

John Spendluffe Technology College

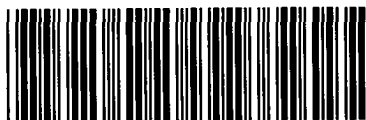
(A company limited by guarantee)

**Annual Report and Audited Financial Statements**

**Year ended 31 August 2014**

**Company Registration Number:  
07683660 (England and Wales)**

WEDNESDAY



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COMPANIES HOUSE

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John Spendluffe Technology College

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**John Spendluffe Technology College**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered company number**

07683660 (England and Wales)

**Principal and registered office address**

Mr Steven Beverley  
John Spendluffe Technology College  
Hanby Lane  
Alford  
Lincolnshire  
LN13 9BL

**Trustees**

Mr Steven Beverley \*  
Mr Peter Milson \*  
Mrs Linda Brockett  
Mr George Willoughby \*  
Mr Giles Crust \*  
Mrs Katrina Firth  
Mrs Nichola Rutter  
Mrs Deborah Forster \*  
Mrs Julie Houlsby  
Mr Andrew Leaston \*  
Ms Sandra Kirk  
Mr Mark Bishell \*  
Mr Robert Follett  
Mrs T Chatterton

\* Members of the finance committee

*During the period under review the trustees held five meetings.*

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**Senior management**

Mr Steven Beverley

Head teacher

Mrs Joyce Shorrock  
Mr Jonathan Treasure

Deputy head  
Finance manager

**Company Secretary**

Mr Jonathan Treasure

**Auditors**

Duncan & Toplis  
Chartered Accountants and  
Statutory Auditors  
15 Chequergate  
Louth  
Lincolnshire  
LN11 0LJ

**Bankers**

Lloyds TSB  
24 Mercer Row  
Louth  
Lincolnshire  
LN11 9JH

**Solicitors**

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B3 2ES

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### **REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 AUGUST 2014**

The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report together with the financial statements of the charity for the year ended 31 August 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

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

#### **Constitution**

The Academy is a company limited by guarantee, with no share capital and is an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy.

The articles of association require the members of the Charitable Company to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the Charitable Company and the management of the Academy.

#### **Members' Liability**

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

#### **Trustees' Indemnity**

A full trustees' indemnity insurance is taken out with Zurich Municipal. Each member has cover of £5,000,000. This is reviewed annually to protect against potential risk. The cost of this insurance is funded by the Education Funding Agency.

#### **Method of recruitment and selection of governors**

Governors are subject to retirement by annual rotation, but are eligible for re-election at the meeting at which they retire. At each Annual General Meeting of the Charitable Company, election of the Chair and Vice Chair for the coming twelve months takes place by method of majority voting.

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### **Induction and training of new governors**

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Trustees and Governors are given a tour of the Academy and the chance to meet with staff and students.

All Trustees are provided with copies of relevant policies, procedures, minutes, meeting schedules, plans and other documents that they will need to undertake their role as Trustees. An Induction Guide for new Trustees has been created to ensure that they are fully engaged with the Academy and understand the role they are committing to. As there are normally few new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

### **Organisational structure**

The Academy is overseen by one Head teacher and they are supported in delivering the educational, behavioural and financial requirements by the Senior Leadership Team. This consists of one Deputy Head teacher, two Assistant Head teachers, one Special Educational Needs Co-ordinator and the College Business Manager.

### **Related parties**

John Spendluffe Technology College is not part of a federation with other schools and does not operate within a 'Trust' with any other schools, colleges or higher education organisations.

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

### **Risk management**

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance.

They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls.

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### OBJECTIVES AND ACTIVITIES

#### Objects and aims

The Academy objects are specifically restricted to the following:

a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy") and

b) to promote for the benefit of individuals living in the Alford and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

#### Objectives, strategies and activities

##### Objectives

The main objectives of the Trust during the year ending 31 August 2014 were as follows:

##### Teaching and Learning

- Develop the curriculum to respond to changing government floor targets
- Developing intervention strategies and monitoring the effects of the intervention
- To develop Continuing Professional Development (CPD) performance in the Academy
- Develop the system of target setting and its use to raise standards

##### Care and Guidance

- Develop advice and support for careers in the Academy
- Continue to review and develop primary liaison
- To support learning support through the Special Educational Needs' changes
- Further improve attendance at the Academy to ensure students benefit from the good education on offer.

##### Staff Development

- Developing coaching and mentoring through the Academy's appraisal process;
- Developing leadership at all levels, including support staff
- Quality assurance of teaching;
- Adopt a personalised approach to staff CPD
- Continue to develop the Teaching & Learning group

##### Environmental

- Maintaining a safe warm environment suitable for learning;
- Ensuring health and safety issues are kept at the forefront of the maintenance team priorities;
- Upholding legal requirements for fire and electrical safety;
- Ensuring the site and accommodation is suitable to meet the needs of the curriculum;
- Developing an on-going planned maintenance regime and refurbishment programme;
- Upgrading and replacing susceptible elements of site equipment;
- Providing required enhancements for students to enable them to have access to the full curriculum;
- Developing the catering facility, allowing greater uptake in school and in primary schools the academy supplies;

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- Pursuing funding for additional accommodation and facilities.

### Strategies

The Academy Trust's main strategy is encompassed in its vision statement:

'John Spendluffe Technology College aims to provide the highest quality of education whereby everyone is encouraged to strive for excellence in all that they do and each student is known, valued and achieves as an individual.

We will know that we have achieved our vision when:

- Every student has the opportunity to develop their knowledge and understanding through a broad and balanced curriculum.

Everyone knows they are valued.'

Strategic activities and achievements of the Academy during the year included:

- Development of the Key Stage four curriculum to respond to student need and new performance measures
- Effective use of tracking and monitoring, to support student achievement leading to significant increases in achievement and attainment in the 2014 exam results
- Refined procedures for the monitoring of Teaching and Learning to support the appraisal process
- Further significant funding for improvements to school site were secured to support the education of the students. Excellent facilities are used to enhance students learning
- A personalised programme of professional development offered to staff to develop teaching and learning even further
- Effective tracking, support and intervention to help focus groups, such as Pupil Premium students, make significant progress.

### Activities

The principal activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

### Equal opportunities policy

The Governing Body of the Academy aims to provide an appropriate learning experience for all students, whatever their colour, origin, culture, gender, religion or ability. The Academy has high expectations of all students.

The Governing Body of the Academy aims to support the creation of an environment that will eliminate unlawful, direct and indirect discrimination and promote equality of opportunity.

### Disabled persons

The Academy buildings have been modified to have provision and accessibility for people with disabilities so that they may be integrated fully into Academy life. The curriculum will be designed so that it may be delivered to provide flexible and equal access to all students whether able or disabled as far as is practicable within a mainstream educational establishment.

### Public benefit

In line with the requirements of the SORP and the Charities Commission the Trustees can confirm that they have had due regard to the definitions of "public benefit".



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### Strategic Report

#### ACHIEVEMENT AND PERFORMANCE

##### Achievement and performance

With reference to the aims and objectives the Academy has a number of achievements to report.

The Academy has continued to successfully develop a personalised approach to learning for both staff and students. This has included developing the academy's curriculum to suit the needs of the student body, particularly at Key Stage four, and tailored professional development for staff.

Support and intervention structures have continued to be developed in the school, with tracking of student progress used to ensure support for students has been deployed appropriately. This has meant that in a changing examinations system the academy's student body continues to be successful.

Developments in the monitoring of teaching and learning and appraisal ensured good and outstanding teaching at the academy.

The Academy is a non-selective school with a grammar school in the town. Consequently attainment on entry in year 7 is significantly below the national average. However, effective teaching and learning have resulted in students making strong progress. Against the background of turbulence in examination results nationally the academy achieved its best ever results in 2014. In many performance measures the Academy attained results either around or above the national average in 2014 –

- 59.2% 5A\*-C including English and Maths at GCSE and equivalent
- 96.8% 5A\*-G at GCSE and equivalent
- 67.5% three levels of progress in English
- 65% three levels of progress in Maths

Renovation and development of the Academy site has improved the learning environment for our pupils and staff. Following on from previous successful bids we secured funding for the redevelopment of our English block, adding to the new teaching block, redeveloped canteen and floodlit Astro-turf secured in the previous year.

The Academy continues to work in the community, with the Astro-turf used by local sporting groups along with Alford Sports Hall Association.

##### Key Performance Indicators

These are referred to within the Achievement and performance section above.

##### 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.

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### FINANCIAL REVIEW

#### Financial and risk management objectives and policies

The Academy's long term future is at the centre of every decision that is taken by the Headteacher and Trustee's. Any monies allocated for enhancing the site have been carefully considered with best value for money being exercised on each occasion. Projects have been considered wisely, making best use of the existing space available with renovation of existing areas taking precedence over 'new build'.

When allocating the annual budget, this centres around providing the best resources and environment to enhance the learning of our pupils. Ensuring they are given as much support as possible to reach their full potential is paramount to any decisions that are made. This is evident in the quality of classroom teacher and support we recruit, the contractors we engage with to maintain the site right down to the computers, materials and stationery they use when in their lessons.

#### Principal risks and uncertainties

The Academy's financial risk is not immediately at stake as prudent budget setting and good financial management have allowed reserves to be put in place to deal with factors that are beyond the Academy's control. i.e. alterations to the national funding formula which provides John Spendluffe Technology College with its annual budget.

#### Financial report for the year

The majority of the Academy's income is obtained from the Department for Education (DfE) in the form of recurrent grants. The grants received from the DfE during the period ended 31 August 2014 and the associated expenditure are shown in the statement of financial activities.

During the year ended 31 August 2014, total expenditure was £3,710,965, which shows a carry forward of £203,423 income in excess of expenditure.

At 31 August 2014, the net book value of fixed assets was £7,793,344. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The Academy held fund balances at 31 August 2014 of £7,521,251; comprising £734,375 of restricted funds; £7,793,344 of restricted fixed asset funds; a pension reserve deficit of £1,219,000 and £212,533 of unrestricted general funds.

#### Reserves policy

The Trustee's of John Spendluffe Technology College have been notified of the amount the Academy holds in reserve. Discussion has also taken place on why reserves have been built up and what the long term plans for these reserves will be.

The Academy's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the Academy which is to be spent at the Trustees' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated.

The trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams. The trustees have determined that the appropriate level of free reserves should be equivalent

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to two months' expenditure, which is approximately £500,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves is £212,533.

The level of restricted funds at the period end, excluding the restricted fixed asset fund; endowment fund and the pension reserve, amounted to £734,374.

### **Funds in deficit**

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme and consequently the Academy balance sheet shows a net liability of £1,219,000. However, the deficit does not mean that an immediate liability for this amount crystallises. The contribution rate to reduce the liability is calculated by an independent actuary and is reported within the notes to the financial statements.

### **Investment policy**

Due to the uncertainty from year to year surrounding educational budgets, the Trustee's do not feel that they could commit funds to a long term investment with a financial institution. Instead, the Trustee's delegate the responsibility for obtaining the best interest rate possible, with no risk to the capital involved, on a short term deposit account basis. i.e. no longer than one year. The College Business Manager is responsible for sourcing these rates and will arrange for this to be made.

### **PLANS FOR FUTURE PERIODS**

The Academy was successful in securing funding from the EFA Academies Capital Maintenance Fund (ACMF) during 2014 to enable the renovation of the English block with works being carried out over the summer holidays in 2014. Works carried out included extension to toilet facilities for the students, the installation of energy saving lighting in addition to full decoration throughout and the replacement of all windows and some flooring.

Future aspirations are for a second brick built four classroom block to be constructed and for the technology wing of the school to be overhauled. There is also the necessity to look at the state of the windows throughout the main body of the school, as they are single glazed, wooden windows which are nearing their end of life. Bids will be placed for these two projects when the Conditions Improvement Fund (CIF) opens in December 2014.

Smaller projects will continue to be funded, where possible, from the Devolved Capital funding that we receive from the EFA each year in order to maintain the Academy site to the best of our ability.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as the trustees are aware:

- There is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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John Spendluffe Technology College

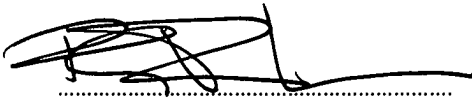
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**AUDITORS**

The auditors, Duncan & Toplis, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Trustees' report, incorporating a strategic report, approved by order of the trustees, as company directors, and signed on their behalf by:



.....  
*Mr Peter Milson*  
*Chair of Governors / Trustees*

10 December 2014

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## John Spendluffe Technology College

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### Governance Statement

#### Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Head teacher, 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 John Spendluffe Technology College and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### Governance

The John Spendluffe Technology College Full Governing Body meet five times per year and delegate responsibilities to three sub committees to cover the main areas of governance. These sub committee's are: Finance & Buildings, Personnel and Strategic, Standards, Student and Curriculum Matters. Finance, Buildings & General Purpose and Strategic, Standards, Students and Curriculum Matters committees meet three times per year with Personnel meetings being held twice per year.

The information on governance included here supplements that described in the governors' Report and in the Statement of Trustees responsibilities. The governing body has formally met 5 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Mr S Beverley (Headteacher)	5	5
Mr P Milson (Chair)	3	5
Mrs L Brockett (Vice Chair)	4	5
Mr G Crust	4	5
Mr G Willoughby	5	5
Mrs N Rutter	5	5
Mrs J Houlsby	2	5
Mr P Stupple	4	5
Mrs K Firth	4	5
Mr A Leaston	1	5
Mr M Bishell	4	5
Mrs S Kirk	5	5
Mr R Follett	4	5
Mrs T Chatterton	1	1
Mrs D Forster	5	5

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## John Spendluffe Technology College

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### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy's 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 John Spendluffe Technology College for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

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

### **The Risk and Control Framework**

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

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

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Alison Smith of Duncan & Toplis Accountants Boston branch, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy trust's financial systems.

On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

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**Review of Effectiveness**

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

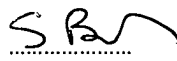
- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 10 December 2014 and signed on its behalf by:



Mr Peter Milson  
Chair of Governors / Trustees



Mr Steven Beverley  
Accounting Officer / Headteacher



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John Spendluffe Technology College

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**Statement on Regularity, Propriety and Compliance**

As accounting officer of John Spendluffe Technology College, I have considered my responsibility to notify the Academy trust governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

S B  
~~Mr Peter Milson~~ Mr Steven Beverley  
~~Chair of Governors / Trustees~~ Accounting Officer

10 December 2014



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## John Spendluffe Technology College

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### Statement of Governors' Responsibilities

The Governors (who act as trustees for charitable activities of John Spendluffe Technology College also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the governing body on 10 December 2014 and signed on its behalf by:



Mr Peter Milson  
Chair of Governors / Trustees

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**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF JOHN SPENDLUFFE  
TECHNOLOGY COLLEGE**

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

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

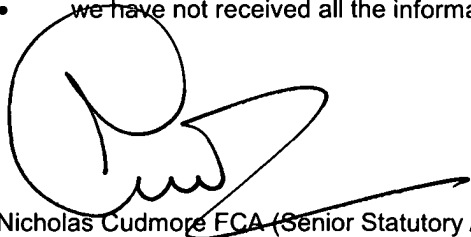
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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF JOHN SPENDLUFFE  
TECHNOLOGY COLLEGE**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



Nicholas Cudmore FCA (Senior Statutory Auditor)

for and on behalf of

**Duncan & Toplis Limited**

Chartered Accountants and Statutory Auditors

15 Chequergate  
Louth  
Lincolnshire  
LN11 0LJ  
10 December 2014

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**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO JOHN SPENDLUFFE TECHNOLOGY COLLEGE AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 5 December 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by John Spendluffe Technology College during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF JOHN SPENDLUFFE TECHNOLOGY COLLEGE'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

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

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

**APPROACH**

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

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

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

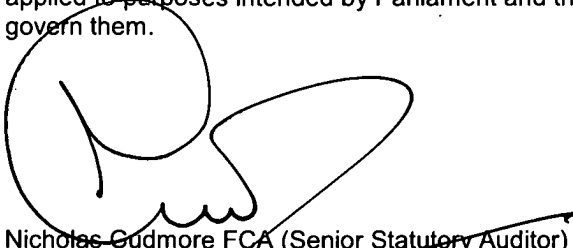
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO JOHN SPENDLUFFE TECHNOLOGY COLLEGE AND THE EDUCATION FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Nicholas Gudmore FCA (Senior Statutory Auditor)

**Duncan & Toplis Limited**

Chartered Accountants and Statutory Auditors

15 Chequergate  
Louth  
Lincolnshire  
LN11 0LJ

10 December 2014

**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)  
**FOR THE YEAR ENDED 31 AUGUST 2014**

		Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
	Note					
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	59,894	-	-	59,894	-
Activities for generating funds	3	219,026	-	-	219,026	215,629
Investment income	5	9,962	-	-	9,962	3,569
Funding for the Academy's educational operations	6	-	3,488,550	136,956	3,625,506	4,320,589
<b>TOTAL INCOMING RESOURCES</b>		<b>288,882</b>	<b>3,488,550</b>	<b>136,956</b>	<b>3,914,388</b>	<b>4,539,787</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Fundraising expenses and other costs	4	47,322	-	-	47,322	46,503
Funding for the Academy's educational operations		197,660	3,253,456	188,133	3,639,249	3,633,736
Governance costs	8	-	24,394	-	24,394	22,105
<b>TOTAL RESOURCES EXPENDED</b>	11	<b>244,982</b>	<b>3,277,850</b>	<b>188,133</b>	<b>3,710,965</b>	<b>3,702,344</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>43,900</b>	<b>210,700</b>	<b>(51,177)</b>	<b>203,423</b>	<b>837,443</b>

**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	21	(73,684)	(188,318)	262,002	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>(29,784)</b>	<b>22,382</b>	<b>210,825</b>	<b>203,423</b>	<b>837,443</b>
Actuarial gains and losses on defined benefit pension schemes		-	(369,000)	-	(369,000)	30,000
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(29,784)</b>	<b>(346,618)</b>	<b>210,825</b>	<b>(165,577)</b>	<b>867,443</b>
<i>Total funds at 1 September 2013</i>		<i>242,317</i>	<i>(138,008)</i>	<i>7,582,519</i>	<i>7,686,828</i>	<i>6,819,385</i>
<b>TOTAL FUNDS AT 31 AUGUST 2014</b>		<b>212,533</b>	<b>(484,626)</b>	<b>7,793,344</b>	<b>7,521,251</b>	<b>7,686,828</b>

All activities relate to continuing operations.

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


The notes on pages 24 to 46 form part of these financial statements.

**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07683660

**BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	18		7,793,344		7,155,164
<b>CURRENT ASSETS</b>					
Debtors	19	185,293		581,454	
Cash at bank and in hand		965,254		864,447	
		<u>1,150,547</u>		<u>1,445,901</u>	
<b>CREDITORS:</b> amounts falling due within one year	20	(203,640)		(81,237)	
<b>NET CURRENT ASSETS</b>			<u>946,907</u>		<u>1,364,664</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>8,740,251</u>		<u>8,519,828</u>
Defined benefit pension scheme liability	27		<u>(1,219,000)</u>		<u>(833,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>7,521,251</u></u>		<u><u>7,686,828</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	21	734,374		694,992	
Restricted fixed asset funds	21	7,793,344		7,582,519	
Restricted funds excluding pension liability		<u>8,527,718</u>		<u>8,277,511</u>	
Pension reserve		<u>(1,219,000)</u>		<u>(833,000)</u>	
Total restricted funds			<u>7,308,718</u>		<u>7,444,511</u>
Unrestricted funds	21		<u>212,533</u>		<u>242,317</u>
<b>TOTAL FUNDS</b>			<u><u>7,521,251</u></u>		<u><u>7,686,828</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 10 December 2014 and are signed on their behalf, by:

  
.....  
Mr P Milson  
Chair of Trustees

The notes on pages 24 to 46 form part of these financial statements.



**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

	Note	2014 £	2013 £
Net cash flow from operating activities	23	841,702	(85,598)
Returns on investments and servicing of finance	24	9,962	3,569
Capital expenditure and financial investment	24	(750,857)	240,327
<b>INCREASE IN CASH IN THE YEAR</b>		<b>100,807</b>	<b>158,298</b>

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

	2014 £	2013 £
Increase in cash in the year	100,807	158,298
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>100,807</b>	<b>158,298</b>
Net funds at 1 September 2013	864,447	706,149
<b>NET FUNDS AT 31 AUGUST 2014</b>	<b>965,254</b>	<b>864,447</b>

The notes on pages 24 to 46 form part of these financial statements.

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**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Company status**

The Academy is a company limited by guarantee. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

**1.3 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

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**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Incoming resources**

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

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

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

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

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

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

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**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Resources expended**

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

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

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

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

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

**1.6 Going concern**

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

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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

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

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

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**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 2% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 20% on cost

**1.8 Taxation**

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

**1.9 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

**2. VOLUNTARY INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Other voluntary income	59,894	-	59,894	-

Included in other voluntary income is the balance on the School Fund account as at 1 September 2013 of £17,883 which has been included within these Financial Statements.

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings income	3,323	-	3,323	3,204
Catering income	177,072	-	177,072	184,378
Sale of goods	27,631	-	27,631	26,464
Other income	11,000	-	11,000	1,583
	<u>219,026</u>	<u>-</u>	<u>219,026</u>	<u>215,629</u>

**4. TRADING ACTIVITIES**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>Fundraising trading expenses</b>				
Catering costs - External sales	19,362	-	19,362	20,039
Cost of lettings	54	-	54	-
Goods for resale	27,906	-	27,906	26,464
	<u>47,322</u>	<u>-</u>	<u>47,322</u>	<u>46,503</u>
Net expenditure from trading activities	<u>(47,322)</u>	<u>-</u>	<u>(47,322)</u>	<u>(46,503)</u>

**5. INVESTMENT INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank account interest	9,962	-	9,962	3,569

**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

**6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Funding for the Academy's educational operations	-	3,625,506	3,625,506	4,320,589

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	3,215,050	3,215,050	3,370,648
Pupil Premium	-	169,358	169,358	141,186
Other DfE/EFA Revenue grants	-	13,125	13,125	28,525
Devolved Formula Capital grant	-	13,956	13,956	14,564
Capital Maintenance grant	-	123,000	123,000	576,000
	-	3,534,489	3,534,489	4,130,923
<b>Other government grants</b>				
SEN 1-1 Funding	-	76,204	76,204	75,338
Other Local Authority revenue grants	-	11,025	11,025	55,438
Other government revenue grants	-	3,788	3,788	-
	-	91,017	91,017	130,776
<b>Other funding</b>				
Other income	-	-	-	58,890
	-	-	-	58,890
	-	3,625,506	3,625,506	4,320,589

**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

**7. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Funding for the Academy's educational operations	197,660	3,441,589	3,639,249	3,633,736

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2014 £	Depreciation 2014 £	Other costs 2014 £	Total 2014 £	Total 2013 £
Funding for the Academy's educational operations	2,839,785	188,133	611,331	3,639,249	3,633,736

**8. GOVERNANCE COSTS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	6,250	6,250	6,775
Auditors' non audit costs	-	4,625	4,625	3,225
Legal and professional fees	-	994	994	-
Personnel fees	-	12,525	12,525	12,105
	-	24,394	24,394	22,105



**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

**9. DIRECT COSTS**

	<b>Educational operations</b>	<b>Total 2014</b>	<b>Total 2013</b>
	£	£	£
Educational supplies	116,758	116,758	62,006
Technology costs	23,216	23,216	13,302
Examination fees	42,132	42,132	58,548
Staff development	7,658	7,658	17,057
Other costs	35,978	35,978	28,704
Wages and salaries	1,936,516	1,936,516	1,979,937
National insurance	146,861	146,861	153,865
Pension cost	274,944	274,944	281,588
Depreciation	188,133	188,133	141,778
	<u>2,772,196</u>	<u>2,772,196</u>	<u>2,736,785</u>

**10. SUPPORT COSTS**

	<b>Educational operations</b>	<b>Total 2014</b>	<b>Total 2013</b>
	£	£	£
Other finance income less expense	22,000	22,000	27,000
Technology costs	17,520	17,520	25,243
Pupil recruitment and support	35,118	35,118	25,539
Maintenance of premises and equipment	61,257	61,257	71,160
Cleaning	10,441	10,441	9,611
Rent and rates	20,079	20,079	19,033
Energy costs	62,028	62,028	66,208
Insurance	25,074	25,074	24,130
Telephone, postage and stationery	19,770	19,770	13,905
Catering	101,749	101,749	102,404
Other costs	9,730	9,730	10,320
Operating leases - other	823	823	3,739
Wages and salaries	388,981	388,981	377,038
National insurance	16,357	16,357	15,667
Pension cost	76,126	76,126	74,559
	<u>867,053</u>	<u>867,053</u>	<u>865,556</u>

**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

**11. RESOURCES EXPENDED**

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2014 £	2014 £	2014 £	2014 £	2013 £
Catering and goods for resale	-	-	47,322	47,322	46,503
<b>Costs of generating funds</b>	-	-	47,322	47,322	46,503
Direct costs	2,358,320	150,661	263,215	2,772,196	2,736,785
Support costs	481,464	178,879	206,710	867,053	865,556
<b>Charitable activities</b>	2,839,784	329,540	469,925	3,639,249	3,602,341
<b>Governance</b>	-	-	24,394	24,394	22,105
	2,839,784	329,540	541,641	3,710,965	3,670,949

**12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly	Support costs	Total	Total
	2014 £	2014 £	2014 £	2013 £
Funding for the Academy's educational operations	2,772,196	867,053	3,639,249	3,633,736

**13. NET INCOMING RESOURCES**

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the Academy	188,133	141,778
Auditors' remuneration	6,250	6,775
Auditors' remuneration - non-audit	4,625	3,225
Operating lease rentals	823	6,805

**JOHN SPENDLUFFE TECHNOLOGY COLLEGE**  
(A company limited by guarantee)

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

**14. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	2,308,640	2,331,677
Social security costs	163,217	169,532
Other pension costs (Note 27)	351,070	356,147
	<u>2,822,927</u>	<u>2,857,356</u>
Supply teacher costs	16,857	25,298
	<u>2,839,784</u>	<u>2,882,654</u>

**b. Staff numbers**

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

	2014 No.	2013 No.
Teachers	38	37
Management	1	1
Administration and support staff	36	30
	<u>75</u>	<u>68</u>

**c. Higher paid staff**

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	1
	<u>1</u>	<u>2</u>

The above employee earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for this employee amounted to £11,150 (2013: £10,512)

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**15. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 4 Trustees (2013 - 5) in respect of defined benefit pension schemes.

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

	2014 £'000	2013 £'000
Mr S Beverley, Principal	75-80	75-80
Mr M Bishell, Staff Governor	25-30	25-30
Mr R Follett, Staff Governor	35-40	10-15
Mrs S Kirk, Staff Governor	35-40	35-40
Mrs A Wilkinson, Staff Governor	nil	15-20

During the year, no Trustees received any benefits in kind (2013 - £NIL).

During the year ended 31 August 2014, expenses totalling £1,938 (2013 - £772) were reimbursed to 4 Trustees (2013 - 3).

**16. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,400 (2013 - £1,400). The cost of this insurance is included in the total insurance cost.

**17. OTHER FINANCE INCOME LESS EXPENSE**

	2014 £	2013 £
Expected return on pension scheme assets	68,000	41,000
Interest on pension scheme liabilities	(90,000)	(68,000)
	<u>(22,000)</u>	<u>(27,000)</u>

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**18. TANGIBLE FIXED ASSETS**

	Freehold property £	Fixtures and fittings £	Computer equipment £	Assets under construction £
<b>Cost</b>				
At 1 September 2013	7,097,122	36,174	61,761	229,945
Additions	639,950	112,845	73,518	-
Transfer between classes	229,945	-	-	(229,945)
At 31 August 2014	<u>7,967,017</u>	<u>149,019</u>	<u>135,279</u>	<u>-</u>
<b>Depreciation</b>				
At 1 September 2013	254,673	5,179	9,986	-
Charge for the year	150,661	16,751	20,721	-
At 31 August 2014	<u>405,334</u>	<u>21,930</u>	<u>30,707</u>	<u>-</u>
<b>Net book value</b>				
At 31 August 2014	<u>7,561,683</u>	<u>127,089</u>	<u>104,572</u>	<u>-</u>
At 31 August 2013	<u>6,842,449</u>	<u>30,995</u>	<u>51,775</u>	<u>229,945</u>
				<b>Total £</b>
<b>Cost</b>				
At 1 September 2013				7,425,002
Additions				826,313
Transfer between classes				-
At 31 August 2014				<u>8,251,315</u>
<b>Depreciation</b>				
At 1 September 2013				269,838
Charge for the year				188,133
At 31 August 2014				<u>457,971</u>
<b>Net book value</b>				
At 31 August 2014				<u>7,793,344</u>
At 31 August 2013				<u>7,155,164</u>

All of the tangible fixed assets are used for educational purposes.

Included in land and buildings is freehold land at valuation of £670,617 (2013 - £670,617) which is not depreciated.

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**19. DEBTORS**

	2014 £	2013 £
Trade debtors	13,613	11,478
Other debtors	81,357	138,376
Prepayments and accrued income	28,823	28,400
Grants Receivable	61,500	403,200
	<u>185,293</u>	<u>581,454</u>

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

	2014 £	2013 £
Trade creditors	153,853	42,138
Accruals and deferred income	49,787	39,099
	<u>203,640</u>	<u>81,237</u>

Deferred income relates to GAG rates grant received for September 14 - March 15.

**Deferred income**

	£
Deferred income at 1 September 2013	5,964
Resources deferred during the year	6,130
Amounts released from previous years	(5,964)
Deferred income at 31 August 2014	<u>6,130</u>

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**21. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>						
School fund	-	67,854	(58,350)	-	-	9,504
<b>General funds</b>						
Other income not for capital purposes	242,317	221,028	(186,632)	(73,684)	-	203,029
Total Unrestricted funds	242,317	288,882	(244,982)	(73,684)	-	212,533
<b>Restricted funds</b>						
General Annual Grant (GAG)	602,240	3,215,051	(2,937,197)	(174,543)	-	705,551
Start up Grant	13,775	-	-	(13,775)	-	-
Other DfE/EFA grants	45,828	182,483	(199,488)	-	-	28,823
Government grants	31,984	91,016	(123,000)	-	-	-
Other income - revenue	1,165	-	(1,165)	-	-	-
Pension reserve	(833,000)	-	(17,000)	-	(369,000)	(1,219,000)
	(138,008)	3,488,550	(3,277,850)	(188,318)	(369,000)	(484,626)
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants	576,000	136,956	(8,056)	-	-	704,900
Capital expenditure from GAG	170,466	-	(17,638)	188,318	-	341,146
Capital expenditure from other income	6,836,053	-	(162,439)	73,684	-	6,747,298
	7,582,519	136,956	(188,133)	262,002	-	7,793,344
Total restricted funds	7,444,511	3,625,506	(3,465,983)	73,684	(369,000)	7,308,718
Total of funds	7,686,828	3,914,388	(3,710,965)	-	(369,000)	7,521,251

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

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**21. STATEMENT OF FUNDS (continued)**

Other DFE / EFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupils education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the Academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £17,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £369,000 actuarial reduction in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

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

**SUMMARY OF FUNDS**

	<b>Brought Forward £</b>	<b>Incoming resources £</b>	<b>Resources Expended £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
Designated funds	-	67,854	(58,350)	-	-	9,504
General funds	242,317	221,028	(186,632)	(73,684)	-	203,029
	<u>242,317</u>	<u>288,882</u>	<u>(244,982)</u>	<u>(73,684)</u>	<u>-</u>	<u>212,533</u>
Restricted funds	(138,008)	3,488,550	(3,277,850)	(188,318)	(369,000)	(484,626)
Restricted fixed asset funds	7,582,519	136,956	(188,133)	262,002	-	7,793,344
	<u>7,686,828</u>	<u>3,914,388</u>	<u>(3,710,965)</u>	<u>-</u>	<u>(369,000)</u>	<u>7,521,251</u>



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**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	7,793,344	7,793,344	7,155,164
Current assets	212,533	938,014	-	1,150,547	1,445,901
Creditors due within one year	-	(203,640)	-	(203,640)	(81,237)
Provisions for liabilities and charges	-	(1,219,000)	-	(1,219,000)	(833,000)
	<u>212,533</u>	<u>(484,626)</u>	<u>7,793,344</u>	<u>7,521,251</u>	<u>7,686,828</u>

**23. NET CASH FLOW FROM OPERATING ACTIVITIES**

	Continuing £	Discontinued £	2014 Total £	2013 £
Net incoming resources before revaluations	203,423	-	203,423	837,443
Returns on investments and servicing of finance	(9,962)	-	(9,962)	(3,569)
Depreciation of tangible fixed assets	188,133	-	188,133	141,778
Capital grants	(75,456)	-	(75,456)	(635,564)
Increase in debtors	396,161	-	396,161	(460,298)
Increase/(Decrease) in creditors	122,403	-	122,403	10,612
FRS 17 adjustments	17,000	-	17,000	24,000
<b>Net cash inflow/(outflow) from operations</b>			<u>841,702</u>	<u>(85,598)</u>

**24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>9,962</u>	<u>3,569</u>

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

	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(826,313)	(395,237)
Capital grants from DfE	75,456	590,564
Capital grants from other funders	-	45,000
<b>Net cash (outflow)/inflow capital expenditure</b>	<u>(750,857)</u>	<u>240,327</u>

**25. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	864,447	100,807	-	965,254
<b>Net funds</b>	<u>864,447</u>	<u>100,807</u>	<u>-</u>	<u>965,254</u>

**26. CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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**27. PENSION COMMITMENTS**

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

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

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

**Teachers' Pension Scheme**

**Introduction**

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

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

The Teachers' 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 made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord

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**27. PENSION COMMITMENTS (continued)**

Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £190,000, of which employer's contributions totalled £151,000 and employees' contributions totalled £39,000. The agreed contribution rates for future years are 23.1% for employers.

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

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**27. PENSION COMMITMENTS (continued)**

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

	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £</b>	<b>Expected return at 31 August 2013 %</b>	<b>Fair value at 31 August 2013 £</b>
Equities	6.30	989,000	6.60	799,000
Bonds	3.60	169,000	4.30	125,000
Property	4.50	143,000	4.70	114,000
Cash	3.30	-	3.60	-
Total market value of assets		<u>1,301,000</u>		<u>1,038,000</u>
Present value of scheme liabilities		<u>(2,520,000)</u>		<u>(1,871,000)</u>
Deficit in the scheme		<u><u>(1,219,000)</u></u>		<u><u>(833,000)</u></u>

The amounts recognised in the Balance Sheet are as follows:

	<b>2014 £</b>	<b>2013 £</b>
Present value of funded obligations	(2,520,000)	(1,871,000)
Fair value of scheme assets	<u>1,301,000</u>	<u>1,038,000</u>
Net liability	<u><u>(1,219,000)</u></u>	<u><u>(833,000)</u></u>

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

	<b>2014 £</b>	<b>2013 £</b>
Current service cost	(146,000)	(146,000)
Interest on obligation	(90,000)	(68,000)
Expected return on scheme assets	<u>68,000</u>	<u>41,000</u>
Total	<u><u>(168,000)</u></u>	<u><u>(173,000)</u></u>
Actual return on scheme assets	<u><u>134,000</u></u>	<u><u>119,000</u></u>

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**27. PENSION COMMITMENTS (continued)**

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

	2014 £	2013 £
Opening defined benefit obligation	1,871,000	1,570,000
Current service cost	146,000	146,000
Interest cost	90,000	68,000
Contributions by employees	39,000	39,000
Actuarial Losses	402,000	48,000
Benefits paid	(28,000)	-
	<u>2,520,000</u>	<u>1,871,000</u>
Closing defined benefit obligation	<u>2,520,000</u>	<u>1,871,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	1,038,000	731,000
Expected return on assets	68,000	41,000
Actuarial gains and (losses)	33,000	78,000
Contributions by employer	151,000	149,000
Contributions by employees	39,000	39,000
Benefits paid	(28,000)	-
	<u>1,301,000</u>	<u>1,038,000</u>
	<u>1,301,000</u>	<u>1,038,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £475,000 (2013 - £106,000).

The Academy expects to contribute £161,000 to its defined benefit pension scheme in 2015.

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

	2014	2013
Equities	76.00 %	77.00 %
Bonds	13.00 %	12.00 %
Property	11.00 %	11.00 %
Cash	- %	- %

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

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.60 %
Expected return on scheme assets at 31 August	5.80 %	6.10 %
Rate of increase in salaries	4.00 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.80 %

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**27. PENSION COMMITMENTS (continued)**

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

	2014	2013
Retiring today		
Males	22.2	21.2
Females	24.4	23.4
Retiring in 20 years		
Males	24.5	23.7
Females	26.8	25.7

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

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(2,520,000)	(1,871,000)	(1,570,000)
Scheme assets	1,301,000	1,038,000	731,000
Deficit	(1,219,000)	(833,000)	(839,000)
Experience adjustments on scheme liabilities	(402,000)	(48,000)	(111,000)
Experience adjustments on scheme assets	33,000	78,000	(25,000)

**Sensitivity Analysis**

	Approx. % increase to employer liability %	Approx. monetary amount £
0.5% decrease in Real Discount Rate	14	355,000
1 year increase in member life expectancy	3	76,000
0.5% increase in Salary Increase Rate	7	182,000
0.5% increase in the Pension Increase Rate	6	161,000

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**28. OPERATING LEASE COMMITMENTS**

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

	Land and buildings			Other
	2014	2013	2014	2013
	£	£	£	£
<b>Expiry date:</b>				
Within 1 year	-	-	5,030	-
Between 2 and 5 years	-	-	-	7,951

**29. RELATED PARTY TRANSACTIONS**

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

During the year the Academy sold meals to Willoughby Primary School at market value totalling £nil (2013 - £25,994). The balance owing to the Academy at the year end was £nil (2013 - £nil). Willoughby Primary School is a school in which the Head Teacher, S Belton, is a Governor of the Academy.

During the year Alford County Primary School, a school in which Mrs K Firth is a Governor and Mr D Forster is Headteacher, paid £37,734 (2013 - £21,097) to use the Academy's swimming pool and canteen facilities. £6,711 (2013 - £4,897) was owing to the Academy at the year end is included within debtors due within one year.

During the year Alford Sports Hall Association, in which the trustee Mr P Milson has a connection with, paid £4,000 (2013 - £nil) for a refund of alteration works made for a new floor. £2,070 (2013 - £nil) was owing to the Academy at the year end. The Academy paid £1,304 to Alford Sports Hall Association in a donation and facility booking fees.

All transactions were made at arms length. In entering into these transactions the Academy has complied with the requirements of the EFA's Academies Financial Handbook.

**30. CONTROLLING PARTY**

The Trustees' have ultimate control of the Academy.