

The Blue Coat School
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended
31 August 2013



Company Registration No. 07687709

The Blue Coat School

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The Blue Coat School

REFERENCE AND ADMINISTRATIVE INFORMATION

Governors (Trustees)

G. BENTLEY
J. DAVY
J. GRAYSON
D. HALFORD
A. HARRIS
C. HAYNES
J. A. HOLLIS (Headteacher and Accounting Officer)
E. JONES
J. LEES (Chair)
S. McKENNA (Responsible Officer)
T. MITCHELL
E. MOORES
C. NODEN (Resigned December 2013)
D. PALMER
K. PARKER (Resigned February 2013)
J.F.D. PIERCE
C. PLATT
M. TOMLINSON
M. UNSWORTH (Appointed December 2013)
M. WALKER
R WOOD (Appointed April 2013)

Headteacher: J.A. Hollis

Company Secretary: M. Duncan (resigned 31 August 2013)

Clerk to the Governors B. Harper (appointed 1 September 2013)

Senior Leadership Executive Team

Deputy Headteacher: C. Woolfe (retired 31 August 2013)

Deputy Headteacher: C Anderson (appointed 1 September 2013)

Deputy Headteacher: B. Devenport

Director of Business & Resources: M. Duncan

Principal and Registered Office: The Blue Coat School
Egerton Street
Oldham
OL1 3SQ

Company Registration Number: 07687709 (England and Wales)

Independent Auditor : Baker Tilly UK Audit LLP
9th Floor, 3 Hardman Street
Manchester
M3 3HF

Bankers: Lloyds TSB
Church Street
Blackburn
BB2 1JQ

The Blue Coat School

REPORT OF THE GOVERNORS

Report of the Governors for the Year ended 31 August 2013

The Governors and Directors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2012 to 31 August 2013.

The financial statements have been prepared in accordance with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' as issued in March 2005 ('SORP 2005') and 'Academies Accounts Direction 2013' issued May 2013 by the Education Funding Agency (EFA).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Blue Coat School was incorporated on 29th June 2011 as a company limited by guarantee with no share capital, registration no 07687709, and is an exempt charity. The company commenced operation as an academy on 1st August 2011. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The initial members of the charitable company were the Henshaw Trust, the Diocesan Board of Education and the Area Dean who together approved the appointment of the fourth member, the Chair of Governors.

The governors act as the trustees for the charitable activities of The Blue Coat School Limited and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Blue Coat School.

Details of the governors who were in office at 31st August 2013 and served during the period are included in the Reference and Administrative Details on page 1.

Members' Liability

Each of the four members 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 / Directors

All governors are trustees for the purposes of charity legislation and are directors for the purposes of company law.

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim.

Principal Activities

The Trust was incorporated on 29th June 2011 and converted to Academy status on 1st August 2012 to advance for the public benefit education in the Diocese by establishing, maintaining, carrying on, managing and developing a Church of England School offering a broad and balanced curriculum.

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REPORT OF THE GOVERNORS

Governance Method of Recruitment and Appointment or Election of Governors

The Trustees are the directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. All directors / members of the Governing Body are appointed and/or elected in accordance with the Articles of Association of The Blue Coat School academy. In summary:

- Not less than 11 Foundation Governors, 8 of whom are appointed by the Trustees of the Oldham, Henshaw and Church of England Educational Trust, 2 of whom are appointed by the Diocesan Board of Education and 1 appointed by the Area Dean
- 3 Staff Governors appointed through such process as the Governing Body determine
- 1 Local Governor appointed by the Governing Body provided that the total number of Local Governor, Staff Governors, the Headteacher and the Parent Governors does not exceed the number of Foundation Governors
- 3 Parent Governors elected by parents of registered pupils at the Academy as laid out in the Articles of Association
- Up to 2 Co-opted Governors provided that if such governors are appointed the number of Foundation Governors shall increase proportionately to ensure that a majority of Governors are Foundation Governors as laid out in the Articles of Association
- The Headteacher as an ex officio Governor

The term of office for all governors (with the exception of the Headteacher) is 4 years. Any governor may be re-appointed or re-elected.

During the year under review the Governing Body and its Committees held a total of 19 meetings (4 Full Governing Body, 6 Human Resources, 3 Finance & Development, 2 Achievement & Attainment, 2 Every Child Matters, 1 Ethos, 1 Pupil Discipline Committees.)

Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new governors depends on their existing experience. Where appropriate, induction training is provided on charity, educational, legal and financial matters. All governors have access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents appropriate to their specific roles as governors.

Organisational Structure

The Governing Body is collectively responsible for the strategic direction and strategic management of The Blue Coat School. This involves determining the guiding principles within which the Academy operates, approving general policy, adopting an annual development plan and budget, and monitoring the Academy activities and making major decisions regarding capital expenditure and senior staff appointments. The Governing Body is also responsible for ensuring that the Academy meets all its statutory financial obligations through the Headteacher, Director of Business and Resources and Principal Finance Officer. The Headteacher is the Accounting Officer of the Academy.

The Governing Body delegates responsibility to its committees for some functions and its responsibilities are discharged through the Headteacher and the Senior Management Team of the Academy.

The Academy's senior leadership team during the year was made up of the Headteacher, the two Deputy Headteachers, the Director of Business & Resources, and five Assistant Headteachers who met weekly to discuss matters concerning educational direction and improvement, attainment and progress, the personal, moral, spiritual and cultural development of students and their welfare and safeguarding, and issues relating to personnel, estates, finance and the coordination of the day-to-day management of the organisation. Outcomes of these meetings were recorded and reported to

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Governors' Committees, where they affected the strategic direction of the school. From 1 September 2013, the Senior Leadership Team also includes the Principal Finance Officer (new post) a further Assistant Headteacher and the Data Analyst and Information Manager.

An executive group including the Headteacher, Deputy Headteachers and Director of Business and Resources meets weekly to ensure the clear and purposeful leadership and management of the Academy in line with its policies and ethos at executive level.

In addition to the Senior Leadership Team, Heads of subject disciplines, Directors of Learning and Advanced Skills Teachers who lead on teaching and learning, all hold responsibility for the achievement, progress, welfare and development of students and the effective and efficient running of the Academy. Senior support staff officers are responsible for the management of data and information, personnel records and recruitment processes, the management of the Academy's finances, the management of ICT and connectivity, the management of site and technical services, pastoral support services for students and the organisation of administration and communication.

Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities, and other operational areas of the Academy and its finances. The Governors have implemented a system to assess the risks that the school faces, especially in operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have approved systems, including operational procedures (e.g. vetting of new staff, safeguarding etc.) and internal financial controls to minimise risk. The Academy adopted the reviewed and updated Finance Regulations and these were approved by the Governing Body at its meeting in November 2012.

To assess and contain financial risk the governing body has compiled and reviewed its Risk Register to identify and put in place risk containment measures. Work of the Responsible Officer (RO) and the implementation of the Governor approved Academy Finance Regulations ensured risk containment measures were followed. Headteacher participation in the Oldham Metropolitan Borough Council (OMBC) Schools Forum, EFA briefings and officer attendance at briefing and training events has informed the Governing Body of external risk and of the fluctuations / reductions in funding both from central government and from the Local Authority (LA) funding streams. Income and expenditure has been modelled for a three year period based on known changes with areas of risk / fluctuation flagged. The model document was considered at Finance & Development Committee (F&DC) and minutes of F&DC received by Full Governors.

The Governing Body is satisfied that Academy systems are consistent with guidelines issued by the Charities Commission.

Connected Organisations, including Related Party Relationships

The Blue Coat School is partnered with Christ Church CofE Primary School which is a Voluntary-Aided primary school for girls and boys from 4 to 11, with Liverpool Hope University in the provision of School Direct for Initial Teacher Education, and is a lead partner with Manchester Metropolitan University for Initial Teacher Education.

The Academy was designated a National Teaching School and a National Support School in 2013. The Headteacher is a National Leader of Education (accredited 2012) and School Improvement Partner/Professional (accredited 2008). As a National Teaching School Blue Coat has established an Alliance (The Northern Alliance) to promote the professional development of teachers and other education staff, so as to improve provision and outcomes for young people. An inaugural meeting was held in May, 2013; 15 schools/colleges, from all phases and from 6 Local Authority areas have signed the Alliance's

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Statement of Commitment. Areas in which the Alliance will pool its skills to provide services to its members to the wider educational community will initially be in relation to Initial Teacher Education via School Direct, continuing professional development, research and development, the designation of Specialist Leaders of Education to build capacity for school-to-school support, an Alliance-based system for leadership development, and an extension and enrichment programme for the most able post-16 students and their teachers. During the current period the Alliance has begun work on a Research and Development project to close the attainment gap, and has launched its post-16 extension programme.

As a National Support School, Blue Coat has provided intensive bespoke support for Hazel Grove High School, Stockport, which has established its own post-16 provision. This support has focused on the leadership of post-16 provision, including culture and ethos, and ongoing subject-specific support in geography, biology, art and media. The school has brokered support for technology from a partner school in the Alliance, Rastrick High School. The school has also opened up its programme for intensive professional development (ACTIVE) to schools in and beyond the Alliance. 9 schools have taken part.

The Headteacher, as School Improvement Professional, supported Headteachers and school self-evaluation in 2 schools in Bolton.

The school is commissioned by the Local Authority to provide Quality Assurance for provision for Newly Qualified Teachers in Oldham, and leads a support network for staff responsible for that provision.

The school also works with Oldham College to offer work-related learning opportunities for students, and with Myerscough College for the provision of Horticulture.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Charitable Company is the operation of The Blue Coat School as an academy to advance for the public benefit, education in the Diocese by establishing, maintaining, carrying on, managing and developing a Church of England School offering a broad, balanced, rich and differentiated curriculum, and sustained improvement in teaching and learning.

The Governors confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims and objectives.

The Charitable Company has agreed within the provisions of the Funding Agreement between the Trustees and Secretary of State the following characteristics of the Academy:

- As a Church of England school the Academy will offer a broad and balanced curriculum in accordance with the tenets of the Church of England.
- The Academy will provide education for pupils of different abilities.

The Academy members pledge that:

- The school will retain and maintain its distinctive Anglican and Christian ethos and character.
- Collective worship will continue to be distinctly Christian in character and central to the daily life of the school.
- Religious Education will remain part of the core curriculum for all students, and the curriculum will faithfully reflect the Diocesan scheme.
- The leadership and management of the school will engage with distinctive Christian values in developing the vision for the school.

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- The school will maintain its close association with the Henshaw Trust as part of the Academy Trust, and this relationship will be reflected in governance.
- Governance will include the representation of all stakeholders – the Henshaw Trust, parents, staff, the Deanery, the Diocese and the community.
- The school will retain its Admissions Policy and will give priority to the children of practising Anglican families.
- The school will play a full and committed part in the family of Oldham schools, working in partnership to build the best for provision and opportunities for all our young people.
- National agreements on pay and terms and conditions for teaching and support staff will be upheld by the Academy.

Values

‘Faith, vision, nurture’ drive the school philosophy for both students and staff in line with the school motto ‘May we always seek what is good’.

Aim

Blue Coat is dedicated to serve young people, to help and enable them to become everything they can be and everything that they are meant to be.

Objectives, Strategies and Activities

The main objectives of the Academy during the period ended 31st August, 2013 were as follows:

1. The maximum attainment and progress of all students in line with targets set by the school against national and school benchmarks.
2. Improve tracking and progress in English at GCSE, and quality and consistency of assessment.
3. Close the gap: Improve pupils’ literacy via
 - a) Focus on reading comprehension in Year 7.
 - b) Targeted interventions in Years 7 and 8.
 - c) Literacy skills for GCSE in Year 10.
 - d) Staff training to reinforce whole school policy in punctuation, homophones, keywords, discourse markers.
4. Close the Gap: Improve Inclusion policy systems and interventions.
 - i. Renew Special Educational Needs (SEN) register.
 - ii. Develop a provision map to identify need and support effective targeted intervention.
 - iii. Research, plan and introduce appropriate interventions.
 - iv. Pilot ‘Ignite’ in Year 8 to re-engage pupils who are struggling and Free School Meals (FSM) pupils who are in danger of underachievement.
5. Improve quality of teaching in line with new Ofsted criteria via staff training and workshops, improved QA, intensive ‘ACTIVE’ programme focusing on pupil engagement, differentiation, literacy.

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Objectives, Strategies and Activities (continued)

6. Harness pupil aspirations at KS4 to drive up standards: new approach to target setting in Year 10 to foster aspiration and ownership.
7. Renew/rewrite Year 8 cross-curricular provision from French residential to give a strong (Science, Technology, Engineering and Maths) STEM input and link with new Opal Coast venue.
8. Resolve the school's desperate need for extra space and major repairs refurbishment, and its role as a Church of England Academy in a multi- faith community.

Focus areas:

- crypt conversion for music and drama
- hall repairs/refurbishment/extension
- increase Published Admission Numbers (PAN) to 8 - form entry in consultation with OMBC: investment and additional classroom space.

9. Teaching School Application: Foundation of Teaching School Alliance.
10. Expand School Direct, particularly in English, Maths and Chemistry where it is most difficult to recruit.
11. Job evaluation for support staff to ensure fairness and consistency in remuneration in relation to job weight.
12. Plan and introduce new Teachers' Pay Policy.

Public Benefit

The Governors 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.

The key public benefit which the Academy aims to develop is the provisioning of continued high quality education for all students through the objects, aims and strategies detailed above. The achievements against the annual objectives are detailed below.

ACHIEVEMENTS AND PERFORMANCE

Total students in the period ended 31st August 2013 numbered 1,453 and the Academy is oversubscribed in every year group. The Academy admitted 218 students into year 7 for 2012/13 however from 2013/14 the admission figure into year 7 will be increased by 22 pupils to 240 – see 'Plans for future periods'.

The Academy continues to participate in the co-ordinated admissions arrangements operated by the Local Authority (Oldham Metropolitan Council) and the local Fair Access Protocol. The number admitted into the 6th form is expected to be approximately 180 each year.

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Achievements against objectives:

1. The maximum attainment and progress of all students in line with targets set by the school against national and school benchmarks:

KS4		Targets	Outcome	National
	5A*CEM	79%	74%	58.6%
	5A*-C	96%	90%	81.1%
	3LP English	91%	80%	70.1%
	3LP Maths	88%	87%	70.6%
	Capped APS	383	371	339
	% A*/As	41%	33%	-
	4LP English	64%	42%	-
	4LP Maths	52%	52%	-

KS3		Targets	Outcome	National
	2LP English	78%	75%	-
	2LP Maths	85%	81%	-
	L5+ English	98%	98%	84%
	L5+ Maths	96%	95%	83%

A2 Level candidates achieved an average of 465.0 UCAS points compared to 469.5 in 2012. Value added outcomes were strong for yet another year, with an ALPs provider level value added grade of 2 putting the Academy in the top 10% nationally. The pass rate at A2 Level was 100% and 57.8% of A2 entries were graded A*-B. The number of A* grades rose to 9.6% from 7.3% in 2012. At AS Level the number of A-B grades was strong at 46.2%, and AS candidates achieved an average of 200.3 UCAS points.

In summary: the overwhelming majority of students have met or exceeded their targets. The Achievement and Attainment Committee has monitored, investigated and challenged pupil progress against key performance areas.

Attendance: 94% attendance 2012-13. (National benchmark for 2011-12 is 94.3%).

Progression: Of the 168 students leaving the academy at the end of their Year 13 studies, 141 went on to university/further education, 8 entered employment, 16 took a gap year, and 3 were unemployed.

Of the 226 students who completed Key Stage 4, 145 entered Blue Coat sixth form, 75 went on to other post-16/FE provision, 4 went on to apprenticeships and 1 entered employment with training. 1 student (0.4%) was not in education, employment or training compared with the LA average of 3%.

2. Improve tracking and progress in English at GCSE, and quality and consistency of assessment.
 - Central tracking introduced and monitored through line management and challenge.
 - Collection of data was not as timely as required, systems established to improve further 2013-14.
 - Teacher assessment was standardized in-house, but accuracy remains an issue in light of 2013 exam results – look to external staff training and cross-school standardisation for 2013-14.
 - KS3 curriculum successfully reviewed to build in development of knowledge, skills and understanding required for GCSE.

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3. Close the gap: Improve pupils' literacy.

- All strengths implemented.
- Positive impact on groups and individuals analysed and explained to Governing Body 8th July 2013.
- 'Accelerated Reader Race' introduced – galvanised interest in reading (skills in comprehension) through competition.

4. Close the Gap: Improve – Inclusion policy systems and interventions.

Turbulence in staffing mid-year led to objectives being reviewed.

- SEN Register for statemented and SA+ pupils was reviewed.
- Provision map created charting existing provision.
- Nurture groups successfully launched for pupils who were in danger of underachieving.
- Workskills programme in Year 10 rewritten.
- Foundation Group strategy reviewed and evaluated. Decision to move to intelligent setting, including pupils with SEN fully in mainstream provision, and expand targeted interventions.
- Appointment of Assistant Head with responsibility for Inclusion.
- 'Ignite' pilot introduced. Evaluation pending.

5. Improve quality of teaching in line with new Ofsted criteria

- Training introduced.
- ACTIVE launched and offered out to other schools to fund staff commitment, 23 staff from 9 schools took part 2012-13.
- Data from appraisal lesson observations shows.

26% lessons were outstanding according to new criteria.

60% lessons are consistently good, of which 11% had outstanding aspects.

14% lessons were satisfactory.

0% lessons observed was unsatisfactory.

i.e. school has achieved its target of 80% + lessons being good/outstanding.

Focus now is to raise satisfactory to good and good to outstanding.

6. Harness pupil aspirations at KS4 to drive up standards.

- New approach to target setting introduced, including flow targets based on school expectations and aspirational targets based on chances graphs.
- Tutors trained in coaching conversations to:-
 - i. Enable students to understand and agree their own targets.
 - ii. Coach students in appropriate behaviours to achieve the targets.
- School systems put in place to ensure teachers and departments work to aspirational targets.
- Aspirational targets reality-checked against progress at end of Year 10 to produce 'G+' targets with added challenge but achievable for students. Floor targets (set in context of top 25% value added) retained for teacher appraisal.
- Evaluation on-going.

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7. Renew/rewrite Year 8 cross-curricular provision from French residential to give a strong STEM input and link with new Opal Coast venue.

All accomplished and evaluated. A very successful, engaging and challenging experience for all students. Those unable to go on the residential followed the full curriculum in school.

8. Resolve the school's desperate need for extra space and major repairs refurbishment, and its role as a Church of England Academy in a multi-faith community.

- Negotiations with OMBC were successful in achieving agreement to increase the school's PAN, and securing £2.4 million towards the cost of new facilities to open in September 2014.
- Crypt project creating new facilities for music and drama completed June 2013 and opened on Founder's Day 2013 by Mrs Duncan, Director of Business and Resources.
- ACMF funding secured to extend and reconstruct the school hall, with a capacity of 480. Opened September 2013 – a stunning extension and conversion which has transformed the centre of the school, incorporating the school's heritage within a strikingly attractive, light and unique new hall.
- Former music rooms converted into new Inclusion base, restoring original ceiling, tiles, plaster, uncovering the original windows – another stunning development which enables us to transform our provision.

9. Teaching School Application: Foundation of Teaching School Alliance.

- Blue Coat became a National Teaching School in spring 2013.
- The Northern Alliance of 18 partner schools including secondary, primary, tertiary and special held its inaugural meeting and agreed the key areas of focus in year 1 (details of key areas disclosed in Connected Organisation section above):

10. Expand School Direct.

School successfully recruited outstanding trainees for:

English (2)

History (2)

Religious Studies (1)

Maths (1)

Physics (1)

We were unable to attract candidates of the right calibre for chemistry or modern foreign languages, and the maths field was thin. To be addressed next year by building up our profile on-line, through school media, and getting into the university departments.

11. Job evaluation for support staff.

Completed in full.

New contract issued autumn 2013.

12. Plan and introduce new Teachers' Pay Policy.

Completed following consultation with a working group of teachers. Staff Consultative Committee involved throughout. Pay policy has been aligned to appraisal policy.

No representations made during the consultation period – transition smooth and positive.

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Worship and Ethos

The Verse for the year was: *"I can do all Things through Christ who strengthens me" Philippians 4¹³*

The following improvements and developments in school ethos and worship were undertaken during the period:

- Singing, in particular by younger pupils, improved as a result of the active support of the leadership by the Head of music.
- Lent communions – moving and prayerful. Reflection and the cross – placed in the front of the hall and students brought their prayers to place on it.
- Display for Holocaust Memorial Day.
- Growth in attendance at groups to explore faith – Christian Union, and 'Discipleship explained' for 6th formers.
- Planned events: God and the Big Bang
Involvement of the Salt Cellar in school
Involvement of "Make Jesus known" in school.
- Involvement of 6th formers in helping to lead form worship with younger pupils – through support from across all faiths in the 6th form.
- Circle Time to be revisited for 2013-14

Staff training and development

Continues to be a priority and has a major impact on the quality of teaching and learning, and observations.

- 1) Number of staff workshops (focusing on engagement, literacy, differentiation) attended by all teachers, Teaching Assistants, learning managers and other staff who support learning: 7
- 2) Number of staff who completed ACTIVE intensive training: 15 Blue Coat staff and 23 external.
- 3) Total number of staff who took part in learning walks and observations of other teachers: 61
- 4) Total NQTs who successfully completed their NQT year: 8
- 5) The 3 School Direct trainees all gained employment, 2 at Blue Coat.

Charity fundraising activities

During the period, the school's charity fundraising activities made a total of £5,841 which was donated to fourteen charities.

Going Concern

The majority of Academy funding is provided by the Department of Education. The government is progressing radical changes in education funding and has stopped any increases in funding in real terms. The Academy has received indications of 2013/14 funding, made an assessment of the impact of potential changes and reviewed a three year financial forecast which encompassed both known changes and potential risk areas. Whilst uncertainties remain, the Senior Management Team and 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.

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Key Financial Performance Indicators

Financial objectives 2012/13

- To achieve an annual operating surplus
Outcome: Surplus achieved which will allow £550,000 to be earmarked for capital investment in 2013/14 in line with the estates strategic plan.
- To pursue alternative sources of funding, on a selective basis, consistent with the Academy's core competencies, and the need for a financial contribution to the Academy's overall finances
Outcome: Donations from parents/Gift Aid £46,001; Friends of Blue Coat donations £18,000 Summer School Grant £7,000; Training School income £122,638; Educational Leadership and School Improvement income £16,000.
- To fund continued capital investment
Outcome: Secured £2,408,000 from Oldham Metropolitan Borough Council for capital development in 2013/14.

FINANCIAL REVIEW

There have been two principal sources of funding during this year of operation – the EFA and Oldham Metropolitan Borough Council (OMBC). The core funding has been from the EFA in the form of recurrent grants, in addition income relating to Special Educational Needs SEN funding has been received from OMBC and regional LAs. No major changes were experienced in core recurrent funding in this period –there was an increase in the levels of Pupil Premium during the year. Grants were also received for capital projects from ACMF and OMBC in relation to the Hall extension and the new classroom build projects which were started but remained as assets under construction at the year end. All of the grants received from the EFA and the LA during the period ending 31st August 2013 and associated expenditure are shown as restricted funds in the Statement of Financial activities (SOFA).

Other capital projects were completed in the period in relation to refurbishment of the Design and Technology rooms (also funded through ACMF grants) and the redesign of the space under the Sports Hall into new music and drama rooms which was funded by the school from reserves.

During the period ending 31 August 2013, the total income was £9,467,000 and the total expenditure was £8,336,000 resulting in a surplus before transfers and other gains and losses of £1,131,000. This operating surplus in 2012/13 reflects detailed and tight budgeting and budget delegation management, with control procedures which are well embedded in the Trust's daily financial management activities.

Financial and Risk Management Objectives and Policies

Movements in fixed assets are shown in Note 13 to the Financial Statements.

Assets were used solely for the education operation and associated support services. Land and buildings remain the property of The Henshaw Trust and in the Academy Church Supplemental Agreement are committed to be for the continued use of the Academy for the term of the Funding Agreement, and consequently have been recognised in these accounts.

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The Academy does not have any exposure to significant cash flow or liquidity issues nor does the Academy have any significant credit liabilities, only ordinary creditors from activities disclosed in note 15.

There is a large deficit from the Local Government Pension Scheme included in the balance sheet as a result of the operation of accounting standard FRS17. The assumptions used to calculate the pension scheme asset and liabilities are influenced by the international and national financial and economic turbulence. The Trust is conscious of dependency on government policy in covering the deficit going forward.

Principal Risks and Uncertainties

Funding

- New National funding formula is expected in 2015/16 – the effect of this on the schools funding position is as yet unknown
- SEN funding:
 - parental expectations and understanding of how policy is developing, when hitherto and especially at primary school when children have had specific TA hours.
 - How Education Health and Care plan personal budgets will impact parental/carer expectations
- Capital funding: If this becomes formula driven, there will be serious consequences for schools which did not benefit from BSF, and therefore have a backlog of condition and suitability needs, exacerbated at Blue Coat because the main building which is most in need of repair is listed.
- Funding for system leadership responsibilities is negligible and does not allow the school to invest in the capacity needed to respond quickly to system need. Our business model for ITE has been undermined by an apparently arbitrary distribution of ITE/School Direct places, which neither follows the Secretary of State's stated expectation that Teaching School Alliances would be training 60 School Direct trainees, nor allows for Alliances to develop economies of scale – or to respond to identified local need.

Personnel

- Generational change expected in the leadership. School has a leadership succession strategy to secure the future.

Regulatory

- Changes to teachers' pay policy nationally and introduction of performance-related pay for all teachers puts a premium on robust and consistent appraisal. School will need to invest in HR leadership to secure this.
- Change to the national accountability measure and examinations structure presents.
 - a) The challenge of linearity for less able students. School is less exposed than most, having only a limited commitment to modular and for early entry at GCSE.
 - b) De-coupling of A2 and AS presents challenge for post 16 progress and performance. Current situation of modular courses being examined in a linear way introduces extra

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risk for students. Assessment, tracking, monitoring and intervention strategy are being reviewed.

- c) 'Best 8' measure at KS4 is a measure both of attainment, progress, and entry policy. The curriculum which underpins 'Best 8' is not in the interest of all pupils, particularly the less able.

Local context: pressure of international new arrivals in Greater Manchester presents challenges for all schools in terms of the support for very vulnerable young people with high need, and the requirement for instant availability and flexibility.

Reserves Policy

The Trust, sensitive to potential cash flow risks has maximised reserves to provide a funding buffer for any delays in LA and/or EFA funding flows and for estate management requirements. The reserves held at 31st August 2013 include £2,586,000 (2012 £1,969,000) of cash reserves which the governing body has identified for both capital estates investment and to provide protection for the anticipated drop in funding over the next two years.

The Trust's pension reserve is reporting a deficit of £704,000 (2012 £776,000).

The value of unrestricted reserves is £1,117,000 (2012 £878,000). These are freely available for general purposes and will be allocated in line with the strategic objectives of the Academy.

Restricted general reserves total £229,000 (2012 £202,000) include the Trust's pension deficit of £704,000 (2012 £776,000) and consist of many elements of income/funding which will be spent in line with the restrictions in place. During the year £709,000 of restricted general funds were transferred to fixed asset reserves to be utilised on capital acquisitions.

Restricted fixed asset reserves total £25,288,000 (2012 £24,291,000) and include the assets transferred by the local authority to the Academy on conversion in period ended 31 August 2012 and fixed assets financed by the Trust through grant income since conversion. The restricted fixed asset reserve is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Investment Policy

In the accounting period the Trustees have deferred investment of balances to protect the Academy's cash flow position given uncertainties regarding capital funding opportunities for the estate maintenance and expansion projects currently underway.

An investment strategy for cash balances will be established in 2013/14.

PLANS FOR FUTURE PERIODS

The Trust is co-ordinating its three year planning in the light of changes in the broader financial and economic environment. The Academy's academic plan is underpinned by workforce, estates, ICT and finance strategic plans and is reviewed in the context of population change and the reconfiguration of secondary and sixth form education in Oldham and surrounding districts.

The Academy's commitment to its core purpose of providing for children exceptional opportunities for personal fulfilment to become 'all they can be, and are meant to be' continues to drive its development agenda. Sustaining its Ofsted judgement of 'outstanding', the school seeks to provide exemplary academic and personal education.

The Blue Coat School

REPORT OF THE GOVERNORS

The Academy has ambitious and clear plans to build on its success. The school has analysed the new Ofsted framework and is confident of its ability to meet the new measures. Building teaching and learning expertise remains at the heart of the educational strategy, the school is increasing its number of 'School Direct' candidates in 2013/14 and following its accreditation as a Teaching School during 2012/13 now plans to build as lead school an Alliance of schools spread over 6 Local Authorities to promote and deliver outstanding teaching and learning provision for our young people by offering inspiring training and exceptional development and leadership of our staff.

Sponsorship/Multi-Academy Trust: School is an approved academy sponsor and has been approached by DfE regarding the sponsorship of primaries. Curriculum and pedagogic expertise would need to come through formal primary partners in a MAT. MAT will be grounded in:

- a) moral purpose
- b) economies of scale

School is building up the relationships and trust with 2 strong primaries, envisaging a 2 year lead-in time to form a strong trust with clear central responsibilities and powers, and clear delegation which preserves the character and uniqueness of the schools included and gives the Trust the vision, capacity and resilience to sponsor other schools.

The school currently comprises 1450 students and is undergoing a new major capital work programme during 2013/14 to extend the school through building 14 new classrooms to accommodate a further 150 students.

Equal Opportunities

The governing body recognises equal opportunities as an integral part of the Academy commitment, evident in both employment practices and educational opportunities for children.

Disabled persons

The Academy is committed, as part of its estates strategy, to incorporating lifts, ramps, disabled toilets, and wheelchair access in all areas of refurbishment and new build.

FUNDS HELD AS CUSTODIAN

The Academy does not hold, and the Governors do not anticipate that it will in the future hold, any funds as custodian for any third party.

AUDITORS

Statement as to disclosure of information to auditors

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.

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Approved by order of the members of the Governing Body on 9th December 2013 and signed on its behalf by:



J Lees Chair of Governors

The Blue Coat School

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Head 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 Blue Coat School and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors 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' Responsibilities. The governing body and its sub committees have formally met 19 times during the year.

Attendance during the year at meetings of the full governing body was as follows:

Governor	Meetings attended	Out of possible
G. BENTLEY	4	4
J. DAVY	4	4
J. GRAYSON	3	4
D. HALFORD	2	4
A. HARRIS	3	4
C. HAYNES	4	4
J. A. HOLLIS	4	4
E. JONES	4	4
J. LEES (Chair)	4	4
S. McKENNA	3	4
T. MITCHELL	4	4
E. MOORES	3	4
C. NODEN	4	4
D. PALMER	2	4
K. PARKER	0	2
J.F.D. PIERCE	0	4
C. PLATT	3	4
M. TOMLINSON	4	4
M. WALKER	4	4
R WOOD	1	1

The Finance & Development committee (F&DC) is a sub-committee of the main governing body. Its purpose is to consider the Academy's funding, assess implications, and raise issues as required with the Headteacher and the governing body. In undertaking these responsibilities it agrees the budget, contributes to the formulation of the Academy development plan, guides other committees on financial matters, monitors and reviews income and expenditure, receives Responsible Officer / auditor financial reports and prepares the financial statement for the annual report. It also ensures regularity and propriety and produces and approves the Academy Risk register and Business Continuity Plan.

The Blue Coat School

GOVERNANCE STATEMENT

Attendance at F&DC meetings in the year was as follows:

Governor	Meetings attended	Out of possible
J. GRAYSON	2	3
J. A. HOLLIS	3	3
J. LEES	3	3
T. MITCHELL (Chair)	2	3
E. MOORES	3	3
C. NODEN	2	3
C. PLATT	2	3
M. TOMLINSON	3	3
M. WALKER	3	3

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of The Blue Coat School'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 Blue Coat School for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the governors' annual report and financial statements.

Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the Blue Coat School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing The Blue Coat School's significant risks that has been in place for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the governors' annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The Risk and Control Framework

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mrs S McKenna, a Governor, as Responsible Officer ("RO"). The RO's role includes giving advice on financial matters and performing a range of checks on The Blue Coat School's financial systems. On a quarterly basis, the RO reports to the Board of Governors on the operation of the systems of control and on the

The Blue Coat School

GOVERNANCE STATEMENT

discharge of the Board of Governors' financial responsibilities. Mrs S McKenna completed the tasks required for the year to 31 August 2013 however subsequent to the year end Mrs S McKenna has resigned from the post of Responsible Officer. For the year to 31 August 2013, the Governors are considering appointing a third party to perform limited scope internal control reviews on their behalf.

Review of Effectiveness

As Accounting Officer, the Head has responsibility for reviewing the effectiveness of the system of internal control. During the year ended 31 August 2013, this review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the completion and review of the Risk Register
- the financial management and governance self assessment process; and
- the work of the executive managers within The Blue Coat School 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 Development Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 9th December 2013 and signed on its behalf by:



J. Lees
Chairman

9th December 2013



J.A. Hollis
Accounting Officer

9th December 2013

The Blue Coat School

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Blue Coat School I have considered my responsibility to notify the 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 irregular, impropriety or funding non-compliance have been discovered to date.



J A Hollis
Accounting Officer

9th December 2013

The Blue Coat School

STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

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

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

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

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

Approved by order of the members of the governing body on 9th December 2013 and signed on its behalf by:



J. Lees
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BLUE COAT SCHOOL

We have audited the financial statements of Blue Coat School for the year ended 31 August 2013 on pages 24 to 46. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 21, the Governors (who act as trustees for the charitable activities of the company, and are also the directors of the 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.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other requirement of the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BLUE COAT SCHOOL

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:

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



DALE THORPE BSc FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
3 Hardman Street
Manchester
M3 3HF

Date 17 December 2013

The Blue Coat School

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

for the year ended 31 August 2013

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2013 £'000	Total 2012 £'000
INCOMING RESOURCES						
Income from generated funds:						
Voluntary income	2	64	-	840	904	37
Voluntary income – transfer from local authority on conversion	4	-	-	-	-	25,828
Activities for generating funds	5	405	308	-	713	388
Investment income	6	3	-	-	3	2
Income from charitable activities:						
Funding for the Academy's educational operations	3	16	7,831	-	7,847	8,260
Total incoming resources		488	8,139	840	9,467	34,515
RESOURCES EXPENDED						
Cost of generating funds:						
Costs of generating voluntary income		-	-	-	-	-
Costs of activities for generating funds	7&8	-	-	-	-	-
Charitable activities:						
Academy's educational operations	7&8	249	7,511	552	8,312	8,371
Governance costs	9	-	24	-	24	16
Other resources expended – transfer from local authority on conversion	4	-	-	-	-	440
Total resources expended	7	249	7,535	552	8,336	8,827
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		239	604	288	1,131	25,688
Gross transfers between funds	16	-	(709)	709	-	-
NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR		239	(105)	997	1,131	25,688
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial gains/(losses) gains on defined benefit pension schemes	25	-	132	-	132	(317)
NET MOVEMENT IN FUNDS		239	27	997	1,263	25,371
RECONCILIATION OF FUNDS						
Total funds brought forward at 1 September 2012		878	202	24,291	25,371	-
TOTAL FUNDS CARRIED FORWARD AT 31 AUGUST 2013	17	1,117	229	25,288	26,634	25,371

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.
A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

Blue Coat School

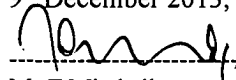
BALANCE SHEET

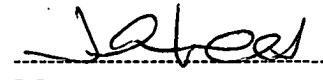
31 August 2013

Company Registration No. 07687709

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
FIXED ASSETS					
Tangible assets	13		25,288		24,291
CURRENT ASSETS					
Debtors	14	80		137	
Cash at bank and in hand		2,586		1,969	
		<u>2,666</u>		<u>2,106</u>	
LIABILITIES					
Creditors: Amounts falling due within one year	15	(616)		(250)	
		<u></u>		<u></u>	
NET CURRENT ASSETS			2,050		1,856
TOTAL ASSETS LESS CURRENT LIABILITIES EXCLUDING PENSION LIABILITY			<u>27,338</u>		<u>26,147</u>
Pension scheme liability	25		(704)		(776)
			<u></u>		<u></u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>26,634</u>		<u>25,371</u>
THE FUNDS OF THE ACADEMY TRUST:					
RESTRICTED FUNDS					
Fixed asset fund	16		25,288		24,291
General fund	16		933		978
			<u>26,221</u>		<u>25,269</u>
Restricted funds excluding pension reserve			(704)		(776)
Pension reserve	16				
			<u>25,517</u>		<u>24,493</u>
TOTAL RESTRICTED FUNDS			<u>25,517</u>		<u>24,493</u>
TOTAL UNRESTRICTED FUNDS	16		1,117		878
TOTAL FUNDS			<u>26,634</u>		<u>25,371</u>

The financial statements on pages 24 to 46 were approved by the governors and authorised for issue on 9th December 2013, and are signed on their behalf by:


 Mr T Mitchell
 Chair of Finance & Development Committee


 J. Lees
 Chair of Governors

The Blue Coat School
CASH FLOW STATEMENT
for the year ended 31 August 2013

	Notes	2013 £'000	2012 £'000
NET CASH FLOW FROM OPERATING ACTIVITIES	20	1,323	1,000
Returns on investments and servicing of finance	21	3	2
Capital expenditure	22	(709)	(80)
Cash transferred on conversion to an academy trust	4	-	1,047
INCREASE IN CASH IN THE PERIOD	23	<u>617</u>	<u>1,969</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
NET FUNDS AT 1 SEPTEMBER 2012		1,969	-
INCREASE IN CASH IN THE PERIOD		<u>617</u>	<u>-</u>
NET FUNDS AT 31 AUGUST 2013		<u>2,586</u>	<u>1,969</u>

The Blue Coat School

ACCOUNTING 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 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The Headteacher and Governing body have reviewed the going concern and liquidity risk for the company, looking at the detailed projections of income and expenditure in 2013/14 and beyond. Their conclusion is that there are no material uncertainties related to events or conditions that cast doubt on the company's ability to continue as a going concern in the foreseeable future. Projections for 2014/15 and 2015/16 have also been examined in the light of revised funding information from the EFA and LA. The anticipated reduction in some strands of funding, for example that for SEN and sixth form, has been scrutinised for risk assessment, containment and control. The turbulent external environment remains under review and the governing body will receive regular monitoring reports to ensure that the company's position is constantly updated and revisited. The school continues to be successful in attracting students and remains oversubscribed at both main school and sixth form entry.

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**

Fixed asset grants are included in the SOFA on a receivable basis to the extent there is entitlement. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the SOFA. Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met.

Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

- **Donations**

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

- **Other income**

Other income including 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 SOFA, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

The Blue Coat School

ACCOUNTING POLICIES

- **Interest receivable**

Interest receivable is included in the SOFA on a receivable basis, and is stated inclusive of related tax credits.

Resources Expended

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

- *Costs of generating funds* are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- *Charitable activities* are costs incurred on the Academy Trust's educational operations.
- *Governance costs* include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

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 General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency/Department for Education.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/other funders, where the asset acquired or created is held for a specific purpose.

Tangible fixed assets

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

Tangible fixed assets (excluding land and buildings) acquired on conversion to an Academy Trust have been brought in at an estimation of the market value of the asset, which has been treated as the deemed cost. Academy land held under a long lease agreement has been included in these financial statements at the valuation provided by the EFA, which has been treated as the deemed cost of the asset. Academy buildings under a long lease arrangement have been included within these financial statements at an insurance rebuild valuation which has been treated as the deemed cost of the asset. The Governors consider these to be an appropriate valuation.

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. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the SOFA and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy.

The Blue Coat School

ACCOUNTING POLICIES

Tangible fixed assets (continued)

Depreciation is provided on all tangible fixed assets other than 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% per annum
Educational furniture and equipment	20% per annum
ICT equipment	33.3% per annum
Plant and machinery	10% per annum
Motor vehicles	20% per annum
Major school improvements	5% per annum

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 SOFA.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 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 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.

Leased assets

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

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, 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.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested.

The Blue Coat School

ACCOUNTING POLICIES

Pensions benefits (continued)

If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

The Blue Coat School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2013

1 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An equal amount of 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2013.

2 VOLUNTARY INCOME

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2013 Total £'000	2012 Total £'000
DfE/EFA capital grant	-	-	840	840	28
Other donations	64	-	-	64	9
	<u>64</u>	<u>-</u>	<u>840</u>	<u>904</u>	<u>37</u>

3 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds	Total 2013 £'000	Total 2012 £'000
DfE/EFA/Other Government capital grants					
- Other Government capital maintenance grants	-	-	-	-	37
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37</u>
DfE/EFA revenue grants					
- General Annual Grant (GAG) (Note 1)	-	7,418	-	7,418	7,411
- Other DfE/EFA grants	16	413	-	429	812
	<u>16</u>	<u>7,831</u>	<u>-</u>	<u>7,847</u>	<u>8,223</u>
	<u>16</u>	<u>7,831</u>	<u>-</u>	<u>7,847</u>	<u>8,260</u>

The Blue Coat School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2013

4 CONVERSION TO AN ACADEMY TRUST

On 1 August 2011 Blue Coat School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Blue Coat School from the Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised on each fund as net income in the Statement of Financial Activities as voluntary income.

There were no further balances on conversion in 2013.

5 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000	Total 2012 £000
Catering	220	-	220	194
Hire of facilities	4	-	4	3
Music Lesson Income	43	-	43	38
Extra Curriculum Activity	-	47	47	44
Trips (note below)	-	198	198	-
Sundry Income	138	63	201	109
	<u>405</u>	<u>308</u>	<u>713</u>	<u>388</u>

Income and expenditure for trips have been separately disclosed in the current period.

6 INVESTMENT INCOME

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000	Total 2012 £000
Interest receivable	3	-	3	2
	<u>3</u>	<u>-</u>	<u>3</u>	<u>2</u>

The Blue Coat School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

7 RESOURCES EXPENDED

	Staff costs £'000	Non pay expenditure Premises £'000	Other costs £'000	Total 2013 £'000	Total 2012 £'000
Academy's educational operations					
Direct costs	5,141	552	375	6,068	6,550
Allocated support costs	771	-	1,473	2,244	1,821
	<u>5,912</u>	<u>552</u>	<u>1,848</u>	<u>8,312</u>	<u>8,371</u>
Governance costs including allocated support costs	-	-	24	24	16
LGPS pension deficit acquired	-	-	-	-	440
	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>	<u>456</u>
	<u>5,912</u>	<u>552</u>	<u>1,872</u>	<u>8,336</u>	<u>8,827</u>
				Total 2013 £'000	Total 2012 £'000
Net incoming resources for the year include:					
Operating leases - plant and machinery				14	12
Depreciation – owned assets				552	570
Fees payable to Baker Tilly UK Audit LLP and its associates for:					
- audit				10	8
- other services				2	2

The Blue Coat School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000	Total 2012 £000
Direct costs				
Teaching and educational support staff costs	25	5,116	5,141	5,573
Depreciation	-	552	552	570
Educational supplies	-	168	168	179
Examination fees	-	159	159	177
Staff development – teaching	-	35	35	43
Other direct costs	-	13	13	8
	<u>25</u>	<u>6,043</u>	<u>6,068</u>	<u>6,550</u>
Allocated support costs				
Support staff costs	-	771	771	718
Depreciation	-	-	-	-
Pupil recruitment and support	-	21	21	29
Printing, postage, stationery and telephone	-	59	59	83
Maintenance of premises and equipment	-	125	125	122
Cleaning	-	135	135	59
Music service	9	-	9	7
Hospitality	-	9	9	13
Heat, light, water and waste disposal	-	141	141	146
Rent Payable	-	14	14	12
Insurance	-	53	53	59
Furniture	-	12	12	13
Transport	-	5	5	5
IT expenditure and support costs	-	129	129	129
Staff travel	-	5	5	6
Legal and professional costs	-	74	74	34
Medical and hygiene supplies	-	10	10	10
Trips (note below)	-	211	211	-
Other support costs	5	95	100	77
Other interest (pension)	-	19	19	5
Childcare Vouchers	-	39	39	37
Catering	210	42	252	213
Extra curriculum activity	-	51	51	44
	<u>224</u>	<u>2,020</u>	<u>2,244</u>	<u>1,821</u>
	<u>249</u>	<u>8,063</u>	<u>8,312</u>	<u>8,371</u>

Income and expenditure for trips have been separately disclosed in the current period.

The Blue Coat School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

9 GOVERNANCE COSTS

	2013 £'000	2012 £'000
Legal and professional fees	12	6
Auditors' remuneration		
Audit of financial statements	10	8
Accountancy services	2	2
	<u>24</u>	<u>16</u>

10 STAFF COSTS

	2013 £'000	2012 £'000
Staff costs during the period were:		
Wages and salaries	4,739	5,099
Social security costs	371	389
Pension costs	729	743
	<u>5,839</u>	<u>6,231</u>
Supply teacher costs	73	60
	<u>5,912</u>	<u>6,291</u>

The average number of staff (including senior management team) employed by the Academy Trust during the year was as follows:

	2013 FTE	2013 No	2012 FTE	2012 No
Teachers	87	92	87	89
Administration and support	65	68	49	65
Management	8	8	9	9
	<u>160</u>	<u>168</u>	<u>145</u>	<u>163</u>

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

	2013 No	2012 No
£60,001 - £70,000	2	2
£90,001 - £100,000	-	-
£100,000 - £110,000	<u>1</u>	<u>1</u>

The Blue Coat School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2013

10 STAFF COSTS (CONTINUED)

The three above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, employer pension contributions for these staff amounted to £31,588 (13 months 2012 £35,662).

11 GOVERNORS' REMUNERATION AND EXPENSES

The Headteacher and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff Governors and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy Trust in respect of their role as Governors.

The value of the Headteacher's remuneration was £102,930 (2012 £108,383) in the year. The value of the employer pension contributions for the Headteacher is £14,457 (2012 £15,279). The aggregated value of the other three staff governors' remuneration was £78,788 (2012 £75,861). Aggregated employer pension contributions for the staff governors amounted to £13,043 (2012 £11,762).

During the period ended 31 August 2013, travel and subsistence expenses totalling £nil (2012 £nil) were reimbursed to Governors.

12 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,010 (2012 £1,010).

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

The Blue Coat School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

13 TANGIBLE FIXED ASSETS

	<i>Leasehold land and buildings</i> £	<i>Educational furniture and equipment</i> £	<i>ICT Equipment</i> £	<i>Plant and Machinery</i> £
Cost:				
At 1 September 2012	24,343,071	134,887	111,567	14,000
Transfer	36,610	-	-	-
Additions	-	106,638	93,342	42,012
31 August 2013	24,379,681	241,525	204,909	56,012
Depreciation				
At 1 September 2012	501,566	16,856	35,045	2,034
Charged in the year	462,984	24,770	44,855	1,400
31 August 2013	964,550	41,626	79,900	3,434
Net book value				
31 August 2013	23,415,131	199,899	125,009	52,578
31 August 2012	23,841,505	118,031	76,522	11,966
	<i>Assets in the course of construction</i> £	<i>Motor Vehicles</i> £	<i>Major School Improvements</i> £	<i>Total</i> £
Cost:				
At 1 September 2012	55,034	4,880	197,815	24,861,254
Transfer	(44,680)	-	8,070	-
Additions	624,558	-	682,325	1,548,875
31 August 2013	634,912	4,880	888,210	26,410,129
Depreciation				
At 1 September 2012	-	1,382	13,284	570,167
Charged in the year	-	976	17,027	552,012
31 August 2013	-	2,358	30,311	1,122,179
Net book value				
31 August 2013	634,912	2,522	857,899	25,287,950
31 August 2012	55,034	3,498	184,531	24,291,087

The Blue Coat School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

14	DEBTORS	2013	2012
		£'000	£'000
	Trade debtors	-	2
	Prepayments and accrued income	54	68
	Other debtors	3	47
	VAT recoverable	23	20
		<hr/>	<hr/>
		80	137
		<hr/>	<hr/>
15	CREDITORS: Amounts falling due within one year	2013	2012
		£'000	£'000
	Trade creditors	58	15
	Other taxation and social security	114	111
	Other creditors	70	64
	Accruals	374	60
		<hr/>	<hr/>
		616	250
		<hr/>	<hr/>

Creditors include deferred income mainly in relation to the Teaching School of £64k

The Blue Coat School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

16 FUNDS

	<i>At 1 September 2012 £'000</i>	<i>Incoming resources £'000</i>	<i>Resources expended £'000</i>	<i>Gains, losses and transfers £'000</i>	<i>At 31 August 2013 £'000</i>
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	-	7,418	(6,709)	(709)	-
Pension reserve	(776)	-	(60)	132	(704)
	<u>(776)</u>	<u>7,418</u>	<u>(6,769)</u>	<u>(577)</u>	<u>(704)</u>
Other	978	721	(766)	-	933
	<u>202</u>	<u>8,139</u>	<u>(7,535)</u>	<u>(577)</u>	<u>229</u>
RESTRICTED FIXED ASSET FUNDS					
Other government capital grants	-	840	(19)	28	849
Capital expenditure from GAG	-	-	(18)	761	743
Transfer from local authority on conversion	24,291	-	(515)	(80)	23,696
	<u>24,291</u>	<u>840</u>	<u>(552)</u>	<u>709</u>	<u>25,288</u>
TOTAL RESTRICTED FUNDS	<u>24,493</u>	<u>8,979</u>	<u>(8,087)</u>	<u>132</u>	<u>25,517</u>
UNRESTRICTED FUNDS					
Unrestricted funds	878	488	(249)	-	1,117
	<u>878</u>	<u>488</u>	<u>(249)</u>	<u>-</u>	<u>1,117</u>
TOTAL UNRESTRICTED FUNDS	<u>878</u>	<u>488</u>	<u>(249)</u>	<u>-</u>	<u>1,117</u>
TOTAL FUNDS	<u>25,371</u>	<u>9,467</u>	<u>(8,336)</u>	<u>132</u>	<u>26,634</u>

The Blue Coat School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2013

16 FUNDS (continued)

The specific purposes for which the funds are to be applied are shown in the reserve policy note in the Governors report.

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded.

Post year end, the Articles of Association and the funding agreement have been updated with the result that, going forward, the Academy Trust is no longer subject to a limit on the amount of GAG that can be carried forward.

17	ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
	Fund balances at 31 August 2013 are represented by:				
	Tangible fixed assets	-	-	25,288	25,288
	Current assets	1,117	1,549	-	2,666
	Current liabilities	-	(616)	-	(616)
	Pension scheme liability	-	(704)	-	(704)
	TOTAL NET ASSETS	1,117	229	25,288	26,634

18	CAPITAL COMMITMENTS	2013 £'000	2012 £'000
	Contracted for, but not provided in the financial statements	2,935	1,277

19 FINANCIAL COMMITMENTS

Operating leases

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

Other:	2013 £'000	2012 £'000
Expiring within one year	14	2

The Blue Coat School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

20	RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2013 £'000	2012 £'000
	Net income	1,131	25,688
	Non cash impact of transfer on conversion	-	(24,781)
	Cash impact of transfer on conversion	-	(1,047)
	LGPS deficit provision as at 1 August 2011	-	440
	Depreciation (note 13)	552	570
	Interest receivable (note 6)	(3)	(2)
	FRS 17 pension cost less contributions payable (note 25)	41	14
	FRS 17 pension finance cost (note 25)	19	5
	Decrease/(increase) in debtors	58	(137)
	Increase in creditors	365	250
	Capital Grants from DfE and other capital income	(840)	-
		<hr/>	<hr/>
	NET CASH INFLOW FROM OPERATING ACTIVITIES	1,323	1,000
		<hr/>	<hr/>
21	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	Interest received	3	2
		<hr/>	<hr/>
	NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE	3	2
		<hr/>	<hr/>
22	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
	Purchase of tangible fixed assets	(1,549)	(81)
	Capital grants from DfE/EFA	727	-
	Other Government capital grants	113	-
		<hr/>	<hr/>
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(709)	(81)
		<hr/>	<hr/>
23	ANALYSIS OF CHANGES IN NET FUNDS	At 1 September 2012 £'000	At 31 August 2013 £'000
	Cash in hand and at bank	617	2,586
		<hr/>	<hr/>
		1,969	
		<hr/>	<hr/>
		617	2,586
		<hr/>	<hr/>
		1,969	
		<hr/>	<hr/>

The Blue Coat School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2013

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

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

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. 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' Pensions 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' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The Blue Coat School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2013

25 PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme (continued)

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million.

The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013/14 and 2014/15.

The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The pension costs paid to TPS in the year amounted to £814,925. At the year-end, £68,619 was accrued in respect of contributions to this scheme.

Expected contributions for the year ending 31 August 2014 are £823,074.

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

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 for the year ended 31 August 2013 was £241,521 (2012: £239,516), of which employer's contributions totalled £177,219 (2012: £174,389) and employees' contribution totalled £64,302 (2012: £65,126). The agreed rates for future years are 16.8 per cent for employers and between 5.5% and 7.5% for employees.

The Blue Coat School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

25 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions

	31 Aug 2013 £'000	31 Aug 2012 £'000
Rate of increase in salaries	4.6%	4.0%
Rate of increase for pensions in payment	2.8%	2.2%
Discount rate	4.6%	4.1%
Expected return on assets	5.9%	4.8%

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

	2013 £'000	2012 £'000
Retiring today:		
Males	20.1	20.1
Females	22.9	22.5
Retiring in 20 years:		
Males	22.5	22.9
Females	25.0	25.0

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000	Expected return at 31 August 2012	Fair value at 31 August 2012 £'000
Equities	6.6%	1,735	5.5%	1,283
Bonds	3.9%	433	3.4%	372
Property	4.7%	144	3.7%	93
Cash	3.6%	96	2.8%	112
TOTAL MARKET VALUE OF ASSETS		2,408		1,860
Present value of scheme liabilities				
- Funded		(3,112)		(2,636)
DEFICIT IN THE SCHEME		(704)		(776)

The Blue Coat School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2013

25 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The actual return on scheme assets was £309,000 (2012: £52,000).

Amounts recognised in the statement of financial activities	2012 £'000	2012 £'000
Current service cost (net of employee contributions)	217	174
Past service cost	-	-
	<u>217</u>	<u>174</u>
Total operating charge	217	174
	<u>217</u>	<u>174</u>
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	95	116
Interest on pension liabilities	(114)	(121)
	<u>(19)</u>	<u>(5)</u>
Pension finance (costs)	(19)	(5)
	<u>(19)</u>	<u>(5)</u>

The actuarial gains and losses for the current year are recognised in the SOFA.

The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £185,000 loss (2012: £317,000 loss).

Movements in the present value of defined benefit obligations were as follows:	2013 £'000	2012 £'000
At 1 September 2012	2,636	2,028
Current service cost	217	174
Interest cost	114	121
Employee contributions	64	60
Actuarial loss	81	253
	<u>3,112</u>	<u>2,636</u>
At 31 August 2013	3,112	2,636
	<u>3,112</u>	<u>2,636</u>
Movements in the fair value of Academy Trust's share of scheme assets:		
At 1 September 2012	1,860	1,588
Expected return on assets	95	116
Actuarial gain/(loss)	213	(64)
Employer contributions	176	160
Employee contributions	64	60
	<u>2,408</u>	<u>1,860</u>
At 31 August 2013	2,408	1,860
	<u>2,408</u>	<u>1,860</u>

The Blue Coat School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2013

25 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The estimated value of employer contributions for the year ended 31 August 2013 is £174,000.

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

The history of experience adjustments is as follows:

	2013 £'000	2012 £'000
Present value of defined benefit obligations	(3,112)	(2,636)
Fair value of share of scheme assets	2,408	1,860
Deficit in the scheme	<u>(704)</u>	<u>(776)</u>
Experience adjustments on share of scheme assets		
Amount £'000	213	(64)
Experience adjustments on scheme liabilities:		
Amount £'000	-	-

26 RELATED PARTIES

Owing to the nature of the Academy Trust'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 Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

Positive Steps - a not for profit organisation in which Mr T Mitchell is Chief Executive Officer. Transactions totalling £6,200 (2012 £1,327) relating to the provision of help on careers to pupils at the school took place in the year. Amounts outstanding at 31 August 2013 were £nil (2012 £nil).

Details of transactions with staff governors can be found in note 11.