 Post balance sheet events

On 1 September 2014 Lowedges Primary School joined Aston Community Education Trust. Included within the financial statements is £70,000 of conversion grant from the EFA of which the Trust has incurred £50,000 of costs as at 31 August 2014. The remaining £20,000 grant has been included in deferred income.

27 Members' liability

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