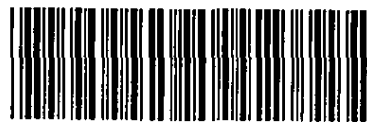


Crofton Schools Academy Trust
(A company limited by guarantee)

Trustees' report and financial statements

For the year ended 31 August 2013



A2NU2NCX

A45

23/12/2013

#249

COMPANIES HOUSE

Crofton Schools Academy Trust
(A company limited by guarantee)

Contents

| | Page |
|--|---------|
| Reference and administrative details of the academy, its trustees and advisers | 1 - 2 |
| Trustees' report | 3 - 7 |
| Governance statement | 8 |
| Statement on regularity, propriety and compliance | 11 |
| Trustees' responsibilities statement | 12 |
| Independent auditors' report | 13 - 14 |
| Independent reporting accountant's assurance report on regularity | 15 |
| Statement of financial activities | 16 |
| Balance sheet | 17 |
| Cash flow statement | 18 |
| Notes to the financial statements | 19 - 37 |

Crofton Schools Academy Trust
(A company limited by guarantee)

Reference and administrative details of the academy trust, its trustees and advisers
For the year ended 31 August 2013

Trustees

Mrs D Moss, Chair of Trustees
Mrs S Hannay, Chair of Governors - Infant School (appointed 1 September 2012)
Mr D Figg, Chair of Governors - Junior School
Mr N Lawrence, Acting Chair of Finance - Infant School
Mr P Goodwin, Chair of Finance - Junior School
Ms A Carter, Executive Headteacher (appointed 1 September 2013)¹
Mr R Sammonds, Executive Headteacher (resigned 31 August 2013)¹
Mrs S Benstead (appointed 1 September 2012, resigned 15 February 2013)
Mr K Colwell (appointed 1 September 2012)
Mr S Gleeson (resigned 28 January 2013)
Miss S King (resigned 31 January 2013)
Mr P Reynolds (resigned 31 August 2013)
Mr T Smythe
Mrs D Weaver (appointed 31 January 2013)

Local school governors

Crofton Infant School

Mrs A Allen
Mrs C Bisley
Ms A Carter (appointed 1 September 2013)¹
Mr K Colwell
Mrs P Dimond¹
Mr J Flinn (resigned 31 August 2013)
Mrs E Griffiths
Mrs S Hannay¹
Mrs A Haworth (resigned 31 August 2013)¹
Mr N Lawrence¹
Mr C Munday
Mr G Pring
Miss M Sadler¹
Mr N Shea¹
Miss L Sims
Mrs K Woods
Mr P Woods¹
Mrs C Worley

Crofton Junior School

Mrs C Atkinson (appointed 16 October 2012)
Miss G Baron (appointed 25 November 2012)
Miss S Branwood (appointed 15 April 2013, resigned 31 August 2013)
Mr M Bulpitt (resigned 14 April 2013)
Mr M Campbell (resigned 31 January 2013)
Mr D Figg
Mr S Gleeson
Mr P Goodwin¹
Mrs E Griffiths
Mrs P Jolly (appointed 25 November 2012)¹
Miss S King (appointed 1 September 2013)¹
Mr N Lawrence¹
Mrs C Powell¹
Mr P Reynolds (resigned 31 August 2013)¹
Mr T Smythe
Mrs D Weaver (appointed 1 September 2013)
Mrs D Wells

¹ members of the Finance Committee at respective local school

Company registered number 07824714

Crofton Schools Academy Trust
(A company limited by guarantee)

Reference and administrative details of the academy trust, its trustees and advisers
For the year ended 31 August 2013

Advisers (continued)

Principal and registered office Crofton Junior School
Towncourt Lane
Orpington
Kent
BR5 1EL

Senior management team

Ms A Carter, Executive Headteacher from 1 September 2013
Mr R Sammonds, Executive Headteacher until 31 August 2013
Mr M Bulpitt, Head of School to 14 April 2013 - Junior School
Miss S Branwood, Assistant Headteacher, Acting Head of School from 15 April 2013 - Junior School
Miss G Baron, Assistant Headteacher - Junior School
Miss H Kirby, Assistant Headteacher - Junior School
Mrs S Leader, Assistant Headteacher - Junior School
Mrs L Richards, Assistant Headteacher - Junior School
Mrs A Allen, Head of School - Infant School
Miss S King, Assistant Headteacher - Infant School
Mrs C Worley, Assistant Headteacher - Infant School
Mr S Lambourne, Assistant Headteacher - Infant School
Mrs S Davies, Assistant Headteacher until 14 April 2013 - Infant School
Mrs L Buddin, Business Manager

Independent auditors UHY Kent LLP t/a UHY Hacker Young
Chartered Accountants and
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Bankers Lloyds TSB
PO Box 1000
Bromley
Kent
BX1 1LT

Solicitors Veale Wasbrough Vizards
Orchard Court
Orchard Lane
Bristol
BS1 5WS

Crofton Schools Academy Trust

(A company limited by guarantee)

Trustees' report

For the year ended 31 August 2013

The trustees present their annual report together with the audited financial statements of Crofton Schools Academy Trust (the academy trust) for the year ended 31 August 2013. The trustees confirm that the Annual report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Academy Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

Constitution

The academy trust is a charitable company limited by guarantee and was set up by a memorandum of association on 26 October 2011. The academy trust's memorandum and articles of association are the primary governing documents of the academy trust. The memorandum and articles of association were amended on 6 August 2012 ahead of welcoming Crofton Infant School into the trust on 1 September 2012 upon which the trust became known as Crofton Schools Academy Trust.

The trustees act as the directors of the academy trust for the purposes of company law.

Details of the trustees, along with individual schools' governors, who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the academy trust undertakes to contribute to the assets of the academy trust in the event of it being wound up whilst 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.

Trustees indemnities

The individual academies each maintain trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against trustees or other officers of the academy trust. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

Details of the insurance cover are provided in note 13 to the financial statements.

Principal Activities

The academy trust took over the operation of Crofton Junior School on the school's conversion to academy status on 1 December 2011. Until 1 September 2012, the academy trust's principal object and activity was to manage Crofton Junior School's provision of education to pupils between the ages of 7 and 11.

On 1 September 2012 Crofton Junior School welcomed Crofton Infant School into the academy trust. The two schools had worked closely together for a long period and they are now working even closer on initiatives to enrich and improve the life chances and experiences of our children and staff.

On 1 September 2012, and as part of the restructuring to incorporate Crofton Infant School into the academy trust, the charitable company changed its name from Crofton Junior School to Crofton Schools Academy Trust.

Method of recruitment and appointment or election of trustees

Under the terms of its Articles, since 1 September 2012 when Crofton Infant School joined the trust, the academy trust established an Executive Committee of Directors as follows:

- the respective chairperson of each Local Governing Body
- the Chief Executive Officer (Executive Headteacher)
- two parent directors to be elected by parent members of the Local Governing Body
- two Staff directors
- the respective chair of the personnel committee from each Local Governing Body
- the respective chair of the finance committee from each Local Governing Body
- the respective chair of the building and site committee from each Local Governing Body

The academy trust may also have any additional or further directors as appointed in accordance with the Articles.

A trustee's term of office is four years (excluding the Executive Headteacher) but a trustee is eligible for re-election at the meeting at which they retire.

Appropriate training is provided to all new trustees, as required.

Crofton Schools Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2013

Policies and procedures adopted for the induction and training of trustees

During the year under review the Board of Trustees met 7 times and there were 4 Finance Committee meetings at each school. The training and induction provided for new trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. The school purchases a training package from the Local Authority which is specifically designed for training trustees and allows the trustees to attend as many courses as they feel would be beneficial.

Organisation structure

As noted above the academy trust now consists of two academies: Crofton Infant School and Crofton Junior School. The academy trust is responsible for both academies. The Executive Headteacher is Accounting Officer for the academy trust as a whole, and each academy has their own Head of School.

The trustees of the academy trust are supported by a local Governing Body and sub-committees at each individual academy as follows:

The organisational structure consists of three levels: the directors/trustees, the Senior Leadership Team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The directors/trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring the academy trust by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and senior staff appointments.

The Senior Leadership Team comprises the Executive Headteacher, Head of Schools and nine Assistant Headteachers, together with the Business Manager. These managers control the academies at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for teaching posts always contain a trustee.

The Middle Management Team includes Curriculum Area Leaders and Lead Practitioners. Along with the Senior Management Team, these managers are responsible for the day to day operation for the academy trust, in particular organising the teaching staff, facilities and pupils.

Risk management

The trustees have assessed the major risks to which each academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant risk still remains they have ensured they have adequate insurance cover. Each academy has an effective system of financial controls and this is explained in more detail in the Governance Statement.

Connected organisations, including related parties

Parent-Teacher Association, Crofton Junior School PTA, registration number 1052857, and Crofton Infant School Parent Staff Association, registration number 1052854, are established as separately registered charities, which organise various fund raising events to provide facilities for the pupils of Crofton Schools Academy Trust.

Objectives, strategies and activities

The main objectives of the academy trust during the year ended 31 August 2013 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- to raise the standard of educational achievement of all pupils,
- to improve the effectiveness of the academy trust by keeping the curriculum and organisational structure under continual review,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory and curriculum requirements,
- to conduct the academy trust's business in accordance with the highest standards of integrity, probity and openness.

The Crofton Schools Academy Trust's main strategy is encompassed in its school vision which is to provide exciting and challenging educational opportunities for all children. To this end its aims include:

- to help pupils acquire knowledge and skills with understanding at a level appropriate to each pupil's age, aptitude and ability,
- to help pupils become balanced and independent young people, who are able to keep themselves safe and have respect for themselves and for others,
- to help pupils develop lively, enquiring minds, the ability to question and argue rationally and to apply themselves to tasks and physical skills.

Crofton Schools Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2013

Public benefit

Crofton Schools Academy Trust strives to promote and support the advancement of education within the Orpington area. The trust provides an extensive programme of educational and recreational activity designed to contribute to the overall education of our students in areas such as academic distinction, music, the arts and sport.

Wherever possible the trust also aims to contribute to the benefit of the wider public, through the provision of incidental educational and other planned activities. Over the year, the contributions that benefited the local community included the following:

- provide Year 10 children with work placements,
- extensive involvement and support for school sporting activities including regular fixtures in the local primary school football league and taking part in the Crystal Palace cross country,
- running a charity week in June where the children organise fund raising activities and choose a charity to support - charities supported include Great Ormond Street, Cancer Research, Hemihelp and Red Nose Day,
- the school is made available for use by the local Maypole Queen dance practice each year and let to various local community groups,
- the schools participate in many local community events such as local schools concert and the choir sing at the switching on of Christmas lights in surrounding town centres.

Achievements and performance

The trustees were very pleased with the main academic achievements in the year, which can be summarised as follows:

- improved end of Key Stage results in maths, reading and writing,
- good progress in all year groups in maths, reading and writing,
- good progress made by vulnerable learners in the core curriculum.

Going concern

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

Financial key performance indicators

The trustees consider that the following are key performance indicators for the academy trust:

- percentage of income received from EFA spent on teaching staff (61%),
- percentage of income received from EFA spent on total staff costs (86%),
- income per pupil (£4,061).

The trustees have been pleased that expectations for all key performance indicators listed have been successfully met during the year.

Financial review

During the year the academy trust inherited the assets and liabilities in hand on 1 September 2012, the date of conversion to academy status, for Crofton Infant School. A net donation of £4,807,267 is included within income in the statement of financial activities, in accordance with the EFA Accounts Direction. Fixed assets inherited are included in the restricted fixed asset fund. All other assets and liabilities, excluding the opening Local Government Pension Scheme position, are shown as a net donation into unrestricted funds. The opening Local Government Pension Scheme liability is included within restricted funds income as a negative donation in accordance with the EFA Accounts Direction.

Most of the academy trust's recurrent income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2013, total expenditure of £5,095,214 was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and the inherited Infant School Local Government Pension Scheme deficit) was £241,652.

At 31 August 2013, the net book value of fixed assets was £11,864,754 and movements in tangible fixed assets are shown in note 15 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the academy trust.

Crofton Schools Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2013

Financial and risk management objectives and policies

Each academy uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the academy trust's operations.

The existence of these financial instruments exposes each academy to a number of financial risks which are described in more detail below. The main risks arising from the trust's financial instruments are liquidity risk and cash flow interest rate risk.

Liquidity risk - each academy manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Interest rate risk - each academy earns interest on cash deposits and with interest rates currently low, the directors will take appropriate action to ensure they maximise the income from these deposits.

Credit risk - this arises from the possibility that amounts owed to the academies will not be repaid. Neither academy partakes in credit activities so are only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Principal risks and uncertainties

The main risks that the academy trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and avoidance plans.

Strategic and reputational - this covers unfavourable Ofsted reports, risk of uncontrollable events and insufficient demand for academy service. Competition from other schools with similar objects and little scope for differentiation. Also includes the capacity of existing buildings to deliver teaching and learning to students.

Finance risk - the risk of the academy trust not operating within its budget and running a deficit. Risks linked to income not increasing at the same rate of inflation over the coming years. There are also risks in connection with the deficit on the Local Government Pension Scheme, although the trustees are comfortable with the current level of employer contributions the academy trust is required to pay.

Reserves policy

The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The trustees have determined that the permitted level of free reserves for recurrent costs should be maintained in order 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.

Financial position

The academy trust held fund balances at 31 August 2013 of £12,474,523.

These funds comprise restricted fixed asset funds of £12,581,102, other restricted funds of £138,387 and unrestricted funds of £216,034. There is also a pension reserve deficit of £461,000.

The only fund in deficit at 31 August 2013 is the Local Government Pension Scheme reserve. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the academy trust have been fixed for the three years from 1 April 2011.

The deficit on the LGPS does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the academy trust because of recognising the deficit.

Plans for future periods

The trustees' main plans for future periods are:

- invest in further IT equipment to enhance pupils learning,
- to refurbish some learning areas to provide an enabling curriculum and environment.

Disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- the trustees have taken all the steps 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.

Crofton Schools Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2013

Auditors

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting

This report was approved by the trustees on 13/12/2013 and signed on their behalf by



Mrs D Moss
Chair of Trustees



.....
Ms A Carter
Accounting Officer from 1 September 2013

Crofton Schools Academy Trust
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

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

The Executive Committee of the academy trust delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Crofton Schools Academy Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Executive Committee of the academy trust any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the trustees' responsibilities statement. As noted in the trustees' report, the academy trust's organisational structure changed during the year when Crofton Infant School joined the trust on 1 September 2012. The Executive Committee of the academy trust has formally met 7 times during the year. Attendance during the year at meetings of the Executive Committee of the academy trust was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| Mrs D Moss, Chair of Trustees | 7 | 7 |
| Mrs S Hannay, Chair of Governors - Infant School | 7 | 7 |
| Mr D Figg, Chair of Governors - Junior School | 6 | 7 |
| Mr N Lawrence, Acting Chair of Finance - Infant School | 7 | 7 |
| Mr P Goodwin, Chair of Finance - Junior School | 2 | 7 |
| Ms A Carter, Executive Headteacher | 0 | 0 |
| Mr R Sammonds, Executive Headteacher | 7 | 7 |
| Mrs S Benstead | 1 | 4 |
| Mr K Colwell | 5 | 7 |
| Mr S Gleeson | 6 | 7 |
| Miss S King | 0 | 2 |
| Mr P Reynolds | 7 | 7 |
| Mr T Smythe | 4 | 7 |
| Mrs D Weaver | 3 | 6 |
| Mrs D Wells | 0 | 0 |

The organisational structure of the academy trust changed on 1 September 2012 when Crofton Infant School joined. Each academy has a separate full governing body and Finance Committee. The Finance Committee is a sub-committee of the main governing body. Its purpose is to monitor budgets and advise on setting of budgets. The Finance Committee of each academy reports to the Full Governing Body and then this is reported to the Executive Committee.

Crofton Infant School - attendance at Finance Committee meetings in the year was as follows:

| Trustee/governor | Meetings attended | Out of a possible |
|------------------|-------------------|-------------------|
| Mrs P Dimond | 2 | 2 |
| Mrs S Hannay | 3 | 4 |
| Mrs A. Haworth | 3 | 4 |
| Mr N Lawrence | 3 | 4 |
| Mr P Robson | 2 | 2 |
| Mrs M Sadler | 1 | 1 |
| Mr N Shea | 2 | 2 |
| Mr P Woods | 2 | 4 |
| Mrs C Worley | 2 | 3 |

Crofton Schools Academy Trust
(A company limited by guarantee)

Governance Statement (continued)

Crofton Junior School - attendance at Finance Committee meetings in the year was as follows

| Trustee/governor | Meetings attended | Out of a possible |
|------------------|-------------------|-------------------|
| Mr M Bulpitt | 3 | 3 |
| Mr M Campbell | 1 | 3 |
| Mr P Goodwin | 4 | 4 |
| Mrs P Jolly | 2 | 2 |
| Mr N Lawrence | 3 | 4 |
| Mrs C Powell | 4 | 4 |
| Mr P Reynolds | 4 | 4 |

Since the trust is a multi-academy trust, it was required to set up an audit committee during the year to comply with the Academies Financial Handbook. Its purpose is to assess the risks the academy trust faces and introduce necessary controls and procedures to ensure that these risks are adequately managed. The committee met once during the year on 24 June 2013.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Crofton Schools Academy Trust for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Executive Committee of the academy trust 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 Executive Committee of the academy trust is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Executive Committee of the academy trust.

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 Executive Committee of the academy trust,
- 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 Executive Committee of the academy trust has considered the need for a specific internal audit function and has decided to appoint the London Borough of Bromley Local Authority as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the internal auditor reports to the Executive Committee of the academy trust on the operation of the systems of control and on the discharge of the Executive Committee of the academy trust's financial responsibilities.

The quarterly monitoring checks on the school systems help to ensure that appropriate systems are in place and are operating efficiently throughout the year, and narrative reports are issued to trustees after each monitoring visit.

Crofton Schools Academy Trust
(A company limited by guarantee)

Governance Statement (continued)

Review of Effectiveness

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


- the work of the internal auditor,
- the work of the external auditors,
- 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 Executive Committee of the academy trust on 13/12/2013 and signed on their behalf, by



Mrs D Moss
Chair of Trustees



Ms A Carter
Accounting Officer from 1 September 2013

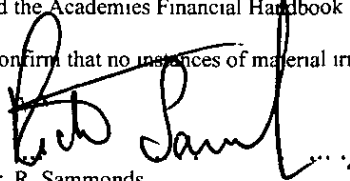
Crofton Schools Academy Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Crofton Schools Academy Trust until 31 August 2013 I have considered my responsibility to notify the Executive Committee of the academy trust 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 (2012)

I confirm that I and the Executive Committee of the academy trust 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 (2012)

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


Mr R Sammonds
Accounting Officer

13th December 2013

Crofton Schools Academy Trust
(A company limited by guarantee)

Trustees' responsibilities statement
For the year ended 31 August 2013

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction 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 trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Executive Committee of the academy trust on 13 / 12 / 20 13 and signed on its behalf by



Mrs D Moss
Chair of Trustees

Crofton Schools Academy Trust
(A company limited by guarantee)

Independent auditors' report to the members of Crofton Schools Academy Trust

We have audited the financial statements of Crofton Schools Academy Trust for the year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Crofton Schools Academy Trust
(A company limited by guarantee)

Independent auditors' report to the members of Crofton Schools Academy Trust

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

UHY Kent LLP

Elizabeth Jordan FCA (Senior statutory auditor)
for and on behalf of

UHY Kent LLP
Chartered Accountants and
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date

19th December 2013

Crofton Schools Academy Trust
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Crofton Schools Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 21 August 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Crofton Schools Academy Trust during the year 1 September 2012 to 31 August 2013 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 Crofton Schools Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Crofton Schools Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Crofton Schools Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Crofton Schools Academy Trust's accounting officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Kent LLP

UHY Kent LLP t/a UHY Hacker Young
Chartered Accountants and
Statutory Auditors

Date 19th December 2013

Crofton Schools Academy Trust
(A company limited by guarantee)

Statement of financial activities
(incorporating income and expenditure account and statement of recognised gains and losses)
For the year ended 31 August 2013

| | | Unrestricted funds | Restricted funds | Restricted fixed asset funds | Total funds | Total funds 9 month period ended 31 August 2012 |
|---|------|--------------------|------------------|------------------------------|-------------------|--|
| | Note | 2013 £ | 2013 £ | 2013 £ | 2013 £ | £ |
| Incoming resources | | | | | | |
| Incoming resources from generated funds | | | | | | |
| Funds inherited on conversion | 2 | 176,538 | (223,000) | 4,853,729 | 4,807,267 | 6,399,607 |
| Other voluntary income | 2 | 66,088 | - | - | 66,088 | 3,415 |
| Activities for generating funds | 3 | 125,731 | - | - | 125,731 | 158,828 |
| Investment income | 4 | 1,038 | - | - | 1,038 | 211 |
| Incoming resources from charitable activities | 5 | - | 4,779,046 | 1,150,151 | 5,929,197 | 2,129,910 |
| Total incoming resources | | 369,395 | 4,556,046 | 6,003,880 | 10,929,321 | 8,691,971 |
| Resources expended | | | | | | |
| Costs of generating funds | | | | | | |
| Costs of generating voluntary income | 7 | 43,339 | 44,924 | - | 88,263 | 130,551 |
| Charitable activities | | | | | | |
| Academy's educational operations | 8 | 166,043 | 4,516,277 | 303,147 | 4,985,467 | 1,881,036 |
| Governance costs | 9 | - | 21,484 | - | 21,484 | 24,968 |
| Total resources expended | 6 | 209,382 | 4,582,685 | 303,147 | 5,095,214 | 2,036,555 |
| Net incoming resources / (resources expended) before transfers | | 160,013 | (26,639) | 5,700,733 | 5,834,107 | 6,655,416 |
| Transfers between Funds | 18 | (22,193) | (155,529) | 177,722 | - | - |
| Net income for the year | | 137,820 | (182,168) | 5,878,455 | 5,834,107 | 6,655,416 |
| Actuarial gains and losses on defined benefit pension schemes | | - | 63,000 | - | 63,000 | (78,000) |
| Net movement in funds for the year | | 137,820 | (119,168) | 5,878,455 | 5,897,107 | 6,577,416 |
| Total funds at 1 September 2012 | | 78,214 | (203,445) | 6,702,647 | 6,577,416 | - |
| Total funds at 31 August 2013 | | 216,034 | (322,613) | 12,581,102 | 12,474,523 | 6,577,416 |

The academy trust's activities derive from a combination of continuing operations and acquisitions in the current year, and further details are provided in note 23

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

The notes on pages 19 to 37 form part of these financial statements

Crofton Schools Academy Trust
(A company limited by guarantee)
Registered number 07824714

Balance sheet
As at 31 August 2013

| | Note | £ | 2013 £ | £ | 2012 £ |
|--|------|-------------------|--------------------------|------------------|-------------------------|
| Fixed assets | | | | | |
| Tangible assets | 15 | | 11,864,754 | | 6,702,647 |
| Current assets | | | | | |
| Debtors | 16 | 896,958 | | 227,679 | |
| Cash at bank and in hand | | 412,286 | | 95,290 | |
| | | <u>1,309,244</u> | | <u>322,969</u> | |
| Creditors: amounts falling due within one year | 17 | <u>(238,475)</u> | | <u>(183,200)</u> | |
| Net current assets | | | <u>1,070,769</u> | | <u>139,769</u> |
| Total assets less current liabilities | | | <u>12,935,523</u> | | <u>6,842,416</u> |
| Defined benefit pension scheme liability | 24 | | (461,000) | | (265,000) |
| Net assets including pension scheme liabilities | | | <u><u>12,474,523</u></u> | | <u><u>6,577,416</u></u> |
| Funds of the academy | | | | | |
| Restricted funds | | | | | |
| General Annual Grant fund | 18 | 137,722 | | 60,889 | |
| Other restricted funds | 18 | 665 | | 666 | |
| Restricted fixed asset funds | 18 | <u>12,581,102</u> | | <u>6,702,647</u> | |
| Restricted funds excluding pension liability | | <u>12,719,489</u> | | <u>6,764,202</u> | |
| Pension reserve | | <u>(461,000)</u> | | <u>(265,000)</u> | |
| Total restricted funds | | | <u>12,258,489</u> | | <u>6,499,202</u> |
| Unrestricted funds | 18 | | <u>216,034</u> | | <u>78,214</u> |
| Total funds | | | <u><u>12,474,523</u></u> | | <u><u>6,577,416</u></u> |

The financial statements were approved by the trustees, and authorised for issue, on 13/12/2013
and are signed on their behalf, by



Mrs D Moss
Chair of Trustees

The notes on pages 19 to 37 form part of these financial statements

Crofton Schools Academy Trust
(A company limited by guarantee)

Cash flow statement
For the year ended 31 August 2013

| | | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|--|-------------|--|--|
| | Note | | |
| Net cash flow from operating activities | 20 | (414,268) | 70,642 |
| Returns on investments and servicing of finance | 21 | 1,038 | 211 |
| Capital expenditure and financial investment | 21 | 538,625 | (28,096) |
| Cash transferred on conversion to an academy trust | 23 | 191,601 | 52,533 |
| Increase in cash in the year | | 316,996 | 95,290 |

Reconciliation of net cash flow to movement in net funds
For the year ended 31 August 2013

| | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|--|--|--|
| Increase in cash in the year | 316,996 | 95,290 |
| Movement in net funds in the year | 316,996 | 95,290 |
| Net funds at 1 September 2012 | 95,290 | - |
| Net funds at 31 August 2013 | 412,286 | 95,290 |

The notes on pages 19 to 37 form part of these financial statements

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 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 trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 Education Funding Agency.

1.3 Incoming resources

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

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

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

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

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

1.4 Resources expended

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

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

Charitable activities are costs incurred in 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 trustees' meetings and reimbursed expenses.

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

1. Accounting policies (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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

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

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

| | | |
|---------------------------------|---|--------|
| Freehold property | - | 2% |
| L/Term Leasehold Property | - | 2% |
| Furniture and equipment | - | 20% |
| Computer equipment and software | - | 33 33% |

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 Taxation

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

1.9 Pensions

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 24, 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.

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

1. Accounting policies (continued)

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

2. Voluntary income

| | Unrestricted funds | Restricted funds | Total funds | Total funds 9 month period ended 31 August 2012 |
|---|-----------------------|---------------------|------------------|---|
| | 2013 £ | 2013 £ | 2013 £ | 2012 £ |
| Fixed assets inherited on conversion | - | 4,853,729 | 4,853,729 | 6,534,296 |
| LGPS deficit inherited on conversion | - | (223,000) | (223,000) | (181,000) |
| Transfer of other assets on conversion | 176,538 | - | 176,538 | 46,311 |
| Total assets inherited on conversion (note 23) | 176,538 | 4,630,729 | 4,807,267 | 6,399,607 |
| Donations | 66,088 | - | 66,088 | 3,415 |
| | 242,626 | 4,630,729 | 4,873,355 | 6,403,022 |

3 Activities for generating funds

| | Unrestricted funds | Restricted funds | Total funds | Total funds 9 month period ended 31 August 2012 |
|---------------------|-----------------------|---------------------|----------------|---|
| | 2013 £ | 2013 £ | 2013 £ | 2012 £ |
| School trips income | 48,648 | - | 48,648 | 62,039 |
| Hire of facilities | 38,192 | - | 38,192 | 5,217 |
| Other income | 38,891 | - | 38,891 | 91,572 |
| | 125,731 | - | 125,731 | 158,828 |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

4. Investment income

| | Unrestricted funds | Restricted funds | Total funds | Total funds 9 month period ended 31 August 2012 |
|---------------------|-----------------------|---------------------|----------------|---|
| | 2013 £ | 2013 £ | 2013 £ | 2012 £ |
| Short term deposits | 1,038 | - | 1,038 | 211 |

5. Funding for Academy's educational operations

| | Unrestricted funds | Restricted funds | Total funds | Total funds 9 month period ended 31 August 2012 |
|------------------------------------|-----------------------|---------------------|----------------|---|
| | 2013 £ | 2013 £ | 2013 £ | 2012 £ |
| DfE/EFA revenue grants | | | | |
| General Annual Grant (GAG) | - | 4,503,689 | 4,503,689 | 1,787,380 |
| Other DfE/EFA grants | - | 136,010 | 136,010 | 19,221 |
| | - | 4,639,699 | 4,639,699 | 1,806,601 |
| Other government grants | | | | |
| Other government grants | - | 139,347 | 139,347 | 101,892 |
| | - | 139,347 | 139,347 | 101,892 |
| DfE/EFA capital grant | | | | |
| Devolved formula capital grant | - | 22,142 | 22,142 | 15,905 |
| Academies capital maintenance fund | - | 1,128,009 | 1,128,009 | 205,512 |
| | - | 1,150,151 | 1,150,151 | 221,417 |
| | - | 5,929,197 | 5,929,197 | 2,129,910 |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

6 Analysis of resources expended by expenditure type

| | Staff costs | Premises | Other costs | Total | Total 9 month period ended 31 August 2012 |
|--|-------------|-----------|-------------|-----------|--|
| | 2013 £ | 2013 £ | 2013 £ | 2013 £ | 2012 £ |
| Costs of generating voluntary income | 11,504 | - | 76,759 | 88,263 | 130,551 |
| Academy's educational operations: | | | | | |
| Direct costs | 3,394,114 | 188,240 | 338,837 | 3,921,191 | 1,463,217 |
| Allocated support costs | 510,253 | 276,306 | 277,717 | 1,064,276 | 417,819 |
| | 3,904,367 | 464,546 | 616,554 | 4,985,467 | 1,881,036 |
| Governance | - | - | 21,484 | 21,484 | 24,968 |
| | 3,915,871 | 464,546 | 714,797 | 5,095,214 | 2,036,555 |

7 Costs of generating voluntary income

| | Unrestricted funds | Restricted funds | Total funds | Total funds 9 month period ended 31 August 2012 |
|-------------------------|--------------------|------------------|-------------|--|
| | 2013 £ | 2013 £ | 2013 £ | 2012 £ |
| School Journeys | 31,835 | 44,924 | 76,759 | 62,039 |
| Allocated support costs | 11,504 | - | 11,504 | 68,512 |
| | 43,339 | 44,924 | 88,263 | 130,551 |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

8. Charitable Activities - Academy's Educational Operations

| | Unrestricted funds | Restricted funds | Total funds | Total funds 9 month period ended 31 August 2012 |
|---|-----------------------|---------------------|------------------|---|
| | 2013 £ | 2013 £ | 2013 £ | 2012 £ |
| Direct costs | | | | |
| Wages and salaries | 96,773 | 2,716,840 | 2,813,613 | 1,080,510 |
| National insurance | 5,689 | 183,938 | 189,627 | 81,757 |
| Pension cost | 11,726 | 379,148 | 390,874 | 159,983 |
| Depreciation | - | 287,990 | 287,990 | 77,104 |
| Books, apparatus and stationery | 497 | 210,774 | 211,271 | 55,867 |
| Staff development | - | 26,921 | 26,921 | 7,574 |
| Other direct costs | - | 895 | 895 | 422 |
| | <u>114,685</u> | <u>3,806,506</u> | <u>3,921,191</u> | <u>1,463,217</u> |
| Support costs | | | | |
| Wages and salaries | 36,345 | 366,629 | 402,974 | 169,731 |
| National insurance | 2,566 | 25,945 | 28,511 | 12,847 |
| Pension cost | 5,289 | 73,479 | 78,768 | 25,140 |
| Depreciation | - | 15,157 | 15,157 | 4,058 |
| FRS17 defined benefit scheme finance cost | - | 16,000 | 16,000 | 6,000 |
| Maintenance of premises and equipment | - | 62,028 | 62,028 | 18,979 |
| Cleaning | - | 55,899 | 55,899 | 9,102 |
| Rent and rates | - | 25,161 | 25,161 | 12,900 |
| Heat and light | - | 83,279 | 83,279 | 32,754 |
| Insurance | - | 36,399 | 36,399 | 22,703 |
| Security | - | 3,633 | 3,633 | 939 |
| Technology costs | - | 14,084 | 14,084 | 18,270 |
| Bank interest and charges | 32 | 124 | 156 | 118 |
| Catering | - | 32,113 | 32,113 | 10,478 |
| Other support costs | 7,126 | 202,988 | 210,114 | 73,800 |
| | <u>51,358</u> | <u>1,012,918</u> | <u>1,064,276</u> | <u>417,819</u> |
| | <u>166,043</u> | <u>4,819,424</u> | <u>4,985,467</u> | <u>1,881,036</u> |

9 Governance costs

| | Unrestricted funds | Restricted funds | Total funds | Total funds 9 month period ended 31 August 2012 |
|-----------------------------------|-----------------------|---------------------|----------------|---|
| | 2013 £ | 2013 £ | 2013 £ | 2012 £ |
| Auditors' remuneration | - | 8,500 | 8,500 | 6,950 |
| Auditors' non audit costs | - | 3,650 | 3,650 | 435 |
| Non-educational professional fees | - | 9,318 | 9,318 | 17,583 |
| Trustees expenses reimbursed | - | 16 | 16 | - |
| | <u>-</u> | <u>21,484</u> | <u>21,484</u> | <u>24,968</u> |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

10 Net incoming resources / (resources expended)

This is stated after charging

| | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|---------------------------------------|--|--|
| Depreciation of tangible fixed assets | | |
| - owned by the charity | 303,147 | 81,162 |
| Auditors' remuneration | 8,500 | 6,950 |
| Auditors' remuneration - non-audit | 3,650 | 435 |
| Operating leases | 9,000 | 3,096 |
| | <hr/> <hr/> | <hr/> <hr/> |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

11 Staff costs

Staff costs were as follows

| | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|-----------------------|--|--|
| Wages and salaries | 3,154,726 | 1,309,778 |
| Social security costs | 218,138 | 94,604 |
| Pension costs | 469,642 | 185,123 |
| | <u>3,842,506</u> | <u>1,589,505</u> |
| Supply teacher costs | 73,365 | 8,975 |
| | <u>3,915,871</u> | <u>1,598,480</u> |

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

| | Year ended 31 August 2013 No | 9 month period ended 31 August 2012 No |
|----------------------------|---|---|
| Teachers | 50 | 30 |
| Administration and support | 50 | 21 |
| Management | 12 | 7 |
| | <u>112</u> | <u>58</u> |

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

| | Year ended 31 August 2013 No | 9 month period ended 31 August 2012 No |
|----------------------------------|---|---|
| In the band £ 60,001 - £ 70,000 | 1 | 1 |
| In the band £ 90,001 - £ 100,000 | 1 | 1 |
| | <u>2</u> | <u>2</u> |

Both of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £21,857 (2012 - £16,604)

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

12. Trustees' remuneration and expenses

The Executive Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration fell within the following bands

| | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|--------------------------------------|--|--|
| Mr R Sammonds, Executive Headteacher | 90,000-95,000 | 65,000-70,000 |
| Mrs S Benstead | 20,000-25,000 | - |
| Mrs D Weaver | 25,000-30,000 | - |
| Miss S King | 20,000-25,000 | 35,000-40,000 |

During the year ended 31 August 2013, expenses totalling £16 (2012 - £NIL) were reimbursed to 1 trustee (2012 - 0)

13 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,573 (2012 - £785)

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

14 Other finance income

| | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|--|--|--|
| Expected return on pension scheme assets | 25,000 | 9,000 |
| Interest on pension scheme liabilities | (41,000) | (15,000) |
| | <u>(16,000)</u> | <u>(6,000)</u> |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

15. Tangible fixed assets

| | Land and buildings £ | Furniture and equipment £ | Computer equipment £ | Total £ |
|--------------------------------|----------------------------|---------------------------------|----------------------------|------------|
| Cost or valuation | | | | |
| At 1 September 2012 | 6,665,365 | 74,268 | 44,176 | 6,783,809 |
| Additions | 503,533 | 51,680 | 56,312 | 611,525 |
| Assets inherited on conversion | 4,723,000 | 93,174 | 37,555 | 4,853,729 |
| At 31 August 2013 | 11,891,898 | 219,122 | 138,043 | 12,249,063 |
| Depreciation | | | | |
| At 1 September 2012 | 53,249 | 12,715 | 15,198 | 81,162 |
| Charge for the year | 198,147 | 59,702 | 45,298 | 303,147 |
| At 31 August 2013 | 251,396 | 72,417 | 60,496 | 384,309 |
| Net book value | | | | |
| At 31 August 2013 | 11,640,502 | 146,705 | 77,547 | 11,864,754 |
| At 31 August 2012 | 6,612,116 | 61,553 | 28,978 | 6,702,647 |

Included in land and buildings is freehold land at valuation of £2,905,723 (2012 - £2,905,723) and leasehold land at valuation of £1,481,000 (2012 - £Nil), which are not depreciated

16 Debtors

| | 2013 £ | 2012 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 4,268 | 20,244 |
| Other debtors | 53,995 | 25,739 |
| Prepayments and accrued income | 838,695 | 181,696 |
| | 896,958 | 227,679 |

17. Creditors:
Amounts falling due within one year

| | 2013 £ | 2012 £ |
|-----------------|-----------|-----------|
| Trade creditors | 21,738 | - |
| Other creditors | 216,737 | 183,200 |
| | 238,475 | 183,200 |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

18 Statement of funds

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|--|----------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 78,214 | 328,404 | (168,391) | (22,193) | - | 216,034 |
| School journeys fund | - | 40,991 | (40,991) | - | - | - |
| | <u>78,214</u> | <u>369,395</u> | <u>(209,382)</u> | <u>(22,193)</u> | <u>-</u> | <u>216,034</u> |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) (note (i)) | 60,889 | 4,506,489 | (4,274,127) | (155,529) | - | 137,722 |
| Other DfE/EFA grants (note (ii)) | 21 | 133,210 | (133,159) | - | - | 72 |
| Other government grants (note (iii)) | 645 | 139,347 | (139,399) | - | - | 593 |
| Pension reserve (note (iv)) | (265,000) | (223,000) | (36,000) | - | 63,000 | (461,000) |
| | <u>(203,445)</u> | <u>4,556,046</u> | <u>(4,582,685)</u> | <u>(155,529)</u> | <u>63,000</u> | <u>(322,613)</u> |
| Restricted fixed asset funds (note (v)) | | | | | | |
| DfE/EFA capital grants | 220,484 | 1,150,151 | (10,487) | - | - | 1,360,148 |
| Inherited asset fund | 6,458,931 | 4,853,729 | (262,626) | - | - | 11,050,034 |
| Capital expenditure from GAG | 23,232 | - | (8,928) | 57,443 | - | 71,747 |
| Capital expenditure from unrestricted funds | - | - | (21,106) | 120,279 | - | 99,173 |
| | <u>6,702,647</u> | <u>6,003,880</u> | <u>(303,147)</u> | <u>177,722</u> | <u>-</u> | <u>12,581,102</u> |
| Total restricted funds | <u>6,499,202</u> | <u>10,559,926</u> | <u>(4,885,832)</u> | <u>22,193</u> | <u>63,000</u> | <u>12,258,489</u> |
| Total of funds | <u>6,577,416</u> | <u>10,929,321</u> | <u>(5,095,214)</u> | <u>-</u> | <u>63,000</u> | <u>12,474,523</u> |

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

(i) General Annual Grant must be used for the normal running costs of the Academy. The gross transfer to the restricted fixed asset fund of £57,443 represents the total capital expenditure from the GAG during the year.

(ii) The other DfE/EFA grants fund is used to track non-GAG grants received from the EFA, the DfE or executive agencies of the DfE, and comprises Pupil Premium grant money and related expenditure.

(iii) The other government grants fund is used to track grants provided by government departments and includes the Individually Assigned Resources funding.

(iv) The pensions reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

(v) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The gross transfer from the unrestricted general fund to the restricted fixed asset fund of £120,279 represents the total capital expenditure from that fund during the year.

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

18 Statement of funds (continued)

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

Analysis of academies by fund balance

Fund balances at 31 August 2013 were allocated as follows

| | Total £ |
|---|--------------------|
| Crofton Infant School | 122,823 |
| Crofton Junior School | 231,598 |
| | <hr/> |
| Total before fixed asset fund and pension reserve | 354,421 |
| Restricted fixed asset fund | 12,581,102 |
| Pension reserve | (461,000) |
| | <hr/> |
| Total | 12,474,523 |
| | <hr/> |

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total £ |
|-----------------------|---|--|---------------------------------------|---|--------------------|
| Crofton Infant School | 1,572,978 | 201,757 | 119,690 | 226,682 | 2,121,107 |
| Crofton Junior School | 1,821,136 | 362,920 | 215,432 | 271,472 | 2,670,960 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 3,394,114 | 564,677 | 335,122 | 498,154 | 4,792,067 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

19. Analysis of net assets between funds

| | Unrestricted funds | Restricted funds | Restricted fixed asset funds | Total funds | Total funds 9 month period ended 31 August 2012 £ |
|--|-------------------------------|-----------------------------|---|------------------------|--|
| | 2013 £ | 2013 £ | 2013 £ | 2013 £ | |
| Tangible fixed assets | - | - | 11,864,754 | 11,864,754 | 6,702,647 |
| Current assets | 216,034 | 281,140 | 812,070 | 1,309,244 | 322,969 |
| Creditors due within one year | - | (142,753) | (95,722) | (238,475) | (183,200) |
| Provisions for liabilities and charges | - | (461,000) | - | (461,000) | (265,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 216,034 | (322,613) | 12,581,102 | 12,474,523 | 6,577,416 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

20. Net cash flow from operations

| | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|--|--|--|
| Net incoming resources before revaluations | 5,834,107 | 6,655,416 |
| Returns on investments and servicing of finance | (1,038) | (211) |
| Cash impact of transfer on conversion | (191,601) | (52,533) |
| Capital grants and other capital income | (6,003,880) | (6,755,713) |
| Depreciation of tangible fixed assets | 303,147 | 81,162 |
| Increase in debtors | (669,279) | (227,679) |
| Increase in creditors | 55,276 | 183,200 |
| Inherited pension scheme deficit | 223,000 | 181,000 |
| FRS 17 pension cost less contributions payable | 20,000 | - |
| FRS 17 pension finance costs | 16,000 | 6,000 |
| Net cash (outflow)/inflow from operations | (414,268) | 70,642 |

21 Analysis of cash flows for headings netted in cash flow statement

| | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|--|--|--|
| Returns on investments and servicing of finance | | |
| Interest received | 1,038 | 211 |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (611,526) | (249,513) |
| Capital grants from DfE | 1,150,151 | 221,417 |
| Net cash inflow/(outflow) capital expenditure | 538,625 | (28,096) |

22. Analysis of changes in net funds

| | 1 September 2012 £ | Cash flow £ | Other non-cash changes £ | 31 August 2013 £ |
|--------------------------|-----------------------------------|------------------------|---|---------------------------------|
| Cash at bank and in hand | 95,290 | 316,996 | - | 412,286 |
| Net funds | 95,290 | 316,996 | - | 412,286 |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

23 Conversion to an academy trust

On 1 September 2012 Crofton Infant School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Crofton Schools Academy Trust from The London Borough of Bromley 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 in the Statement of financial activities as voluntary income

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|--|----------------------------|--------------------------|---|---------------------|
| Tangible fixed assets | | | | |
| - Leasehold land and buildings | - | - | 4,723,000 | 4,723,000 |
| - Other tangible fixed assets | - | - | 130,729 | 130,729 |
| Budget surplus/(deficit) on LA funds | 173,784 | - | - | 173,784 |
| Budget surplus/(deficit) on other school funds | 17,817 | - | - | 17,817 |
| LGPS pension surplus/(deficit) | - | (223,000) | - | (223,000) |
| Other identified assets and liabilities | (15,063) | - | - | (15,063) |
| Net assets/(liabilities) | 176,538 | (223,000) | 4,853,729 | 4,807,267 |

The above net assets/liabilities include £191,601 that were transferred as cash

Due to the transfer of operations and assets and liabilities of Crofton Infant School into the academy trust during the year the trust's activities derive from a mixture of continuing and acquired operations. The split between continuing and acquired operations, using the main headings of the Statement of Financial Activities, is as follows

| | Continuing operations £ | Acquired operations £ | 2013 £ |
|---|-------------------------------|-----------------------------|-------------|
| Total incoming resources | 3,118,681 | 7,810,640 | 10,929,321 |
| Total expended resources | (2,841,255) | (2,253,959) | (5,095,214) |
| Actuarial gains/(losses) on defined benefit pension scheme | 61,000 | 2,000 | 63,000 |
| Net movement in funds per Statement of Financial Activities | 338,426 | 5,558,681 | 5,897,107 |

24. Pension commitments

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

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

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

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

24 Pension commitments (continued)

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer 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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was 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 review, 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 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions 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 that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

24. Pension commitments (continued)

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £167,000, of which employer's contributions totalled £133,000 and employees' contributions totalled £34,000. The agreed contribution rates for future years are 23.5% for employers and 6.4 - 8.8% for employees.

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 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 £ | Expected return at 31 August 2012 % | Fair value at 31 August 2012 £ |
|-------------------------------------|--|---|--|---|
| Equities | 7.00 | 489,000 | 5.80 | 220,000 |
| Bonds | 4.40 | 90,000 | 3.90 | 39,000 |
| Gilts | 3.40 | 15,000 | 2.80 | 8,000 |
| Cash | 0.50 | 10,000 | 0.50 | 8,000 |
| Other | 7.00 | 57,000 | - | - |
| Total market value of assets | | 661,000 | | 275,000 |
| Present value of scheme liabilities | | (1,122,000) | | (540,000) |
| (Deficit)/surplus in the scheme | | (461,000) | | (265,000) |

The amounts recognised in the Balance sheet are as follows

| | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|-------------------------------------|--|--|
| Present value of funded obligations | (1,122,000) | (540,000) |
| Fair value of scheme assets | 661,000 | 275,000 |
| Net liability | (461,000) | (265,000) |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

24. Pension commitments (continued)

The amounts recognised in the statement of financial activities are as follows

| | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|----------------------------------|--|--|
| Current service cost | (153,000) | (56,000) |
| Interest on obligation | (41,000) | (15,000) |
| Expected return on scheme assets | 25,000 | 9,000 |
| Total | (169,000) | (62,000) |
| Actual return on scheme assets | 91,000 | 18,000 |

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

| | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|---|--|--|
| Opening defined benefit obligation | 890,000 | 367,000 |
| Current service cost | 153,000 | 56,000 |
| Interest cost | 41,000 | 15,000 |
| Contributions by scheme participants | 34,000 | 15,000 |
| Actuarial Losses | 4,000 | 87,000 |
| Closing defined benefit obligation | 1,122,000 | 540,000 |

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

| | Year ended 31 August 2013 £ | 9 month period ended 31 August 2012 £ |
|-------------------------------------|--|--|
| Opening fair value of scheme assets | 402,000 | 186,000 |
| Expected return on assets | 25,000 | 9,000 |
| Actuarial gains and (losses) | 67,000 | 9,000 |
| Contributions by employer | 133,000 | 56,000 |
| Contributions by employees | 34,000 | 15,000 |
| Total | 661,000 | 275,000 |

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was a £15,000 loss (2012 - £78,000 loss)

The academy trust expects to contribute £135,000 to its Defined benefit pension scheme in 2014

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

| | 2013 | 2012 |
|--|-------------|-------------|
| Discount rate for scheme liabilities | 4.60 % | 3.90 % |
| Rate of increase in salaries | 4.70 % | 4.10 % |
| Rate of increase for pensions in payment | 2.40 % | 1.90 % |
| Inflation assumption (CPI) | 2.40 % | 1.90 % |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

24. Pension commitments (continued)

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

| | 2013 | 2012 |
|----------------------|------|------|
| Retiring today | | |
| Males | 23.1 | 22.2 |
| Females | 26.5 | 26.2 |
| Retiring in 20 years | | |
| Males | 25.1 | 24.4 |
| Females | 28.5 | 28.3 |

Amounts for the current and previous period are as follows

Defined benefit pension schemes

| | 2013 £ | 2012 £ |
|--|-------------|-----------|
| Defined benefit obligation | (1,122,000) | (540,000) |
| Scheme assets | 661,000 | 275,000 |
| Deficit | (461,000) | (265,000) |
| Experience adjustments on scheme liabilities | (4,000) | (87,000) |
| Experience adjustments on scheme assets | 67,000 | 9,000 |

Both the discount rate applied on the defined benefit obligation and the mortality assumption are subject to a degree of subjectivity, and the following sensitivity analysis indicates the impact of a small change in either the discount rate or mortality assumptions

| | £ | £ | £ |
|---|---------|---------|---------|
| Adjustment to discount rate | +0.1% | 0.0% | -0.1% |
| - Present value of total obligation | 525,000 | 540,000 | 555,000 |
| - Projected service cost | 90,000 | 93,000 | 96,000 |
| Adjustment to mortality age rating assumption | +1 Year | None | -1 Year |
| - Present value of total obligation | 522,000 | 540,000 | 559,000 |
| - Projected service cost | 89,000 | 93,000 | 97,000 |

25. Operating lease commitments

At 31 August 2013 the academy trust had annual commitments under non-cancellable operating leases as follows

| | 2013 £ | 2012 £ |
|---------------|-----------|-----------|
| Expiry date: | | |
| Within 1 year | 7,872 | 3,096 |

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

26 Related party transactions

No transactions were undertaken with the trustees, or any businesses in which the trustees have business interests, during the year

27 Controlling party

The academy trust is run by the management team on a day to day basis. Strategic decisions are made by the Executive Committee. There is no ultimate controlling party.