

Registered Number: 07705552

**ABBAY GRANGE CHURCH OF ENGLAND
ACADEMY TRUST**
(A company limited by guarantee)

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**GOVERNORS' REPORT AND FINANCIAL
STATEMENTS**

FOR THE PERIOD ENDED 31 AUGUST 2012

ABBAY GRANGE CHURCH OF ENGLAND ACADEMY TRUST
(A company limited by guarantee)

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Abbey Grange Church of England Academy Trust
Reference and Administrative Details

GOVERNORS	Rev C Butler (resigned 01/04/2012) Mrs A Wilson* (Chair– resigned 31/08/2012) Mrs Kerry Stewart* (Vice chair) Dr S Futers (Responsible Officer) Mrs Clare Pyrah Mrs Joanne Hickling* Mr I Hams* Mrs Tern Raddings* Dr C Green Mrs L Wilson Mrs L Chapman Mrs F Baker* Mrs I Heald Mr D Kilkenny* (Staff Governor) Mrs J Singleton (Staff Governor) Mrs C Kitson (Principal and Accounting Officer) Mr J Rex (Associate Governor) *members the Finance Committee
REGISTERED OFFICE	Abbey Grange C of E Academy Butcher Hill Leeds West Yorkshire LS16 5EA
BANKERS	Lloyds TSB PO Box 96 6 – 7 Park Row Leeds West Yorkshire LS1 1NX
AUDITORS	RSM Tenon Audit Limited 6 th Floor 2 Wellington Place Leeds West Yorkshire LS1 4AP
SOLICITORS	Legal Services – Leeds City Council Legal, Licensing & Registration Civic Hall Leeds West Yorkshire LS1 1UR
COMPANY REGISTRATION NUMBER	07705552

Abbey Grange Church of England Academy Trust Governors' Report

The Governors present their annual report together with the Financial Statements and Auditors' Report of the Charitable Company for the Period 14 July 2011 to 31 August 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Academy Trust was incorporated on 14 July 2011, and commenced operations as an academy on 1 August 2011.

The Governors act as the trustees for the charitable activities of the Academy and are also the directors of the Charitable Company for the purposes of company law.

Details of the Governors who served throughout the period except as noted are included in the Legal and Administrative Information on page 1.

During the period under review the Governors held three meetings.

Members' liability

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

Governors' indemnities

The Academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on Academy business. Further details are provided in note 13.

Principal Activities

The principal activity is the operation of Abbey Grange C of E Academy. Further details are provided under 'Objectives and Activities'.

Method of Recruitment and Appointment or Election of Governors

The Management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Academy deed. The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any Governor shall be four years except for the Principal for whom there is no time limit. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

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 necessary, induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two new Governors a year, induction tends to be done informally and is tailored specifically to the individual.

Abbey Grange Church of England Academy Trust

Governors' Report (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Structure

During the period the Academy continued to operate a unified management structure. The structure consists of four levels: the Governors, The Executive Group, the Senior Leadership Team and the Steering Group. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual development plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Governing Body operated an extensive committee structure reporting into the main Governing Body. Committees include the Finance Committee, Personnel Committee, Admissions Committee, Learning and Teaching Committee and Student Support Committee. All have approved terms of reference set out in the Governing Body Standing Orders.

The Executive Group consists of the Principal and Vice Principal who control the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. As a group, the Executive Group are responsible for the authorisation of spending within agreed budgets and the appointment of staff for posts in the Senior Leadership Team, through appointment boards which will contain a Governor. Some spending control is devolved to members of the Senior Leadership Team.

The Senior Leadership Team includes the Executive Group and the six members of the Senior Leadership Team. The Steering Group of the Academy consists of the five Curriculum Area Leaders and Senior Leadership team. These leaders are responsible for the day-to-day operation of the Academy, in particular organising the teaching staff, facilities and students. Members of the Steering Group have delegated budget management responsibilities.

Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement on Internal Control.

The Academy has fully implemented the requirements of the Safer Recruitment procedures and all relevant staff have received training in this area in addition to training on Child Protection.

Connected Organisations, including Related Party Relationships

There were no Related Party transactions during the period under review.

Abbey Grange Church of England Academy Trust

Governors' Report (continued)

OBJECTIVES AND ACTIVITIES

Objects and aims

The Academy objective is set out in its Articles of Association. In summary it is to establish, maintain, manage and develop a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England.

In accordance with the articles of association the Academy has adopted a "Funding Agreement" approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on Humanities.

The Academy has a vision that Abbey Grange will be considered an outstanding and vibrant learning community within three years where all are educated, nurtured and empowered to live and participate a fulfilled life in an ever-changing world. Abbey Grange's mission to work in Partnership to Educate, Nurture and Empower, where every individual is celebrated as a unique individual, will pervade all aspects of its provision and activity. We aspire to Abbey Grange working in local, national and global partnerships.

The Academy's Development Plan is reviewed annually by Governors. The main objectives of the Academy during the Period 14 July 2011 to August 2012 are summarised below.

Educate

- We educate the young people entrusted into our care by giving them the highest standard of teaching and learning. We have high expectations of each individual and by setting them appropriate academic and personal challenges throughout their time with us we encourage each individual to be aware of his or her limitless potential. We will specifically work towards this by
 - Development of independent learners with appropriate curriculum provision and access
 - Challenging underperformance at all levels

Nurture

- We nurture our students by providing them with a safe, caring, loving environment within a firm framework of positive discipline and firmly rooted in our inclusive pastoral system. We want our students to develop in self-confidence and self-understanding within the Christian family of the school community. We expect our students to conform to our firm but fair framework of positive discipline which is based on the framework of Christian teaching. We encourage our students to take responsibility for themselves, providing support for those who find difficulty with this but dealing firmly with those who do not meet expectations. We will specifically work towards this by
 - Developing a safe and inclusive school environment
 - Developing the confidence and emotional well being of everyone in the school community

Empower

- We empower young people by giving them opportunities to enable them to recognise their potential and to express this in what they do within the school and the wider community. We will specifically work towards this by
 - Developing the skills for everyone within the school community to fulfil their potential and become active and positive citizens and role models

Abbey Grange Church of England Academy Trust Governors' Report (continued)

OBJECTIVES AND ACTIVITIES (continued)

In Partnership

- We know that we need to work together and in partnership with others for mutual respect and understanding if we are to achieve success for each and every individual entrusted to our care. We will seek to gain and develop partnerships of mutual benefit, so that the opportunities of our students are enhanced and their awareness of their place in the world is developed. We will specifically work towards this by
 - Developing positive working relationships with all stakeholders and the wider community

Objectives, strategies and activities

Abbey Grange C of E Academy aims to provide creative and inspirational learning experiences which encourage young people to achieve their full potential and to become intelligent, responsible, productive and caring adults who are well prepared for the challenges of an ever changing world full of opportunities. Abbey Grange C of E Academy is a learning community in which all ages meet to share and develop their talents and to promote mutual respect for all people, whatever their age, gender, ability, background or beliefs.

To this end the objectives and the strategies used to achieve them include

Educate

- On line reporting system developed to use across all year groups
- Diagnostic marking is used throughout the school so that every individual student has full awareness of specific curriculum targets
- All externally examined students will have met / exceeded FFT B / ALIS targets

Nurture

- Measures in place to enhance staff well-being
- Staff follow child protection and safeguarding procedures
- SEN and G&T students make at least expected progress

Empower

- Achievement of CPD mark
- Introduction of Teacher Standards and support staff Appraisal
- Planning empowers students' own understanding of their progress

Partnerships

- Abbey Grange Academy is able to show developments in practice that have been improved through relationships with parents and other partners, locally, nationally and globally
- The website and learning platform are effectively used

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 18

Abbey Grange Church of England Academy Trust

Governors' Report (continued)

OBJECTIVES AND ACTIVITIES (continued)

Public Benefit

The Charity's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the Charity's charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission and the Trustees have paid due regard to this guidance in deciding what activities the charity should undertake.

ACHIEVEMENTS AND PERFORMANCE

Our results at GCSE are pleasing. 86% achieved 5 or more A* – C grades, 65% achieved at least 5 or more grades A* – C including English and maths – in English, even with the known national difficulties the % achieving a grade C or more was 79% and 74% achieved above a grade C in Maths. Particularly pleasing this year was the quality of the GCSE results – 29% of students got at least 5 or more A*s and As, 99% achieved at least 5 A*-G.

We are also equally delighted with our results at Post 16. With 720 points per student the quality of achievement is high. We have wide ranging courses for students available and, in this cohort, large numbers remaining in the Sixth form – a clear indication of the recognition of the success we achieve together and the trust that our own students have that the staff here are able to teach and support them onto the next level. Almost every student progressed to their choice of Higher Education establishment with more than 20% moving on to Russell Group universities, including Oxford and Cambridge and to study medicine and dentistry. 98% of the cohort achieved at least 1 Advanced level qualification with 91% achieving 2 or more Advanced level qualifications. Particularly pleasing was the quality of results. 31% of results were A* – A and 57% of results were A* – B grades, 9% of the cohort achieved all A* – A grades, and, 25% of cohort achieved all A* – B grades.

The Academy had an Ofsted Inspection in February 2012 under the new framework. Overall, we were very pleased with the outcome which stated:

"The academy provides the students with a good education. There are particular, significant strengths in its excellent provision for the students' social, moral, spiritual, and cultural development, and in the quality of the support given to individual students who either need additional help, or who are at risk of underachieving. The sixth form is good.

The students achieve well. The quality of teaching is routinely good. The teachers inculcate good learning habits in the students, who respond well. The students are keen to learn and seize the opportunities they are provided with avidly. As a result, they make good progress in lessons.

The students are polite, good-humoured and dignified young people, who delight in conversation and discussion on a broad range of issues and conduct themselves sensibly and safely around the school. Students from all backgrounds mix together very well.

The calm and orderly atmosphere and the ethos for learning that pervades the academy reflect good leadership and management."

Ofsted's comments on progress and attainment were also pleasing:

"Overall, the students make better progress than might be expected, given their starting points, including those from minority ethnic groups and those with English as an additional language. Pupils known to be eligible for free school meals make better progress than similar pupils nationally and reach higher levels of attainment. Pupils' attainment at the end of Key Stage 4 is consistently high and above average in the sixth form. A greater proportion of students complete their sixth-form courses than is the case nationally. Most parents and carers agree that their children are making good progress." (Ofsted 2012)

All areas for improvement identified by Ofsted have been discussed with Governors and included in the Academy's development plans.

Abbey Grange Church of England Academy Trust Governors' Report (continued)

FINANCIAL REVIEW

Going Concern

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

Financial report for the period

Most of the Academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) formerly the Young People's Learning Agency (YPLA), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the Period 14 July 2011 to August 2012 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the Period 14 July 2011 to 31 August 2012, total income (excluding restricted fixed asset funds and balances transferred on conversion) was £7,270,000 with total expenditure (excluding restricted fixed asset funds and in-year defined benefit pension adjustments of £16,000) of £7,006,000. The excess of income over expenditure for the period (before transfers and actuarial losses, and excluding restricted fixed asset funds and balances transferred on conversion) was £264,000, which reflects the underlying operating surplus of the academy.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Academy's objectives.

At 31 August 2012 the net book value of fixed assets was £4,788,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The provisions of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £679,000 recognised on the balance sheet.

The Academy held fund balances at 31 August 2012 of £4,680,000 comprising £4,449,000 of restricted funds and £231,000 of unrestricted funds.

Financial and Risk Management Objectives and Policies

The Academy is subject to a number of risks and uncertainties in common with other Academies. The Academy has in place procedures to identify and mitigate financial risks. These are discussed further in the Governance Statement.

Principal risks and uncertainties

The principal risks and uncertainties are centred around changes in the level of funding from the DfE/EFA, falling post 16 student numbers and the requirement to deliver the forecast necessary savings over the medium term. In addition the Academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Academy balance sheet.

Abbey Grange Church of England Academy Trust

Governors' Report (continued)

FINANCIAL REVIEW (continued)

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to 6% to 9% of 'total incoming resources less restricted fixed asset income', and ideally 7.5% of this income (equivalent to 4 weeks' expenditure, approximately £550,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) are in surplus by £231,000 (see note 18).

Investment Policy

The Academy invests surplus funds through term deposit accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

PLANS FOR FUTURE PERIODS

Our primary focus in 2012/13 is to ensure our students make significant progress and achieve high degrees of success in their exams. Notably we are targeting that at least 75% of our students will achieve 5 GCSEs at A* to C including English and Mathematics. Other targets we have set for the year:

- Raising the level of good and outstanding teaching to more than 90%
- Ensuring consistently high levels of challenge for students through development of reporting systems, ensuring that students take responsibility for their own learning, developing deep thinking and learning opportunities, and, ensuring assessment, feedback and marking is effective and of high quality
- Improving the literacy and numeracy of all our students
- Developing our monitoring systems in school so that the progress of all students is known and accessible, and provides sufficient and appropriate information
- Investing time in engagement with primary school partners and other stakeholders for the benefit of our students, particularly ensuring all our Year 7 students find the transition to the Academy a smooth and rewarding experience
- Ensuring that we continue to develop recruitment and retention as well as the provision for Post 16 students, in particular to develop the opportunities for enrichment and enhancement of their Curriculum Studies through partnerships, internships and opportunities to work with other professionals in the work place
- Developing a revised curriculum that will offer opportunities for more personalised study and enrichment as well as at least meeting national expectations for attainment in the English Baccalaureate and other external examinations
- Continuing to ensure student attendance, punctuality and behaviour
- Making sure we use our resources wisely, for the benefit of our students, and deliver against our budget plans
- Making sure our building development and maintenance progresses well and enhances rather than disrupts our students' education

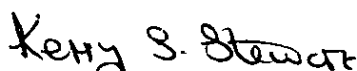
AUDITOR

The Governors confirm that so far as they are aware,

- there is no relevant audit information of which the Charitable Company's auditors are unaware
- they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the Charitable Company's auditors are aware of that information

APPROVAL

The Governors' Report was approved on 10 December 2012 and signed on their behalf by



Kerry Stewart
Chair

Abbey Grange Church of England Academy Trust Governance Statement

Scope of Responsibility

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

The governing body has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Abbey Grange C of E Academy and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The governing body has formally met three times during the period. Attendance during the period at meetings of the governing body was as follows:

Governor	Governor Meetings attended	Out of a possible
Rev C Butler (resigned 01/04/2012)	0	3
Mrs A Wilson (Chair - resigned 31/08/2012)	3	3
Mrs Kerry Stewart (Vice Chair)	3	3
Dr S Futers (Responsible Officer)	3	3
Mrs Clare Pyrah	3	3
Mrs Joanne Hickling	2	3
Mr I Harris	2	3
Mrs Tem Raddings	2	3
Dr C Green	3	3
Mrs L Wilson	2	3
Mrs L Chapman	2	3
Mrs F Baker	3	3
Mrs I Heald	3	3
Mr D Kilkenny (Staff Governor)	3	3
Mrs J Singleton (Staff Governor)	3	3
Mrs C Kitson (Principal and Accounting Officer)	3	3
Mr J Rex (Associate Governor)	2	3

Following the move to Academy Status there were a number of resignations of both Foundation and staff governors who saw this change as an opportunity to retire from service to the school, though they had been supportive of the change. This meant that the Governing body needed to recruit at least 3 new governors/trustees and ensure their induction during a time of flux. The clergy member of the Governing Body re-located during the year and this position remains vacant.

At the end of the academic year the current Chair of Governors (Mrs A Wilson) chose to not to reapply for appointment as a Governor.

Abbey Grange Church of England Academy Trust

Governance Statement (continued)

The Finance Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. The key issues that were reviewed by the Finance Committee included agreeing the Medium Term Financial Plan, regularly reviewing the budget, steering the Academy's applications to the Academies Capital Maintenance Fund and reviewing the Academy's Financial Management and Governance Evaluation. Finance Committee members include a range of professionals including a retired Tax Manager, retired Solicitor and a Barrister. Attendance at meetings in the period was as follows:

	Governor Meetings attended	Out of a possible
Mrs F Baker	3	3
Mr I Harris	2	4
Mrs Joanne Hickling	4	4
Mr D Kilkenny (Staff Governor)	3	4
Mrs C Kitson (Principal and Accounting Officer)	4	4
Mrs Tern Raddings	1	4
Mrs Kerry Stewart	4	4
Mrs A Wilson (Chair - resigned 31/08/2012)	4	4

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Abbey Grange C of E Academy for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements.

Abbey Grange Church of England Academy Trust

Governance Statement (continued)

The Risk and Control Framework

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

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

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Simon Futers, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

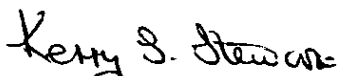
Review of Effectiveness

As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by

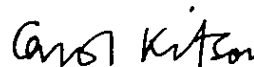
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy trust who have responsibility for the development and
- maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 10 December 2012 and signed on its behalf by



Kerry Stewart
Chair



Carol Kitson
Accounting officer

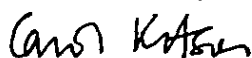
Abbey Grange Church of England Academy Trust

Statement on Regularity, Propriety and Compliance

As Accounting officer of Abbey Grange Church of England Academy Trust I have considered my responsibility to notify the Academy 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 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 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's funding agreement and the Academies Financial Handbook.

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



Carol Kitson
Accounting officer

10 December 2012

Abbey Grange Church of England Academy Trust

Statement of Governors' Responsibilities

The Governors (who act as trustees for charitable activities of Abbey Grange Church of England Academy Trust 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 Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

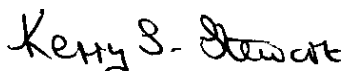
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the governing body on 10 December 2012 and signed on its behalf by



Kerry Stewart

Chair

Independent Auditor's Report on the Financial Statements to the Members of Abbey Grange Church of England Academy Trust

Period ended 31 August 2012

We have audited the financial statements of Abbey Grange Church of England Academy Trust for the period 14 July 2011 to 31 August 2012, which comprise the Statement of Financial Activities (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses), the Balance Sheet, the Cash Flow Statement, the Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors

The Governors act as trustees for the charitable activities of Abbey Grange Church of England Academy Trust and are also the directors of the company for the purposes of company law.

As explained more fully in the Statement of Governors' Responsibilities set out in the Governors' Report, the Governors 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Independent Auditor's Report on the Financial Statements to the Members of Abbey Grange Church of England Academy Trust

Period ended 31 August 2012 (continued)

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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- ◆ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and
- ◆ the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Education Funding Agency in respect of the relevant financial period

Opinion on other matter prescribed by 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

Matters on which we are required to report by exception

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

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

Rsm Tenon Audit Limited

Steve Williams, Senior Statutory Auditor
for and on behalf of RSM Tenon Audit Limited, Statutory Auditor
2 Wellington Place
Leeds
LS1 4AP

19 December 2012

Independent Auditor's Report on Regularity to the Governing Body of Abbey Grange Church of England Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 14 July 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the governing body and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the governing body and Auditors

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 14 July 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA.

Opinion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 14 July 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM Tenon Audit Limited

Steve Williams, Senior Statutory Auditor
for and on behalf of RSM Tenon Audit Limited, Statutory Auditor
2 Wellington Place
Leeds
LS1 4AP

19 December 2012

Abbey Grange Church of England Academy Trust

Statement of Financial Activities for the Period 14 July 2011 to 31 August 2012

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

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2012 £000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	3	-	143	413	556
Voluntary income - transfer from Local Authority on conversion	29	95	(338)	4,846	4,603
Activities for generating funds	4	191	-	-	191
Investment income	5	2	-	-	2
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	6	-	6,845	-	6,845
Other incoming resources	7	6	83	-	89
Total incoming resources		294	6,733	5,259	12,286
Resources expended					
<i>Charitable activities</i>					
Academy's educational operations	9	63	6,915	259	7,237
Governance costs	10	-	44	-	44
Total resources expended	9	63	6,959	259	7,281
Net incoming (outgoing) resources before transfers		231	(226)	5,000	5,005
Transfers					
Gross transfers between funds	17	-	(110)	110	-
Net incoming (outgoing) resources before other recognised gains and losses		231	(336)	5,110	5,005
Other recognised gains and losses					
Actuarial (losses) gains on defined benefit pension schemes	17, 27	-	(325)	-	(325)
Net movement in funds		231	(661)	5,110	4,680
Reconciliation of funds					
Total funds brought forward at 14 July 2011	17	-	-	-	-
Total funds carried forward at 31 August 2012		231	(661)	5,110	4,680

All of the Academy's activities derive from acquisitions in the current financial period

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

Abbey Grange Church of England Academy Trust
Balance sheet as at 31 August 2012

Company Number
7705552

	Notes	2012 £000	2012 £000
Fixed assets			
Tangible assets	14		<u>4,788</u>
Total fixed assets			<u>4,788</u>
Current assets			
Debtors	15	420	
Cash at bank and in hand		<u>400</u>	
Total current assets		820	
Liabilities:			
Creditors: Amounts falling due within one year	16	<u>(249)</u>	
Net current assets			<u>571</u>
Total assets less current liabilities			5,359
Net assets excluding pension liability			5,359
Pension scheme liability	27		<u>(679)</u>
Net assets including pension liability			<u>4,680</u>
Funds of the academy:			
Restricted funds			
Fixed asset fund(s)	17		5,110
General fund(s)	17		18
Pension reserve	17		<u>(679)</u>
Total restricted funds			<u>4,449</u>
Unrestricted funds			
General fund(s)	17		<u>231</u>
Total unrestricted funds			<u>231</u>
Total Funds			<u>4,680</u>

The financial statements on pages 17 to 40 were approved by the Governors, and authorised for issue on 10 December 2012 and signed on their behalf by

Kerry S. Stewart

Kerry Stewart
Chair

Abbey Grange Church of England Academy Trust
Cash Flow Statement for the period 14 July 2011 to 31 August 2012

		2012 £000
Net cash inflow from operating activities	21	91
Returns on investments and servicing of finance	22	2
Capital expenditure	23	212
Cash transferred on conversion to an academy	29	95
(Decrease) / increase in cash in the year	24	<u>400</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 14 July 2011		-
Net funds at 31 August 2012		<u>400</u>

All of the cash flows are derived from acquisitions in the current financial period

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the Period 14 July 2011 to 31 August 2012

1. Statement of 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 Chartry Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

After making appropriate enquiries, the governors have a reasonable expectation that Abbey Grange Church of England 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.

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Abbey Grange Church of England High School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with policies set out for Abbey Grange Church of England Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Incoming Resources

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

- **Grants receivable**

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

- **Donations**

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

- **Other income**

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

Abbey Grange Church of England Academy Trust
Notes to the Financial Statements for the Period 14 July 2011 to 31 August 2012

1. Statement of Accounting Policies (continued)

- **Donated Services and gifts in kind**

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

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

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

Freehold buildings	1.67% to 40% straight line basis
Fixtures, fittings and equipment	20% straight line basis
Computer equipment	25% straight line basis
Motor vehicles	20% straight line basis

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the Period 14 July 2011 to 31 August 2012

1. Statement of Accounting Policies (continued)

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

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

Leased Assets

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

Taxation

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

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' 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 27, 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. 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.

Abbey Grange Church of England Academy Trust
Notes to the Financial Statements for the Period 14 July 2011 to 31 August 2012

1 Statement of Accounting Policies (continued)

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

2 General Annual Grant (GAG)

a. Results and Carry Forward for the Year

	2012 £000
GAG brought forward from previous year	-
GAG allocation for current year	6,564
Total GAG available to spend	6,564
Recurrent expenditure from GAG	(6,454)
Fixed assets purchased from GAG	(110)
Transfer from unrestricted fund	-
Other restricted GAG funds	-
GAG carried forward to next year	-
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(788)
GAG to surrender to DfE	(788)
(12% rule breached if result is positive)	no breach

b. Use of GAG Brought Forward from Previous Year for Recurrent Purposes

(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)

Recurrent expenditure from GAG in current year	6,454
GAG allocation for current year	(6,564)
GAG allocation for previous year x 2%	-
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	(110)
(2% rule breached if result is positive)	no breach

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000
EFA capital maintenance grant	-	363	363
EFA Devolved Formula capital	-	50	50
Gifts in Kind	-	143	143
	-	556	556

4 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000
Hire of Facilities	16	-	16
Catering income	175	-	175
	191	-	191

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000
Short term deposits	<u>2</u>	<u>-</u>	<u>2</u>
	<u>2</u>	<u>-</u>	<u>2</u>

6 Funding for Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
DfE / EFA revenue grants			
General Annual Grant (GAG) (note 2)	-	6,564	6,564
Start Up Grants	-	25	25
Other DfE / EFA grants	<u>-</u>	<u>99</u>	<u>99</u>
	<u>-</u>	<u>6,688</u>	<u>6,688</u>
Other Government grants			
SEN from Local Authority	-	110	110
Other Local Authority grants	-	42	42
Other grants	<u>-</u>	<u>5</u>	<u>5</u>
	<u>-</u>	<u>157</u>	<u>157</u>
	<u>-</u>	<u>6,845</u>	<u>6,845</u>

7 Other incoming resources

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Sundry income	<u>6</u>	<u>83</u>	<u>89</u>
	<u>6</u>	<u>83</u>	<u>89</u>

Abbey Grange Church of England Academy Trust
Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

8 Resources Expended

	Staff Costs £000	Non Pay expenditure Premises £000	Other Costs £000	Total 2012 £000
Academy's educational operations				
Direct costs	4,785	208	651	5,644
Allocated support costs	652	630	311	1,593
	5,437	838	962	7,237
Governance costs including allocated support costs	4	-	40	44
	5,441	838	1,002	7,281

Net Incoming/outgoing resources for the year include:

	2012 £000
Operating leases	30
Fees payable to auditor - audit	7
- other services	2
(Profit)/loss on disposal of fixed assets	-

The amounts above exclude any notional charge relating to leasehold land and buildings occupied under an agreement with the Ripon and Leeds Diocesan Board of Finance

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

9 Charitable Activities - Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Direct costs			
Teaching and educational support staff costs	-	4,785	4,785
Depreciation	-	208	208
Educational supplies	-	366	366
Examination fees	-	124	124
Staff recruitment and development	-	29	29
Other direct costs	-	132	132
	-	5,644	5,644
Allocated support costs			
Support staff costs	-	510	510
FRS 17 pension cost	-	142	142
Depreciation	-	51	51
Staff recruitment and development	-	37	37
Maintenance of premises and equipment	-	190	190
Property occupancy cost	-	143	143
Cleaning	-	19	19
Rent and rates	-	44	44
Insurance	-	57	57
Light and heat	-	126	126
Catering	63	84	147
Security and transport	-	25	25
Other support costs	-	102	102
	63	1,530	1,593
	63	7,174	7,237

10 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Legal and professional fees		24	24
Auditors' remuneration			
Audit of financial statements	-	8	8
Other services	-	3	3
Support costs	-	9	9
Governors' reimbursed expenses		-	-
	-	44	44

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

11 Staff costs

Staff costs during the period were

	Total 2012 £000
Wages and salaries	4,468
Social security costs	334
Other pension costs	428
	<u>5,230</u>
Supply teacher costs	55
FRS17 pension charge	142
Compensation payments	14
	<u>5,441</u>

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

	2012 No
Charitable Activities	
Teachers	73
Administration and support	67
Management	8
	<u>148</u>

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

	2012 No.
£60,001 - £70,000	1
£80,001 - £90,000	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these employee amounted to £20,933

12 Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of emoluments received by the principal and staff governor's for the 13 months ended 31 August 2012 was as follows

- C Kitson (Principal and trustee)	£91,124
- J Singleton (Staff governor and trustee)	£25,000 - £30,000
- D Kilkenny (Staff governor and trustee)	£45,000 - £50,000

During the period ended 31 August 2012, travel and subsistence expenses totalling £nil were reimbursed to governors

Related party transactions involving the trustees are set out in note 28

Abbey Grange Church of England Academy Trust
Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

13 Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2012 was £971.

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

14 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold improvements £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost						
At 14 July 2011	-	-	-	-	-	-
Additions	-	105	68	23	5	201
Transfer on conversion	4,726	-	-	120	-	4,846
At 31 August 2012	4,726	105	68	143	5	5,047
Depreciation						
At 14 July 2011	-	-	-	-	-	-
Charged in year	208	-	14	36	1	259
Disposals	-	-	-	-	-	-
At 31 August 2012	208	-	14	36	1	259
Net book values						
At 31 August 2012	4,518	105	54	107	4	4,788

Included within freehold land and buildings are certain elements of the school land and buildings, which were transferred to the academy on conversion as part of the transfer agreement. The initial carrying value of the school land and buildings was derived from a valuation carried out at 1 August 2011 by a firm of professional valuers using a depreciated replacement cost methodology. The Directors consider that this is a reasonable basis for inclusion in the financial statements.

Certain elements of the school land and buildings are occupied under the terms of a lease agreement between the academy and the Ripon and Leeds Diocesan Board of Finance. These elements of the land and buildings have not been capitalised as fixed assets, on the basis that the risks and rewards of ownership of the land and buildings have not transferred to the academy. The agreement has therefore been treated as an operating lease and the financial statements include a notional lease charge for use of the building. The lease charge included in the financial statements is £143,000, which is the Directors' estimate of the fair value of the cost of the building in the period.

The gross book value of freehold land and buildings includes land with a value of £924,000, which is not depreciated.

Tangible fixed assets have been funded from the following sources:

	2012 £000
Other government grants	91
Inherited assets	4,846
General purpose fund (grant income)	110
Cost of fixed assets at 31 August 2012	5,047
Less Accumulated depreciation	(259)
Net book value of fixed assets at 31 August 2012	4,788

Abbey Grange Church of England Academy Trust**Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012****15 Debtors**

	2012 £000
Trade debtors	-
Prepayments and accrued income	364
VAT recoverable	56
	<u>420</u>

16 Creditors: amounts falling due within one year

	2012 £000
Trade creditors	182
Taxation and social security	-
Other creditors	22
Accruals and deferred income	45
	<u>249</u>

Deferred income

	2012 £000
Deferred Income at 14 July 2011	-
Resources deferred in the year	24
Amounts released from previous years	-
Deferred Income at 31 August 2012	<u>24</u>

Deferred income relates to grants received relating to future periods

Abbey Grange Church of England Academy Trust
Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

17 Funds

	Balance at 14 July 2011 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2012 £000
Restricted general funds					
General Annual Grant (GAG)	-	6,564	(6,454)	(110)	-
Start Up Grant	-	25	(25)	-	-
Other DfE/EFA grants	-	99	(81)	-	18
LEA and other grants	-	157	(157)	-	-
Other restricted	-	226	(226)	-	-
	-	7,071	(6,943)	(110)	18
Pension reserve	-	(338)	(16)	(325)	(679)
	-	6,733	(6,959)	(435)	(661)
Restricted fixed asset funds					
DfE/EFA capital grants	-	413	-	-	413
Other Government capital grants	-	-	-	-	-
Assets donated on conversion	-	4,846	(240)	-	4,606
Capital expenditure from GAG	-	-	(19)	110	91
	-	5,259	(259)	110	5,110
Total restricted funds	-	11,992	(7,218)	(325)	4,449
Unrestricted funds					
General fund	-	294	(63)	-	231
Total unrestricted funds	-	294	(63)	-	231
Total funds	-	12,286	(7,281)	(325)	4,680

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

Restricted general fund

This fund represents grants received for the Academy's operational activities and development

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balances over 2% must be used for capital purposes.

The Start Up Grant is provided to allow the Academy to purchase a basic stock of teaching and learning materials and other consumable materials and to meet the costs associated with the recruitment and induction of additional teaching staff during the Academy's start up period.

Restricted fixed asset fund

The restricted fixed asset fund consists of Devolved Capital Grants from the EFA and amounts used for capital purchases from GAG.

Abbey Grange Church of England Academy Trust
Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

18 Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total 2012
	£000	£000	£000	£000
Tangible fixed assets	-	-	4,788	4,788
Current assets	231	267	322	820
Current liabilities	-	(249)	-	(249)
Pension scheme liability	-	(679)	-	(679)
Total net assets	231	(661)	5,110	4,680

19 Capital commitments

	2012 £000
Contracted for, but not provided in the financial statements	68

20 Financial commitments

Operating leases

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows

	2012 £000
<u>Land and buildings</u>	
Expiring within one year	-
Expiring within two and five years inclusive	-
Expiring in over five years	-
	<u>-</u>
<u>Other</u>	
Expiring within one year	8
Expiring within two and five years inclusive	21
Expiring in over five years	-
	<u>29</u>

The amounts above exclude any notional charge relating to leasehold land and buildings occupied under an agreement with the Ripon and Leeds Diocesan Board of Finance

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

		2012 £000
21 Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities		
(Deficit)/surplus on continuing operations after depreciation of assets		5,005
Depreciation	14	259
Capital grants from DfE and other capital income		(413)
Interest receivable	5	(2)
Voluntary income - transfer from Local Authority on conversion		(4,603)
FRS 17 pension cost less contributions payable	27	14
FRS 17 pension finance income	27	2
(Increase)/decrease in debtors		(420)
Increase/(decrease) in creditors		249
Net cash inflow from operating activities		91
22 Returns on Investments and servicing of finance		
Interest received		2
Net cash inflow from returns on investment and servicing of finance		2
23 Capital expenditure and financial investment		
Purchase of tangible fixed assets		(201)
Capital funding received from sponsors and others		413
Net cash outflow from capital expenditure and financial investment		212

24 Analysis of changes in net funds	At 14 July 2011 £000	Cash flows £000	At 31 August 2012 £000
Cash in hand and at bank	-	400	400
	-	400	400

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

25 Contingent Liabilities

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

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

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

26 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

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

27 Pension and similar obligations

The Academy'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 West Yorkshire Pension Fund. Both are defined-benefit schemes.

As described in note 29 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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.

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

Teachers' Pension Scheme

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

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

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

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 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 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. 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%.

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

27 Pension and similar obligations (continued)

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.

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 and scheme valuations are, therefore, currently suspended. 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.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution 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 period ended 31 August 2012 was £170,000, of which employer's contributions totalled £126,000 and employees' contributions totalled £44,000.

Principal Actuarial Assumptions	At 31 August 2012	At 1 August 2011
Rate of increase in salaries	4.60%	5.00%
Rate of increase for pensions in payment / inflation	2.10%	2.50%
Discount rate for scheme liabilities	4.10%	5.40%
Inflation assumption (CPI)	2.10%	2.50%
Inflation assumption (RPI)	3.10%	3.50%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2012
<i>Retiring today</i>	
Males	22.0
Females	24.1
<i>Retiring in 20 years</i>	
Males	23.8
Females	26.1

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £000	Expected return at 1 August 2011 %	Fair value at 1 August 2011 £000
Equities	7.50%	1,000	7.70%	864
Property	7.00%	52	7.20%	43
Government bonds	2.50%	190	3.70%	137
Corporate bonds	3.20%	82	4.80%	47
Cash	1.30%	40	1.60%	25
Other	7.50%	67	7.70%	66
Total market value of assets		1,431		1,182
Present value of scheme liabilities				
- Funded		(2,110)		(1,520)
Surplus/(deficit) in the scheme		(679)		(338)

Abbey Grange Church of England Academy Trust employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principals. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived from aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 August 2012.

The actual return on the scheme assets was £94,000

Total expenditure recognised in the Statement of Financial Activities

	2012 £000
Current service cost	121
Past service cost	19
Total operating charge	140

Analysis of pension finance (income) / costs

Expected return on pension scheme assets	(84)
Interest on pension liabilities	86
Pension finance (income) / costs	2
Total expenditure recognised in the Statement of Financial Activities	142

Abbey Grange Church of England Academy Trust

Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

27 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £325,000 loss.

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

	2012 £000
At 14 July 2011	-
Defined benefit liabilities transferred on conversion	1,520
Current service cost	121
Interest cost	86
Employee contributions	44
Actuarial (gain)/loss	335
Benefits paid	(15)
Past Service cost	19
At 31 August 2012	2,110

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

	2012 £000
At 14 July 2011	-
Defined benefit assets transferred on conversion	1,182
Expected return on assets	84
Actuarial gains / (losses)	10
Employer contributions	126
Employee contributions	44
Benefits paid	(15)
At 31 August 2012	1,431

The estimated value of employer contributions for the year ended 31 August 2013 is £112,000.

Abbey Grange Church of England Academy Trust
Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

27 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

The history of experience adjustments is as follows:

	2012 £000
Defined benefit obligation at end of year	(2,110)
Fair value of plan assets at end of year	1,431
Deficit	<u>(679)</u>

Experience adjustments on share of scheme assets

Amount £'000* 10

Experience adjustments on scheme liabilities:

Amount £'000* -

It must be appreciated in accordance with the Charity Commission publication, 'Charity Reserves and Defined Pension Schemes' that where, under FRS 17, a charity discloses a significant pension fund deficit, this does not mean that an immediate liability for this amount crystallises. Similarly, where a pension surplus is disclosed this does not create an immediately realisable asset that can be released straight away and expended on the purposes of the charity. In particular, the disclosure of a pension liability does not mean that the equivalent amount is already committed and is no longer available to the trustees to further the academy's objectives.

28 Related Party Transactions

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

Abbey Grange Church of England Academy Trust
Notes to the Financial Statements for the period 14 July 2011 to 31 August 2012

29 Conversion to an academy

On 1 August 2011 Abbey Grange Church of England High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the new academy 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 as net income in the Statement of Financial Activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £'000	Restricted General Fund £'000	Restricted Fixed Asset Funds £'000	Total £'000
Tangible fixed assets				
- Freehold land and buildings	-	-	4,726	4,726
- Other tangible fixed assets	-	-	120	120
Budget surplus on LA funds	95	-	-	95
LGPS pension deficit	-	(338)	-	(338)
Net assets	95	(338)	4,846	4,603

The above net assets include £95,000 that were transferred as cash.

The freehold land and buildings relate to certain elements of the school land and buildings, which were transferred to the academy on conversion as part of the transfer agreement. The initial carrying value of the school land and buildings was derived from a valuation carried out at 1 August 2011 by a firm of professional valuers using a depreciated replacement cost methodology. The Directors consider that this is a reasonable basis for inclusion in the financial statements.

Certain elements of the school land and buildings are occupied under the terms of a lease agreement between the academy and the Ripon and Leeds Diocesan Board of Finance. These elements of the land and buildings have not been capitalised as fixed assets, on the basis that the risks and rewards of ownership of the land and buildings have not transferred to the academy. The agreement has therefore been treated as an operating lease and the financial statements include a notional lease charge for use of the building.