

# THE ROYAL LATIN SCHOOL

(A Company Limited by Guarantee)

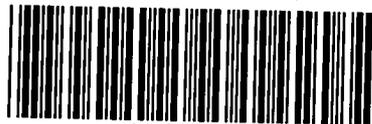
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## Consolidated Annual Report and Financial Statements

For the year ended 31 August 2014

Company Registration Number 07686209

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## Reference and Administrative Details

### Members (Governors)

\*Member of the Finance Committee

Andrew Mulholland \* (Chairman until 31.08.2014)

Katrine Brown\* (Chairman from 01.09.2014)

Paul Sentance\* (Vice Chair, & Chair of Curriculum until 31.08.2014)

Dr Alan Clamp (Chair of Curriculum from 01.09.2014)

Michael Woods\* (Chair of Finance & Premises until 31.08.2014)

### Trustees (Governors)

Wayne Wilson\* (Chair of Finance & Premises from 01.09.2014)

Ruth Newell\* (Chair of Personnel)

Caroline Bagshaw (Staff Governor until 31.08.2014)

Robb Bloomfield (Staff Governor from 01.09.14)

Kenneth Davis\* (Member Appointee)

David Hudson \* (Headteacher and Accounting Officer)

Professor Terence Kealey\* (Community Governor)

Anthony Lewis (Parent Governor until 31.08.2014)

Chizoma Okaro (Parent Governor until 31.08.2014)

Mark Parsons\* (Member Appointee)

Reverend William Pearson-Gee (Community Governor)

Naveed Sheikh (Community Governor from 01.09.14)

Shaun Taylor\* (Parent Governor)

Lynne Vinall\* (Staff Governor until 31.08.2014)

Rowitha Box (Staff Governor from 01.09.2014)

Jennifer Tofield\* (Staff Governor from 01.09.2014)

Andrew Coaton\* (Parent Governor from 01.09.2014)

Philip Dart (Parent Governor from 01.09.14)

Alice Morgan (Parent Governor from 01.09.2014)

Responsible Officer

Nigel Norman

Company secretary

Lorraine Hayhurst-France

The Royal Latin School  
For the year ended 31 August 2014

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Senior management team

David Hudson (Headteacher)  
Jacqueline Baldock (Deputy Head)  
Christopher George (Assistant Head)  
Deborah Payton (Assistant Head)(maternity leave)  
Michelle Taylor ( Assistant Head)(maternity leave)  
Lorraine Hayhurst-France (Business Manager)  
Martin Farrell (Acting Assistant Head – Maternity cover)  
Elizabeth Nourshargh (Acting Assistant Head – Maternity cover)  
Lee Taylor (Acting Assistant Head – Maternity cover)  
George West (Acting Assistant Head – Maternity cover)

Registered Office

Royal Latin School  
Chandos Road  
Buckingham  
Buckinghamshire  
MK18 1AX

Company Registration Number

07686209 (England & Wales)

Auditors

BDO LLP  
2<sup>nd</sup> Floor  
2 City Place  
Beehive Ring Road  
Gatwick  
RH6 0PA

Bankers

Lloyds Bank  
19 Market Square  
Buckingham  
Buckinghamshire  
MK18 1NP

Insurance Brokers

Marsh Limited  
Education Practice  
Capital House  
1 – 5 Perrymount Road  
Haywards Heath  
West Sussex  
RH16 3SY

## **Governors' Report:**

The Governors present their annual report together with their consolidated financial statements and auditor's report of The Royal Latin School for the year ended 31 August 2014. The Charitable Company was incorporated on 28 June 2011 and conversion to Academy status was on 1 September 2011. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for co-educational students aged 11 to 18 serving a catchment area in north Buckinghamshire. It has a student capacity of 1,189 and had a roll number of 1,274 in the school census on 15<sup>th</sup> May 2014.

### **Structure, Governance and Management**

#### Constitution

The Royal Latin School 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.

Members of the charitable company were agreed by the predecessor school's Governing Body and the Secretary of State for Education. The Members of the Academy Trust comprise:

- the signatories to the Memorandum
- one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
- the chairman of the Governors;
- the chairman of the finance and premises committee of the Governors;
- the chairman of the curriculum committee of the Governors;
- the chairman of the personnel committee of the Governors;
- the Headteacher; and
- any person unanimously appointed by the members.

The Governors act as the trustees for the charitable activities of The Royal Latin School and are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Royal Latin School.

The articles of association require the Members of the charitable company to appoint at least three Governors to act as Directors with responsibility for the statutory and constitutional affairs of the charitable company and the management of the Academy.

Details of the Governors who served throughout the year are included in the Reference and Administrative Details on page 2.

#### Members' Liability

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

Governors' Indemnities

Governors benefit from indemnity insurance to cover the liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £1,336.

The Academy also has employers' liability insurance, public liability insurance and professional indemnity insurance.

Method of Recruitment and Appointment or Election of Governors

The members of the Governing Body of the predecessor school as at 31 August 2011 were appointed as Governors from 1 September 2011 to serve out their remaining terms of office. The exception to this was that the Governor previously appointed by the local authority was replaced by an additional community Governor.

When appointing Governors the following is taken into consideration:

The Articles of the Academy Trust require the makeup of the Governors to be as follows

- Three Staff Governors appointed via staff election
- Six parent Governors elected by parents of registered pupils of the Academy
- Five community Governors appointed by the Members.
- Up to three Member Appointee Governors appointed by the Governors that have not themselves been co-opted
- The Headteacher is an ex officio Governor

The structure of the Governing Body that was in place throughout the year was 18 Governors as follows:

- Five non-parent community Governors
- Six parent Governors
- Three co-opted Governors
- Three staff Governors
- One Headteacher

The term of office for any Governor shall be a maximum of four years excepting:

- The Headteacher
- Staff Governors if they cease to be employed by the Academy
- The term of office can be less than four years for any Governor

In general Governors are replaced as and when they reach the end of the term of their office. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected subject to remaining eligible.

Policies and Procedures Adopted for the Induction and Training of Governors.

The training and induction provided for new Governors will depend on their existing experience. Where necessary induction training will be provided on charity and educational, legal and financial matters.

All the new Governors will be given a tour of the school and the chance to meet with staff and students. The Governor Support Team at the Local Authority (LA) provides external induction training in addition to training in house. All Governors are provided with copies of policies, procedures, minutes, accounts,

budgets, plans and other documents that they will need to undertake their role as Governors. As there will be only two or three new Governors a year, induction will be done informally and tailored specifically to the individual, although new Governors are strongly advised to attend the external induction training provided by the LA. It is the policy of The Royal Latin School to subscribe annually to the LA Governor Training Package to ensure that Governor training is current and relevant.

### Organisational Structure

The structure consists of three levels, the Governors, Senior Leadership Team and Heads of Department/Heads of Year. The aim of the management structure is to devolve authority and encourage involvement in decision making at all levels.

The Board of Governors normally meets once each academic term. The Board establishes an overall framework for the governance of the Academy and agrees membership of Committees and Statutory and other Panels. It receives reports, and in particular policy documents, from its Committees for ratification. It monitors the activities of the Committees through the Minutes of their meetings. It also establishes the Terms of Reference and Procedures for its Committees. The Board of Governors may also, from time to time, establish Working Groups to perform specific tasks over a limited timescale. The following decisions are reserved to the Board of Governors: to determine any proposals for the alteration, closure or change of category of the Academy; to amend the constitution of the Governing Body; to appoint or remove the Chairman and/or Vice Chairman; to appoint the Secretary to the Governors; to suspend Governors; to determine the ethos of the school; to delegate specific responsibilities to any Governor, Committee, the Headteacher or other holder of an executive office, and to determine and review annually the terms of reference, constitution and membership of all Committees; to decide school session times and dates of school terms and holidays; to make arrangement for staff dismissal appeals; to set up panels for the selection of the Headteacher; to develop, monitor and review the Academy Trust's Freedom of Information Act 2000 Publication Scheme; to approve the annual Development Plan and to monitor the annual Register of Interests.

There are four Committees as follows:

- The Executive Committee which meets once a term to discuss and consider strategic matters relating to the development of the Academy Trust, in preparation for discussion and presentation for approval by the Board. The Executive Committee also has the responsibility to act as the Audit Committee.
- The Curriculum Committee meets once a term to monitor, evaluate and review school policy and practice in relation to curriculum planning, communications and publications, target-setting and performance data, assessment, recording and reporting, examinations, literacy and numeracy policies and all pastoral issues. This includes arrangements for Special Educational Needs, behaviour and discipline, collective worship and religious education.
- The Finance and Premises Committee, meets at least four times a year to monitor, evaluate and review school policy and practice in relation to financial planning and monitoring; to decide how to spend the General Annual Grant and other funds under the control of Governors for the purposes of the Academy Trust; to monitor and ensure compliance with the requirements of the DfE, EFA, Charity Commission and other relevant bodies and all relevant legal requirements in relation to the proper financial management of the Academy Trust; to agree limits of financial delegation; to ensure that full accounts are kept; to arrange appropriate insurance cover; to receive the termly report of the Responsible Officer; to report the Academy Trust's financial position to the Governing Body at least once a term; to review the Premises Development Plan, to plan and approve specific capital projects (including the consideration and approval of tenders); to ensure the effective security, development and maintenance of the Academy

Trust's land, buildings, equipment and vehicles; to develop, monitor and review the Academy Trust's Health and Safety Policy; to make arrangements for the effective provision of services such as catering.

- The Personnel Committee meets once a term to review the staffing structure of the Academy Trust and decide, within the resources available, how many teaching and support staff should be employed; to advise the Governing Body on the procedures for the selection of the Headteacher; to select for appointment Deputy Headteachers, Assistant Headteachers and the Business Manager; to determine pay and conditions for all staff; to monitor appraisal and performance management policies for all staff; to approve salary increases linked to performance reviews for the Senior Leadership Team; to make arrangements for the Headteacher's Performance Management review; to review safeguarding checks as part of the employment of new staff; to ensure effective arrangements are in place for succession planning for all staff; to make arrangements for Governor induction and training.

The Headteacher has overall executive responsibility for the Academy's activities including financial activities. Much of the responsibility for financial activities has been delegated to the Headteacher who is also the Accounting Officer as required by the Funding Agreement with the Department for Education. The responsibilities of the Accounting Officer are defined in the Statement of Internal Control on page 15.

The Headteacher is responsible for the appointment of all staff with the exception of the Deputy Head which is done in conjunction with the Governors.

The Senior Leadership Team comprises the Headteacher, the Deputy Head, three Assistant Heads and the Business Manager. The Senior Leadership Team control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Senior Leadership team meets weekly and is collectively responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Spending control is devolved to budget holders, with expenditure above certain limits needing additional authorisation from either the Senior Managers or the Governors (or both).

#### Risk Management

The Governors are responsible for the management of risks, to which the Academy Trust is exposed, and have undertaken a review of risks associated with its activities. The key controls used by the Academy Trust includes:

- Formal agendas for Governors meeting
- Detailed terms of reference for all committees
- A clear Development Plan identifying key strategic planning objectives and the resources required to achieve them
- Comprehensive budget planning, monitoring and review
- Clear financial delegation levels
- Formal written policies reviewed on a regular basis
- Clear safeguarding and vetting procedures as required by law to protect children and young people
- Rigorous review of educational achievement to ensure continuing high standards
- Comprehensive planning and review of admissions processes
- A clear succession planning policy

- A Risk Management Committee who meet once a term to review the Risk Register and report to Governors.

The Board of Governors have reviewed the major risks, focusing on operational, financial, governance, compliance and reputational risk, and have taken steps to mitigate likely risks and to ensure regular monitoring of the primary areas of potential risk.

#### Connected Organisations, including Related Party Relationships

The Royal Latin School Fund, a registered charity in England and Wales, fundraises on behalf of the Academy Trust. The donations are gifted to the Academy Trust as and when the Academy Trust's needs arise upon the trustees' discretion. The trustees of the School Fund comprise three Governors of the Academy Trust and a member of the Academy Trust's senior leadership team. Due to the shared control the financial statements of the two entities' financial are consolidated for statutory purposes.

The Royal Latin School is the lead school for The Buckingham Partnership SCITT (School Centred Initial Teacher Training). The partnership encompasses a network of fifteen primary and secondary schools in Buckinghamshire set up for the provision of PGCE training. The programme enables aspirant teachers to train full-time in schools.

#### **Objectives and Activities**

The Royal Latin School's charitable objects as set out in the Memorandum and Articles of Association are as follows:

- 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").
- To provide educational facilities and services to students of all ages with admission based upon the required qualifying score of 121 in the admission tests or have been deemed qualified by a Selection Review Panel; and for the public benefit of the wider community in and around Buckingham.

#### Objects and Aims

Further aims are as follows:

- To foster academic, moral, spiritual and personal development;
- To encourage excellence;
- To develop students to become active responsible citizens;
- To engender self respect, self-confidence and self-discipline;
- To have respect and tolerance for different ways of life, beliefs and opinions;
- To have a concern for equal opportunities and the challenge of stereotypes;
- To ensure courtesy of speech;
- To be of smart appearance – we are all ambassadors for the school;
- To engender flexibility and adaptability to change;
- To develop a sense of responsibility – both personal and collective.

#### Objectives, Strategies and Activities

The three main objectives in the Royal Latin's Development Plan for the period under review were:

- To implement a consistent approach to Teaching & Learning that provides evidence of outstanding progress against differentiated learning outcomes.
- To develop a framework in which all individuals can demonstrate the skills necessary to become 'extraordinary students'
- To develop the Digital Literacy of the school community

In order to achieve these objectives, the Governors with the support of the senior leadership team have implemented initiatives including:

- Gain shared understanding of 'learning outcomes' by all teachers
- Developing differentiated marking systems in order that students know what is being assessed and are able to respond to teachers' comments
- Establish mechanisms for assessing students' progress throughout and at the end of lessons
- Develop consistent use of new Lesson Plan as a guide to lesson planning
- Monitoring and evaluation of processes are put in place to provide evidence of consistent approach to teaching and learning
- Establishing a homework working party
- Each department to create a list of key skills involved with their subject and hence define an extraordinary student in their subject
- Students to create a list of key skills that define an extraordinary student
- Plan/organise further involvement of old Latins/business links in careers education
- Recruit Expert Group Staff/Students
- Share the wider view of use of technology in school to develop an awareness of the opportunities and restrictions
- Student Audit of Skills
- Identify 'How to improve Digital Literacy and learning'
- Staff and students are shown how to use digital literacy tools in lessons as teaching tools in line with the Code of Conduct (Social Media e.g. Facebook, Twitter, Blogging; Video Conferencing; Email; Website)
- Create protocols for the use of digital communication including E-Safety and appropriate use sessions for all
- Staff and students are shown how to use digital literacy tools in lessons as teaching tools in line with the Code of Conduct (Social Media e.g. Facebook, Twitter, Blogging; Video Conferencing; Email; Website).

#### Public Benefit

The Governors of the Royal Latin have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties and in particular to its supplementary Public Benefit guidance on advancing education.

The Royal Latin provides education to children and young people that is:

- balanced and broadly based
- promotes the spiritual, moral, cultural, mental and physical development of students at the school and of society
- prepares students at the school for the opportunities, responsibilities and experiences of later life
- promotes, sustains and increases individual and collective knowledge and understanding of specific areas of study, skills and expertise.

The Royal Latin is a selective grammar and an Academy serving North Buckinghamshire. Pupils join the Royal Latin School in Year 7 after taking the 11+ selection tests, administered on behalf of the Academy Trust by Buckinghamshire County Council, on satisfying the academic criteria for entry. However, pupils may be considered for places at any age from Year 7 upwards, by taking selection tests.

Current arrangements for entry to the school are available in the section of the school website dealing with admissions arrangements: [www.royallatin.org/AboutRLS/Admissions](http://www.royallatin.org/AboutRLS/Admissions)

## Strategic Report

### Achievements and Performance

The Royal Latin School, an 'outstanding' school in Buckinghamshire, became an Academy on 1 September 2011. The total number of students in the year ended 31 August 2014 numbered 1,274 (2013: 1,261).

#### Key Performance Indicators

Examination results for August 2014 were outstanding. At A Level, 70% (2013: 76%) of grades were A\* - B, with 17% (2013: 19%) being A\*. At GCSE 99% (2013: 99%) of pupils achieved at least 5 A\* - C grades including English and Maths and 78% (2013: 82%) of the year group achieved at least 5 A\* / A grades.

10 students in August 2014 (13: 2013) were made offers of places at Oxford and Cambridge universities.

Attendance rates are well above the national average with authorised absence at 4.5% for 2013-2014 (5.6% 2012-2013)

Places in Years 7 to Years 11 remain oversubscribed. Every year group now exceeds its 'planned admissions number' of 174. In the 6<sup>th</sup> Form an additional 40+ places are offered to external applicants meeting the entry criteria. These places are oversubscribed particularly in the Sciences and Mathematics.

#### Going Concern

After making appropriate enquiries, the Governing Body has 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.

### Financial Review

In the current climate of uncertainty and cuts in the funding of education, the Governors have made it a priority to ensure that high standards are maintained within the framework of a sustainable budget and have been rigorous in evaluating any proposals to additional expenditure. Governors have established the following key objectives for expenditure:

- Retain a sharp focus on teaching and learning
- Plan for the long term
- Invest in quality and efficiency to ensure Best Value

- Ensure a proactive involvement in national and local consultations regarding school funding
- Develop a creative response to funding challenges

During the period under review the majority of the Academy Trust's income was obtained from the EFA in the form of the General Annual Grant, along with other recurrent grants, (including SEN funds for the LEA), which are restricted to particular purposes. The grants received from the EFA / LA during the period 1 September 2013 – 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities and have supported the Academy's Educational Operations.

During the year ended 31 August 2014 £1,530,000 was used to purchase Fixed Assets to support the Academy's Educational Operations. These purchases have included:

- £34,000 for the refurbishing of the windows in the school Tech block, (funded by the ACMF - Academies Capital Maintenance Fund).
- £29,000 for the final refurbishing of the Girls Toilets in the Main Block, (funded by the DFCG – Devolved Formula Capital Grant).
- £1,436,000 for the Discovery Centre building project.
- £21,000 for furniture, fittings and equipment.
- £10,000 for Computer equipment.

During the year ended 31 August 2014, the total expenditure of £6,600,000 was covered by the recurrent grant funding from the EFA / LA together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds and pension funds) was £118,000.

At 31 August 2014 the net book value of fixed assets was £8,880,000 and movements in tangible fixed assets are shown in note 12 of the financial statements. The assets were used exclusively for the provision of education and associated services for the pupils of the Royal Latin School.

Funds have been received from pupils to pay for a wide range of educational visits and activities and these have been applied to the associated costs.

Key financial policies adopted and reviewed during the period include the Financial Procedures and Financial Handbook which establishes the framework for financial management, including the key financial responsibilities of the Board, its committees and the key officers of the Academy, as well as the delegated authority for spending decisions. This policy is supported by additional policies including the following: Risk Management, Capitalisation, Charges for Trips and Visits, Lettings and Health and Safety.

Governors have appointed a Responsible Officer, who is a professional Accountant, to undertake a programme of internal checks on financial controls and to report to meetings of the Executive Committee, who also act as the Audit Committee, and the Full Governing Body, on a termly basis.

#### Financial and Risk Management Objectives and Policies

The Academy Trust practises through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers.

#### Reserves Policy

The Governors review the reserve levels of the Academy annually and aim to carry forward a prudent level of reserves from the General Annual Grant, the other restricted funds and the General Unrestricted Fund to cover the medium and long-term needs for renewal and replacement, for major unforeseen contingencies and to contribute to major capital developments.

The review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves.

In reviewing the reserves the Governors have particular regard for the income levels and the likelihood of income reduction over the next few years from the EFA. To this end, Governors monitor pupil numbers in all years, but lack of accommodation or public funding to increase accommodation, means that despite a high demand for places expansion of pupil numbers is not feasible and therefore access to more pupil led funding is prohibited.

At 31 August 2014 the total funds comprised:

		£000
Unrestricted		1,027
Restricted:	Fixed asset funds	8,880
	GAG	-
	Pension reserve	(1,271)
	Other Restricted Fund	<u>2,518</u>
		<u>11,154</u>

The deficit on the pension reserve relates to the support staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 25. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

The restricted funds will be spent in accordance with the terms of the particular funds. The total £2,517,000 relates to specific funding for the Discovery Centre (replacement Science Laboratories) – see note 15. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Governors. The aim of the Governors is to increase this reserve to meet future working capital requirements.

#### Investment Policy

Governors are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risk. Governors do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the Board.

Governors' management of cash flow should ensure that there are always sufficient funds in the main bank accounts to cover operational costs. Banks must be selected from the FSA Approved List included in the Financial Services Compensation Scheme (FSCS).

The nature of the academy is such that the financial instruments that it deals in are mainly bank balances, cash, trade creditors and limited trade debtors. The Academy has not made any investments in the period. As such there is limited risk in the nature of the academy's transactions.

### **Principal Risks and Uncertainties**

The principal risks facing the Academy are:

- Reputational risk – The continuing success of The Royal Latin School depends on maintaining the highest educational standards in order to continue to attract applicants in sufficient numbers. Governors are clearly focused on monitoring and reviewing the achievement and success of students.

Governors continue to give due consideration to other aspects of the school's activities where there could be a reputational risk.

- Financial Risk – The principal financial risks are a reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs. The risks presented here are mitigated by a full understanding that the Royal Latin is operating in a period of considerable financial uncertainty with regard to public funding. Nevertheless, financial planning is focused on maintaining the breadth and quality of future work in the context of diminishing budgets.

The Governors have also given due consideration to the risks associated with financial mismanagement and / or compliance failures.

- Risks associated with personnel – mitigated by Governors continuing to review and monitor arrangements for recruitment and the development of existing staff to minimise the risk resulting from major changes in key staff. The Headteacher reports to the Personnel Committee on recruitment trends and requirements. Governors are always fully informed of the annual appraisal process for teaching and support staff.
- Governors continue to ensure that the highest standards are maintained in the selection and monitoring of staff and volunteers, the operation of child protection policies in school and in training and support, in order to protect the vulnerable young people in its care. All staff receive regular training and information and designated personnel fulfil the role of Child Protection Officers.
- The Academy Trust has inherited a pension deficit from the local authority but this is not seen to provide any significant risk to the Academy.

### **Plans for Future Periods**

Governors have agreed to a three phase plan to develop the site in order to improve the educational facilities in line with the Academy Trust's stated objectives. In response to the lack of central funds available to the Academy Trust the Governors have elected to plan a programme for raising its own funds for capital projects, (as well as successfully bidding for significant sums from the Academies Capital Maintenance Fund). A Director of Development has been employed to lead this initiative. She is responsible for the ongoing organisation of activities to secure donations and grants.

Phase 1 of the Development Programme for the site - The Discovery Centre (a £5m build) made up of 12 Science Labs - is well underway with a completion date of February 2015. Planning for Phase 2 has started and architects have been appointed to produce drawings and necessary planning to Stage C for the necessary refurbishment of the Rotherfield 6<sup>th</sup> Form Centre.

**Auditor**

Insofar as the Governors are aware:

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

The auditors, BDO LLP, are willing to continue in office, however three companies will need to be invited to quote for a three year contract, (as the present contract with BDO is coming to the end of its three year cycle). The quotes will be reviewed by Governors applying Best Value and Value for Money principles, before a decision can be reached.

The report of the Governors incorporating a strategic report, was approved by the Governors on 8 December 2014 and signed on their behalf by



Katrine Brown  
Chair

## Statement of Internal Control

### Governance Statement

#### Scope of Responsibility

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

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

#### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors'/Trustees' responsibilities. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Andrew Mulholland * (Chairman)	4	4
Paul Sentance (Vice Chair & Chair of Curriculum)	1	4
Michael Woods* (Chair of Finance & Premises)	4	4
Ruth Newell* (Chair of Personnel)	4	4
Caroline Bagshaw (Staff Governor)	1	4
Robb Bloomfield (Staff Governor)	4	4
Katrine Brown (Parent Governor)	4	4
Alan Clamp (Parent Governor)	4	4
Kenneth Davis* (Member Appointee)	3	4
David Hudson * (Headteacher and Accounting Officer)	4	4
Professor Terence Kealey* (Community Governor)	0	4
Anthony Lewis (Parent Governor)	2	4
Chizoma Okaro (Parent Governor)	2	4
Mark Parsons* (Member Appointee)	2	4
Shaun Taylor* (Parent Governor)	2	4
Reverend William Pearson-Gee (Community Governor)	1	4
Lynne Vinall* (Staff Governor)	3	4
Wayne Wilson* (Parent Governor)	3	4

\*Also serve on the Finance and Premises Committee

## Review of Governance

The Board of Trustees reviewed its governance during the period September – November 2013 and made specific recommendations for actions as a result of this review in meetings on 25<sup>th</sup> September and 28<sup>th</sup> November. For the purpose of the review, trustees used the Governors' Self-assessment Form (as recommended by Buckinghamshire County Council).

The main findings, actions and impact of this review were as follows:

- Organisation:
  - Improvements to action tracking in minutes were agreed and have led to a sharper focus in ensuring completion of identified actions.
    - improved induction process for governors was agreed. As a result an Induction Meeting was held for new Governors and mentors were appointed for the first year of Governorship to assist with settling in.
    - Exit interviews were undertaken with Governors at the end of their term of office.
    - The potential risk of keeping files on the clerk's laptop was discussed. New safe storage arrangements have subsequently been put in place.
    - The challenge of monitoring the effectiveness and impact of policies was discussed. 'Policy Impact Assessments' have now been written for all new policies.
    - It was agreed that there should be a LINK Governor for the SCITT. This has been actioned and the new link is playing an active role in the SCITT
- Development, recruitment and succession:
  - Improved access to training for governors was agreed. All new governors have attended central training in safeguarding and SEND
  - A skills audit identified gaps and governors are actively seeking to increase, in particular, legal expertise

The next intended review of governance will take place in 2016 (on a 3 yearly cycle in line with normal reviews of academy policies).

Governance has more recently been reviewed as part of external scrutiny – via the NCTL audit of the SCITT (November 2014) and a School Review, carried out by *Aspire* and organised by the Buckinghamshire Learning Trust (October 2014).

The Finance and Premises Committee is a sub-committee of the main Governing Body. Attendance at the meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Michael Woods (Chair)	4	4
Wayne Wilson (Vice Chair)	4	4
Andrew Mulholland	1	4
Ruth Newell	3	4
Ken Davis	3	4
David Hudson	4	4
Professor Terence Kealey	2	4
Mark Parsons	2	4
Lynne Vinall	4	4
Shaun Taylor	2	4

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy'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 The Royal Latin School 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 that Academy trust's significant risks that has been in place for the year ended 31 August 2014.

The risk management process is monitored through a Risk Management Committee which meets termly, made up of SLT members, HoDs, Governors and other staff who established a Risk Register which has been monitored and evaluated by the Governors up to the date of approval of the annual report and financial statements. The Governing Body regularly reviews this process.

Staff are trained and equipped to manage risk in a way appropriate to their authority and duties.

### **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 Premises 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 specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed a qualified Accountant, 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 termly 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.

The RO function has been fully delivered in line with the EFA's requirements. No material control issues arising as a result of the RO's work have been identified.

### Review of Effectiveness

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

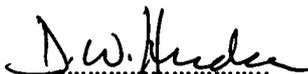
- the work of the Responsible Officer;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Premises 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 8 December 2014 and signed on its behalf by:



Katrine Brown  
Chair



David Hudson  
Accounting Officer

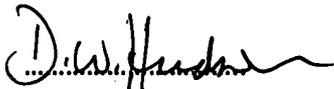
## Statement on Regularity, Propriety and Compliance

As accounting officer of The Royal Latin School I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Signed



David Hudson  
Accounting officer

8 December 2014

## Statement of Governors' Responsibilities

The Governors (who are also directors of The Royal Latin School for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and regulations, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013/14 issued by the Education Funding Agency.

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 group and the Academy and of its incoming resources and application of resources, including its income and expenditure, of the group for the year. 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

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

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

In so far as the Governors are aware:

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

Approved by order of the members of the Governing Body on 8 December 2014 and signed on its behalf by:



Katrine Brown  
Chair



David Hudson  
Accounting Officer

## **Independent Auditor's Report on the Consolidated Financial Statements To the Board of Governors of The Royal Latin School**

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

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 and to the trustees, as a body, in accordance with the Academies Accounts Direction 2013 to 2014. Our audit work has been undertaken so that we might state to the Academy's members and trustees 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 Academy, the Academy's members as a body and the Academy's trustees as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the governors' responsibilities statement, the governors (who act as trustees of The Royal Latin School and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. 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 Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and Academy's affairs as at 31 August 2014 and of the group's 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 EFA.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the governors' annual report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent Auditor's Report on the Consolidated Financial Statements To the Board of Governors of The Royal Latin School Continued

### 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 and proper accounting records have not been kept in respect of the parent Academy, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Academy's financial statements do not accord with the accounting records; or
- certain disclosures of governors' remuneration specified by law are not made; or
- any information or explanation to which we are entitled has not been afforded to us.



**James Aston** (*senior statutory auditor*)  
for and on behalf of BDO LLP, Statutory Auditor  
2nd Floor  
2 City Place  
Beehive Ring Road  
Gatwick, United Kingdom  
RH6 0PA

Date: 9 December 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## **Independent Auditor's Assurance Report on Regularity To The Royal Latin School and the Education Funding Agency Continued**

In accordance with the terms of our engagement letter dated 30 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Royal Latin School during the year to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Royal Latin School and to the EFA in accordance with the terms of our engagement. Our work has been undertaken so that we might state to The Royal Latin School and to 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 Royal Latin School and to the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of The Royal Latin School's accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of The Royal Latin School's funding agreement with the Secretary of State for Education dated 1 July 2011 as amended 15 January 2013 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 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 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 Royal Latin School's income and expenditure.

The work undertaken to draw our conclusion includes an assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified. Our work is performed in accordance with Part 10 of the Academies Accounts Direction 2013 to 2014.

**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 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.



**James Aston** (*senior statutory auditor*)  
for and on behalf of BDO LLP, Statutory Auditor  
2nd Floor  
2 City Place  
Beehive Ring Road  
Gatwick, United Kingdom  
RH6 0PA

Date: 9 December 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated Statement of Financial Activities

### For the year ended 31 August 2014

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

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
<b>Incoming Resources</b>						
Incoming resources from <i>generated funds:</i>						
• Voluntary income	2	22	4	233	259	232
• Activities for generating funds	3	28	-	-	28	21
• Investment income	4	19	-	-	19	18
Incoming resources from <i>charitable activities:</i>						
• Funding for the academy's Educational operations	5	965	5,467	3,814	10,246	6,230
<b>Total incoming resources</b>		<b>1,034</b>	<b>5,471</b>	<b>4,047</b>	<b>10,552</b>	<b>6,501</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
• Cost of generating voluntary income	6	21	-	-	21	7
<i>Charitable activities</i>						
• Academy's educational operations	7	825	5,516	213	6,554	6,105
Governance costs	8	-	25	-	25	24
<b>Total resources expended</b>		<b>846</b>	<b>5,541</b>	<b>213</b>	<b>6,600</b>	<b>6,136</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>188</b>	<b>(70)</b>	<b>3,834</b>	<b>3,952</b>	<b>365</b>
Gross transfers between funds	15	21	2,496	(2,517)	-	-
<b>Net Income / (expenditure) for the year</b>		<b>209</b>	<b>2,426</b>	<b>1,317</b>	<b>3,952</b>	<b>365</b>
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	15,25	-	(68)	-	(68)	(45)
<b>Net movement in funds</b>		<b>209</b>	<b>2,358</b>	<b>1,317</b>	<b>3,884</b>	<b>320</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2013	15	818	(1,111)	7,563	7,270	6,950
<b>Total funds carried forward at 31 August 2014</b>		<b>1,027</b>	<b>1,247</b>	<b>8,880</b>	<b>11,154</b>	<b>7,270</b>

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

## Balance Sheets

As at 31 August 2014

Company Number 07686209

	Notes	Group 2014 £000	Group 2013 £000	School 2014 £000	School 2013 £000
<b>Fixed Assets</b>					
Tangible assets	12	8,880	7,563	8,880	7,563
<b>Current assets</b>					
Debtors	13	1,651	140	1,761	149
Cash at bank and in hand		2,624	1,241	2,151	1,084
		<b>4,275</b>	1,381	<b>3,912</b>	1,233
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14	(730)	(563)	(726)	(560)
<b>Net current assets</b>		<b>3,545</b>	818	<b>3,186</b>	673
<b>Total assets less current liabilities</b>		<b>12,425</b>	8,381	<b>12,066</b>	8,236
Pension scheme liability	25	(1,271)	(1,111)	(1,271)	(1,111)
<b>Net assets including pension liability</b>		<b>11,154</b>	7,270	<b>10,795</b>	7,125
<b>Funds of the academy:</b>					
<b>Restricted income funds</b>					
• Fixed asset fund(s)	15	8,880	7,563	8,880	7,563
• Restricted General Fund	15	2,518	-	2,518	-
• Pension reserve	15	(1,271)	(1,111)	(1,271)	(1,111)
<b>Total restricted funds</b>		<b>10,127</b>	6,452	<b>10,127</b>	6,452
<b>Unrestricted income funds</b>					
• General fund	15	1,027	818	668	673
<b>Total funds</b>		<b>11,154</b>	7,270	<b>10,795</b>	7,125

The financial statements on pages 25 to 48 were approved by the governors, and authorised for issue on 8 December 2014 and are signed on their behalf by

  
Katrine Brown  
Chair

## Group Cash Flow Statement

### For the year ended 31 August 2014

	Notes	2014 £000	2013 £000
Net cash inflow from operating activities	19	(1,219)	449
Returns on investments and servicing of finance	20	19	18
Capital expenditure	21	<u>2,583</u>	<u>(29)</u>
Increase in cash in the year	22	<u>1,383</u>	<u>438</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2013		<u>1,241</u>	<u>803</u>
Net funds at 31 August 2014		<u>2,624</u>	<u>1,241</u>

## Notes to the Financial Statements

### 1. Statement of Account Policies

#### Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' (SORP 2005), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006.

These financial statements consolidate the results of the academy and The Royal Latin School Fund on a line by line basis. The two entities share common control. Transactions and balances between the Academy and School Fund have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the academy's balance sheet. A separate statement of financial activities, or income and expenditure account, for the academy itself is not presented because the academy has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### Going Concern

The governors 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 governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### 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 it recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. The total of accrued income as at 31 August 2014 (£1,401,000) relates to £854,000 being the balance of ACMF Grant and £547,000 being the remaining balance of S106 funding.

- **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 it is measurable.

- **Donations**

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

## Notes to the Financial Statements (continued)

### 1. Statement of Account Policies (continued)

- **Other income**

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

- **Donated Services and gifts in kind**

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

### 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 the category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Cost of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

### Tangible Fixed Assets

Assets costing £2,000 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.

## Notes to the Financial Statements (continued)

### 1. Statement of Account Policies (continued)

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

Leasehold buildings	2.5% - 5%
Long leasehold land	0.8%
Fixtures, fittings and equipment	20%
ICT equipment	20%
Motor Vehicles	20%

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

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

#### 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.

#### Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme (SERPs), and the assets are held separately from those of the academy 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 25, 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 recognised as they are paid each year.

## Notes to the Financial Statements (continued)

### 1. Statement of Account Policies (continued)

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 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.

#### 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 governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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

### 2. Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Private donations	-	233	233	173
Miscellaneous Donations	22	4	26	59
	22	237	259	232

### 3. Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Hire of Facilities	28	-	28	21
Other Miscellaneous	-	-	-	-
	28	-	28	21

## Notes to the Financial Statements (continued)

### 4. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Bank Interest	19	-	19	18
	<u>19</u>	<u>-</u>	<u>19</u>	<u>18</u>

### 5. Funding for academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
<b>DfE/EFA Revenue Grants</b>				
General Annual Grant (GAG)	-	5,333	5,333	5,216
Capital grants	-	2,773	2,773	258
Other DfE/EFA grants	-	90	90	125
	-	<u>8,196</u>	<u>8,196</u>	<u>5,599</u>
<b>Other Government Grants</b>				
Teachers' Grant	-	9	9	-
Special Educational projects	-	35	35	61
S 106 Funding	-	1,041	1,041	-
	-	<u>1,085</u>	<u>1,085</u>	<u>61</u>
<b>Other Funding</b>				
Academy Trip Income	513	-	513	408
Sales of Educational Equipment/Books	-	-	-	5
Examination Fees	17	-	17	29
Other education income including training	435	-	435	128
	<u>965</u>	<u>-</u>	<u>965</u>	<u>570</u>
	<u>965</u>	<u>9,281</u>	<u>10,246</u>	<u>6,230</u>

## Notes to the Financial Statements (continued)

### 6. Resources Expended

	Staff Costs	Non Pay Expenditure		Total	Total
	£000	Premises £000	Other Costs £000	2014 £000	2013 £000
Costs of generating voluntary income Academy's educational operations	-	-	21	21	7
• Direct costs	3,379	142	1,195	4,716	4,707
• Allocated support costs	1,355	71	412	1,838	1,398
	4,734	213	1,607	6,554	6,112
Governance costs including allocated support costs	9	-	16	25	24
	4,743	213	1,644	6,600	6,136

### Incoming/outgoing resources for the year include:

	2014 £000	2013 £000
Fees payable to auditor – audit	14	13

## Notes to the Financial Statements (continued)

### 7. Charitable Activities – Academy's educational operations

	Total 2014 £000	Total 2013 £000
<b>Direct costs</b>		
Teaching and educational support staff costs	3,379	3,589
Depreciation	142	137
Educational supplies	174	184
Examination fees	136	132
Educational consultancy	30	20
Other direct costs	855	645
	4,716	4,707
<b>Allocated support costs</b>		
Support staff costs	1,355	931
Depreciation	71	68
Recruitment and support	-	-
Maintenance of premises and equipment	154	112
Cleaning	28	19
Rent & rates	35	31
Insurance	44	42
Security and transport	15	16
Catering	16	21
Bank interest and charges	-	-
Other support costs	120	158
	1,838	1,398
	6,554	6,105

#### School Centred Initial Teacher Training (SCITT)

This is referred to on page 8 relating to Connected Organisations and the expenditure during the year, which is included in Other direct costs amounted to £183,000.

	Total 2014 £000	Total 2013 £000
Auditor's remuneration	-	-
Audit of financial statements	14	13
Responsible officer audit	2	2
Support staff costs	9	9
Governors' reimbursed expenses	-	-
	25	24

## Notes to the Financial Statements (continued)

9. Staff Costs	2014 £000	2013 £000
Staff costs during the year were:		
Wages and salaries	3,711	3,606
Social Security	271	271
Pension costs	648	606
Other Staff Costs	47	37
Supply Staff Costs	63	-
Staff Restructuring Costs	3	-
	4,743	4,520

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

	2014	2013 No
<b>Charitable Activities</b>		
Teachers	60	68
Administration and support	53	42
Management	8	6
	121	116

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

	2014	2013
£60,001 - £70,000	-	-
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £22,589.10. **Governors' remunerations and expenses**  
Headteacher and staff governors only received remuneration in respect of services they provide undertaking the roles of headteacher and staff and not in respect of their services as governors. The value of governors' remuneration was as follows:

D Hudson, Headteacher and governor: £85,000 - £90,000 (2013: £80,000 - £85,000)  
C Bagshaw, staff governor: £35,000 - £40,000 (2013: £35,000 - £40,000)  
L Vinall, staff governor: £20,000 - £25,000 (2013: £20,000 - £25,000)  
R Bloomfield, staff governor: £30,000 - £35,000

## Notes to the Financial Statements (continued)

During the year ended 31 August 2014, no governors received reimbursed expenses.

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

### 11. Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors 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 £1,336 (2013: £1,336).

The cost of this insurance is included in the total insurance cost.

### 12. Tangible Fixed Assets – Group and School

	Leasehold Buildings £000	Leasehold Land £000	Furniture And Equipment £000	Computer Equipment £000	Motor Vehicles £000	Assets Under Construction £000	Total £000
<b>Cost</b>							
At 1 September 2013	6,787	850	54	43	22	203	7,959
Transferred	-	-	-	-	-	-	-
Additions	63	-	21	10	-	1,436	1,530
<b>At 31 August 2014</b>	<b>6,850</b>	<b>850</b>	<b>75</b>	<b>53</b>	<b>22</b>	<b>1,639</b>	<b>9,489</b>
<b>Depreciation</b>							
At 1 September 2013	338	14	21	17	6	-	396
Charged in year	176	7	15	11	4	-	213
<b>At 31 August 2014</b>	<b>514</b>	<b>21</b>	<b>36</b>	<b>28</b>	<b>10</b>	<b>-</b>	<b>609</b>
<b>Net Book Values</b>							
<b>At 31 August 2014</b>	<b>6,336</b>	<b>829</b>	<b>39</b>	<b>25</b>	<b>12</b>	<b>1,639</b>	<b>8,880</b>
At 31 August 2013	6,449	836	33	26	16	203	7,563

## Notes to the Financial Statements (continued)

<b>13. Debtors</b>	<b>Group 2014 £000</b>	<b>Group 2013 £000</b>	<b>School 2014 £000</b>	<b>School 2013 £000</b>
Other debtors	215	62	215	62
Amount due from The Royal Latin School Fund	-	-	110	9
Prepayments	35	62	35	62
Accrued income	1,401	16	1,401	16
	<b>1,651</b>	<b>140</b>	<b>1,761</b>	<b>149</b>
<b>14. Creditors: amounts falling due within one year</b>	<b>Group 2014 £000</b>	<b>Group 2013 £000</b>	<b>School 2014 £000</b>	<b>School 2013 £000</b>
Trade creditors	330	77	330	77
Other creditors	152	69	152	69
Taxation and social security	74	83	74	83
Accruals and deferred income	174	334	170	331
	<b>730</b>	<b>563</b>	<b>726</b>	<b>560</b>
<b>Deferred income</b>				
Resources deferred in the year	156	313	156	313
	<b>Group 2014 £000</b>	<b>Group 2013 £000</b>	<b>School 2014 £000</b>	<b>School 2013 £000</b>
<b>Deferred income</b>				
Deferred income at 1 September 2013	313	45	313	45
Resources deferred in the year	156	313	156	313
Amounts released from previous years	(313)	(45)	(313)	(45)
Deferred income at 31 August 2014	<b>156</b>	<b>313</b>	<b>156</b>	<b>313</b>

At the balance sheet date the academy trust was holding funds received in advance for school trips

## Notes to the Financial Statements (continued)

### 15. Funds

	Balance 1 September 2013 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2014 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	5,333	(5,311)	(21)	-
Other DfE/EFA grants	-	103	(103)	1,970	1,970
Other government grants	-	35	(35)	548	548
Pension reserve	(1,111)	-	(92)	(68)	(1,271)
	(1,111)	5,471	(5,541)	2,428	1,247
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	409	3,814	-	(2,517)	1,706
Other tangible fixed assets	7,154	233	(213)	-	7,174
	7,563	4,047	(213)	(2,517)	8,880
<b>Total restricted funds</b>	<b>6,452</b>	<b>9,518</b>	<b>(5,754)</b>	<b>(89)</b>	<b>10,127</b>
<b>Unrestricted funds</b>					
General funds	818	1,034	(846)	21	1,027
<b>Total unrestricted funds</b>	<b>818</b>	<b>1,034</b>	<b>(846)</b>	<b>21</b>	<b>1,027</b>
<b>Total funds</b>	<b>7,270</b>	<b>10,552</b>	<b>(6,600)</b>	<b>(68)</b>	<b>11,154</b>

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

#### General Annual Grant (GAG) Totalling £5,333,000:

- School core funding - by far the largest element of GAG, known as an academy's school budget share. This will be calculated on a comparable basis to maintained schools in the same local authority. EFA make small adjustments to reflect any reduced business rates paid by an academy as a charitable trust, and for insurance, which is paid separately in GAG.
- Local authority central spend equivalent grant (LACSEG) - this is additional money to cover the cost of education services that the local authority provides to its maintained schools but which academies are free to secure independently.
- Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward as at 31<sup>st</sup> August 2014.

## Notes to the Financial Statements (continued)

### 15. Funds (continued)

#### **Other DfE / EFA Grants Totalling £99,000 include:**

16-19 Bursary Fund £17,000 - The 16-19 Bursary Fund helps 16 to 19 year-olds continue in education, where they might otherwise struggle for financial reasons. It is made up of two parts. Bursaries of £1,200 a year are awarded to the most vulnerable young people - there were two students at RLS in this category for the academic year 2013-2014. Then there is a discretionary fund for the Royal Latin School to distribute to other students who face genuine barriers to participation due to financial hardship.

At RLS the discretionary funds are distributed to support any student who faces genuine financial barriers to participation such as costs of transport, food or equipment. Students are invited to apply for the 16-19 Bursary annually in September and entitlement is based on parental income. Receipt of the bursary is then conditional on students meeting agreed standards, for example, attainment, behaviour and attendance.

Pupil Premium Grant £23,000 - This funding was based on January 2012 and January 2013 school census data for students who were in receipt of free school meals or have been within the last 6 years. The government allocated a specific pupil premium grant to every school, beginning in 2011/2012 and growing to four times the initial amount by 2014/2015.

The total number of target pupils at RLS was 27 - The Royal Latin School received this money in regular instalments and these funds were in addition to the main school budget (the general annual grant). Interventions for each student were decided on an individual, needs-led basis. This meant that students were able to benefit from more than one intervention at any one time.

An Insurance Top up of £25,000 was paid by the EFA for 2013-2014 (in addition to the £20 per pupil additional insurance rate included in the GAG), to cover the annual cost of insurance, excluding Vehicle and Engineering insurance.

Rates Reimbursement £13,000 - The EFA reimburse Academies for their annual rate bill subject to them having arranged Mandatory Relief as a Charity to receive an 80% reduction in the annual rates bill.

#### **Other Government Grants Totalling £35,000:**

Special Education Needs funding £35,000 (SEN) was received from the Local Education Authority and was specific to students identified with Special Educational Needs within the school, who require the support of a Learning Support Assistant for a determined number of hours per 38 weeks of the year (term time only). This funding follows the student throughout the duration of their special needs statement, and is withdrawn if upon review the pupil is deemed no longer to have Special Education Needs.

#### **DfE/EFA capital grants totalling £25,000**

Income designated for Capital projects.

#### **Transfers Between Funds**

The transfers between funds of £1,970,000 (Academies Capital Maintenance Fund) and £548,000 (Section 106 Funds) that are unspent grant funding regarding the Discovery Centre (replacement Science Laboratories) will be fully utilised within the year ending 31<sup>st</sup> August 2015.

## Notes to the Financial Statements (continued)

### 16. Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	8,880	8,880
Net current assets	1,027	2,518	-	3,545
Pension scheme liability	-	(1,271)	-	(1,271)
<b>Total net assets</b>	<b>1,027</b>	<b>1,247</b>	<b>8,880</b>	<b>11,154</b>

### 17. Capital commitments

	2014 £000	2013 £000
Contracted for, but not provided in the financial statements	2,950	3,781

As at 31 August 2014 the academy has a capital commitment in relation to the construction of the Discovery Centre of £2,950,142.

### 18. Financial commitments

#### *Operating leases*

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

	2014 £000	2013 £000
<u>Other</u>		
Expiring within one year	4	8
Expiring within two and five years inclusive	15	1
	<u>19</u>	<u>9</u>

## Notes to the Financial Statements (continued)

### 19. Reconciliation of net income to net cash inflow from operating activities

	2014 £000	2013 £000
<b>Net Income</b>	<b>3,952</b>	<b>365</b>
Depreciation (note 12)	213	205
Capital grants from DfE and other capital income	(4,047)	(431)
Interest receivable (note 4)	(19)	(18)
FRS 17 Pension cost less contributions payable (note 25)	50	37
FRS 17 Pension finance income (note 25)	42	32
Increase in debtors	(1,511)	(109)
Increase in creditors	101	368
<b>Net cash inflow from operating activities</b>	<b>(1,219)</b>	<b>449</b>

### 20. Returns on investments and servicing of finance

	2014 £000	2013 £000
Interest received	19	18
<b>Net Cash inflow from returns on investment and servicing of finance</b>	<b>19</b>	<b>18</b>

### 21. Capital expenditure and financial investment

	2014 £000	2013 £000
Purchase of tangible fixed assets	(1,464)	(460)
Capital grants from DfE/EFA	3,814	258
Capital funding from sponsors and others	233	173
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>2,583</b>	<b>(29)</b>

### 22. Analysis of changes in net funds

	At 1 September 2013 £000	Cash flows £000	At 31 August 2014 £000
Cash in hand and at bank	1,241	1,383	2,624
	<b>1,241</b>	<b>1,383</b>	<b>2,624</b>

## Notes to the Financial Statements (continued)

### 23. Contingent Liabilities

The Academy had no contingent liabilities at 31 August 2014.

### 24. Members' Liability

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

### 25. Pension and similar obligations

The academy's employees belong to two principal pension schemes, the Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS). Both are defined benefit schemes. The total pension cost for the year ended 31 August 2014 was £647,886 (2013: £605,828).

#### Teachers' Pension Schemes

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### **The Teachers' Pension Budgeting and Valuation Account**

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation 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 (in excess of price increases and currently set at 3.5%), 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.

## Notes to the Financial Statements (continued)

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 1/57<sup>th</sup>; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

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

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

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 the assets held in separate trustee-administered funds. The total contribution made in the period ended 31 August 2014 was £216,000 (2013 - £206,000) of which employer's contributions totalled £171,000 (2013 - £163,000) and employees' contributions totalled £45,000 (2013 - £43,000). The agreed contribution rates for future years are 22.8% for employers and between 5.5% and 7.5% for employees.

## Notes to the Financial Statements (continued)

### Principal Actuarial Assumptions:

	31 August 2014	31 August 2013
Discount Rate	3.9%	4.7%
Salary increases	4.5%	5.1%
Pension increases in payment at the 5% LPI rate	2.7%	2.9%
RPI increases	3.5%	3.7%
CPI increases	2.7%	2.9%

### Sensitivity Analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0%	-0.1%
Present Value of Total Obligation	2,225	2,277	2,330
Projected Service Cost	225	230	235
Adjustment to long term salary increase	+0.1%	0%	-0.1%
Present Value of total obligation	2,292	2,277	2,262
Projected Service Cost	230	230	230
Adjustment to pension increases and deferred revaluation	+0.1%	0%	-0.1%
Present Value of Total Obligation	2,316	2,277	2,239
Projected Service Cost	235	230	225
Adjustment to Mortality Age Rate Assumption	+ 1 Year	None	- 1 Year
Present Value of Total Obligation	2,201	2,277	2,353
Projected Service Cost	222	230	238

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

		31 August 2014	31 August 2013
Retiring Today	Males	23.6	20.1
	Females	26	24.1
Retiring in 20 years	Males	25.8	22.1
	Females	28.3	26

## Notes to the Financial Statements (continued)

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

The expected rates of return were:

	Expected return at 31 August 2014 %	Fair Value at 31 August 2014 £000	Expected return at 31 August 2013 %	Fair Value at 31 August 2013 £000
Equities	6.7	569	6.5	541
Gilts	3.0	131	3.5	30
Other Bonds	3.6	126	4.4	61
Property	5.9	78	6.0	53
Cash	2.9	17	0.5	15
Alternative Assets	6.7	85	6.5	61
<b>Total market value of assets</b>	<b>5.7</b>	<b>1,006</b>	<b>6.1</b>	<b>761</b>
<b>Present value of scheme liabilities - funded</b>		<b>(2,277)</b>		<b>(1,872)</b>
<b>Deficit in the scheme</b>		<b>(1,271)</b>		<b>(1,111)</b>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2013 for the year to 31 August 2014). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £96,000 (2013: £86,000)

### The Amounts Recognised in the Statement of Financial Activities (SOFA)

	Year to 31 August 2014 £000	Year to 31 August 2013 £000
Current service cost (net of employee contributions)	221	200
<b>Total Operating Charge</b>	<b>221</b>	<b>200</b>
<b>Analysis of pension finance income/(costs)</b>		
Interest cost on obligation	(94)	(62)
Expected return on Scheme assets	52	30
<b>Pension finance income/(costs)</b>	<b>(42)</b>	<b>(32)</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £380,000 loss (2013 - £312,000 loss).

## Notes to the Financial Statements (continued)

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

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

	31 August 2014 £000	31 August 2013 £000
Opening defined benefit obligation	1,872	1,467
Service cost	221	200
Interest cost	94	62
Estimated benefits paid net of transfers in	(4)	-
Actuarial (gain) / loss on obligation	49	100
Member contributions	45	43
<b>Closing defined benefit obligation</b>	<b>2,277</b>	<b>1,872</b>

Movements in the fair value of academy's share of Scheme assets

	31 August 2014 £000	31 August 2013 £000
Opening fair value of Scheme Assets	761	470
Expected return	52	30
Actuarial (loss) / gain	(19)	55
Employer contributions	171	163
Member contributions	45	43
Estimated benefits paid net of transfers in	(4)	-
<b>Closing fair value of Scheme Assets at the end of period</b>	<b>1,006</b>	<b>761</b>

The estimated value of employer contributions for the year ended 31 August 2015 is £182,000 (2014 - £169,000).

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

	Year to Aug 2014 £000	Year to Aug 2013 £000	Year to Aug 2012 £000
Present Value of Defined Benefit Obligation	(2,277)	(1,872)	(1,467)
Fair Value of Share of Scheme assets	1,006	761	470
<b>Deficit in the Scheme</b>	<b>(1,271)</b>	<b>(1,111)</b>	<b>(997)</b>
Experience adjustments on Scheme assets	(19)	55	9
Experience adjustments on Scheme liabilities	126	-	-

The cumulative gains and losses in the table above start from 1 September 2011, the date the activities of the predecessor school were transferred to the Academy Trust.

## Notes to the Financial Statements (continued)

### 26. Related Party Transactions

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.

### 27. Royal Latin School Fund

The Academy controls the Royal Latin School Fund, a registered charity in England and Wales (registered charity number 1060724), as the Board of Trustees of the charity constitutes of the Senior Leadership Team of the Academy. The subsidiary charity undertakes the fundraising activities for the Academy. All activities have been consolidated on a line by line basis in the statement of financial activities. A summary of the results of the subsidiary charity is shown below:

#### Summary income and expenditure for the year

	2014 £000	2013 £000
<b>Incoming resources</b>		
Voluntary income	244	194
Investment income	3	1
	<u>247</u>	<u>195</u>
<b>Total incoming resources</b>		
	247	195
<b>Resources expended</b>		
Charitable activities	32	91
Governance costs	1	1
	<u>33</u>	<u>92</u>
<b>Total resources expended</b>		
	33	92
<b>Net movement in funds</b>	<u>214</u>	<u>103</u>

#### Aggregated assets, liabilities, and funds

	2014 £000	2013 £000
Assets	473	157
Liabilities	<u>(114)</u>	<u>(12)</u>
<b>Total funds</b>	<u>359</u>	<u>145</u>

The parent Academy's gross income and the results for the year are disclosed as follows:

	2014 £000	2013 £000
Gross income	10,306	6,340
Results for the year	<u>3,669</u>	<u>174</u>

## Notes to the Financial Statements (continued)

### 28. Post Balance Sheet Events

The Academy is being funded a total of £3,948,527 in relation to the construction of the Discovery Centre. This consists of £2,906,617 being funded by the ACMF grant from the Education Funding Authority, and £1,041,910 from S.106 funding provided by the Buckinghamshire County Council. At the year end, £2,053,000 was received from the EFA, and £494,908 was received under the S.106 funding respectively. As the capital project has fully commenced during the year, with the expected completion date due at February 2015, and at the year-end it is virtually certain to receive all of the grant funding, the remaining balance has been accrued for. The grant funding from the EFA is recognised within Capital Grants, and the S.106 is recognised within Other Government Grants, with both being treated as Restricted income.