

**NEW ISLINGTON FREE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2014**

Haines Watts
Bridge House
Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT



NEW ISLINGTON FREE SCHOOL

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FOR THE YEAR ENDED 31 AUGUST 2014

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NEW ISLINGTON FREE SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2014

Trustees

Mr E M Watkins CBE (Chair of trustees)
Mr J B Diggines *
Mr S V Leeming *
Mr S Foster *
Mrs L A Hamilton
Mr T P Bloxham, MBE
Mrs A C Hewitt
Mr J R Headifen
Ms D V Proctor
Dr M A Boulton (Appointed 5 November 2013)
Mr R Cunnington (Appointed 26 March 2014)
Ms S Davenport (Appointed 26 March 2014)
Ms K Pegum (Appointed 13 May 2014)
Mr G Bulman (Ex Officio) *

* members of the Finance Committee

Members

Mr E M Watkins CBE (Chair of trustees)
Mr S V Leeming
Mr J B Diggines

Senior management team

- Principal
- School business manager
- Deputy headteacher

Mr G Bulman
Mrs P Millward
Ms R Jackson

Company registration number

07937849 (England and Wales)

Registered office

Old Hall Lane
Manchester
M13 0XT

Independent auditor

Haines Watts
Bridge House
Ashley Road
Hale
Altrincham
WA14 2UT

Bankers

NatWest Bank Plc
Spinningfields Square
182 Deansgate
Manchester
M2 3LY

Solicitors

Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

NEW ISLINGTON FREE SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

The governors present their annual report together with the financial statements and auditor's reports of the Academy Trust for the year 1 September 2013 to 31 August 2014.

Reference and administrative information

The official name of the Academy Trust is New Islington Free School. It is a company limited by guarantee and an exempt charity with registered Company number 07937849. The Governors, executive officers, external advisors and the Academy Trust's registered address are detailed on pages 1 and 2. All current Governors served throughout the reporting period other than Dr Martin A Boulton who was appointed at the full Governing Body meeting on 5 November 2013, Mrs Katie Pegum, appointed on 13 May 2014, Ms Sarah Davenport and Mr Ralph Cunningham both appointed on 26 March 2014.

Structure, governance and management

The meaning of 'trustee', 'director' and 'governor'

The Academies Accounts Direction 2013 states:

In this document there are frequent references to trustees. This is taken to be the same body of people as both the directors of the company and the governors of the academy; the words are used interchangeably. They are the people responsible under the academy trust's governing document for controlling its management and administration. They have responsibility for directing its affairs, and for ensuring that it is solvent, well-run, and delivering the charitable outcomes for the benefit of the public for which it has been set up.

The Trust has chosen to use the single term *governors* to refer to this body of people both in this report and in its day-to-day operations.

Constitution

The Academy Trust is a company limited by guarantee with no share capital, registration no: 07937849, and is an exempt charity. The Academy Trust's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The company commenced operation as a Free School on 1 September 2013. The Articles of Association require the members of the Academy Trust to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy Trust.

The Academy Trust is known as New Islington Free School.

Governors

Details of the governors who served during the year are included in the reference and administrative details on page 1.

All of the governors are directors of the Academy Trust for the purposes of the Companies Act 2006 and all are trustees for the purposes of charity legislation.

The meaning of 'Member'

The members of the academy trust have a different status to the governors. The members are the subscribers to the academy trust's memorandum of association whose powers include the authority to appoint governors. Members have a limited financial liability to the academy trust, if it is wound up, which is set out in the Trust's memorandum and articles of association.

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 while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' indemnities

The Academy Trust has indemnity insurance provided by Ecclesiastical Insurance to cover the liability of Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The scheme does not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard of whether it was a breach of trust or breach of duty or not.

NEW ISLINGTON FREE SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Principal activities

The principal activities of the Academy Trust as defined in its Articles are:

- (a) to establish, maintain, carry on, manage and develop the Academy Trust at New Islington, Manchester;
- (b) to provide educational facilities and services to students of all ages and the wider community for the public benefit;
- (c) to carry out research into the development and application of new techniques in education in particular in relation to its approach to curriculum development and delivery and to publish the results of such research, and to develop means of benefiting from application of the experience of industry, commerce, other schools and the voluntary sector to the education of pupils in academies.

The Academy Trust is pursuing these activities by establishing and operating a two-form entry primary school offering the International Primary Curriculum which, when it reaches its planned capacity, will educate 420 pupils between Reception and Year 6. The Academy Trust's premises are being designed to facilitate community use outside the normal school day.

Method of recruitment and appointment or election of Governors

Prospective new Governors are invited to the Academy Trust to meet the Chairman, Principal and other Governors. An information pack is provided, which includes details of the Academy Trust and the Governing Body and relevant Code of Conduct for Governors. All Governors are given the opportunity to attend relevant training courses.

The Members may appoint up to 10 Governors. Under the terms of the Articles, the Members may appoint Governors through such process as they may determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Governors. When a vacancy arises for a co-opted Governor, a nominations committee will consider suggestions and invite a suitable candidate to join.

The Principal is treated for all purposes as being an ex officio Governor.

Parent Governors are elected by parents of registered pupils at the Academy Trust. A Parent Governor must be a parent of a pupil at the Academy Trust at the time when s/he is elected.

The Governing Body makes all necessary arrangements for, and determines all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy Trust. Any election of Parent Governors which is contested is held by secret ballot.

The arrangements made for the election of a Parent Governor provides for every person who is entitled to vote in the election to have an opportunity to do so by post or, if they prefer, by having their ballot paper returned to the Academy Trust by a registered pupil at the Academy Trust.

Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body takes such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy Trust is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies.

In appointing a Parent Governor the Governing Body shall appoint a person who is the parent of a registered pupil at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

Co-opted Governors

The Governors may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Principal).

NEW ISLINGTON FREE SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Representative Governor

The Local Authority may appoint a Local Authority Governor.

Policies and procedures adopted for the induction and training of governors

All Governors undergo Safeguarding training using the Manchester Children Safeguarding Board's on-line training programme.

The Academy Trust subscribes to the One Education, Governor SLA which provides access to governor induction training and membership of the NGA (National Governors' Association). In addition to Safeguarding and Induction training, all governors have been given the opportunity during the year to attend pre-inspection training delivered by a senior OFSTED inspector in anticipation of the Trust's first inspection.

Organisational structure

The Governors, as Trustees of the Academy Trust, are legally responsible for the overall management and control of the Academy Trust and the full governing body meets at least three times a year. The work of implementing most of their policies is carried out by the Finance Committee (which meets approximately two weeks before each meeting of the full Governing Body) and the other principal committees (Teaching and Learning; Pupil Performance Review Group; Remuneration Committee; Communication and Fundraising Committee) which meet on at least a termly basis. The Audit Committee reports annually to the Full Governing Body.

The day to day running of the Academy Trust is delegated to the Principal and to the Bursar (School Business Manager), supported by a staff team with defined areas of responsibility.

Risk management

The Governors are responsible for the management of the risks faced by the Academy Trust. They have examined the principal areas of the Academy Trust's operations and considered the major risks faced in each of those areas. In the opinion of the Governors, the Academy Trust has established resources and review systems which, under normal conditions, should allow these risks to be mitigated to an acceptable level in its day to day operations. The Academy Trust's Risk Management Documentation is reviewed annually by the Governors.

Connected organisations including related party relationships

The principal proposer of New Islington Free School was the Manchester Grammar School ("MGS") (registered charity number: 529909). New Islington Free School Trust shares a Chairman and Treasurer with MGS. Whilst the Trusts are separate and operate independently, the ethos and values of the MGS are transferred to New Islington Free School via this relationship.

MGS provides educational support and guidance to NIFS at governance, management, teacher and pupil level as part of its public benefit activities as a charity.

Objectives and activities

Objects and aims

The aspirations of New Islington Free School are:

- To provide an outstanding primary school education for children aged 4 to 11 in the New Islington Millennium Regeneration area.
- To provide for the needs of parents with young families in the New Islington Development and immediately surrounding area.
- To help to give young families the confidence to remain in Central East Manchester thereby creating a stable and resilient community.
- To build on the long-standing commitment of MGS and Urban Splash Limited (supported by the City Council and the Homes and Communities Agency) to the core communities of inner Manchester

NEW ISLINGTON FREE SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

The aims for New Islington Free School are to:

1. Demonstrate continuing commitment to the widest possible social access
2. Develop the academic standing of the Academy Trust through the promotion of successful, enthusiastic and inspirational teaching and learning within the context of a balanced curriculum which fulfils or exceeds the expectations of the English National Curriculum.
3. Continue to improve existing and when required develop new accommodation, systems and facilities; and thereby provide a safe, well-maintained and effectively used environment for pupils and staff
4. Promote the Academy Trust and its work vigorously to existing parents, prospective parents, alumni and the local community; build upon the links established; encourage co-operation and partnerships with local schools and others in the wider community, seeking further opportunities to provide public benefit; and enhance the reputation of the Academy Trust within the region
5. Provide appropriate opportunities both for professional development and supportive performance management.
6. Ensure that Safeguarding best practice guides the management of the Academy Trust.
7. Provide strong pastoral and related support, with clear moral and spiritual foundations based on broad Christian principles, for all ages.
8. Promote respect and tolerance for the individual and for individuality, develop independent thinking and learning for all pupils, encourage individual passions and enthusiasms both curricular and co-curricular, and endeavour to treat the pupils within the Academy Trust as individuals.
9. Develop within the Academy Trust's community as a whole, qualities of leadership, creativity, appropriate risk-taking, and responsiveness to changes and challenges.
10. Encourage the widest possible participation in sports and co-curricular activities.
11. Provide appropriately for those who need additional support to fulfil their potential by virtue of physical or psychological disability or atypical learning style or process.

Objectives, strategies and activities

Teaching and Learning

The principal objective currently is to establish systems and practice that will allow the Academy Trust to deliver a first class education for its children that can demonstrate through objective data that the Academy Trust deserves to be judged Outstanding in its first OfSTED inspection. Specific steps to be taken are detailed in the School Development Plan but some key elements are:

- The delivery of inspirational lessons within the stimulating framework of the International Primary Curriculum and 2014 National Curriculum for English and Mathematics.
- Develop a whole school assessment strategy to fully embed assessment for learning and link tracking processes to the new 2014 National Curriculum for English and Mathematics.

The Co-Curriculum

The principal objective currently is to establish an outward-looking perspective that introduces children to life beyond the classroom. Specific strategies include:

- Developing further the existing sporting links with MGS, and developing sporting links with other schools.
- Developing further the existing Art and Design links with MGS.
- Develop the use of MGS owned residential centres by NIFS children.

Governance

During the reporting year, the structuring of the Board of Governors has been completed. This has been achieved via the following strategies:

- A committee structure was established which mirrors the needs of the Academy Trust
- Committees have Chairs in place and terms of reference and reporting arrangements agreed
- Steps were taken to fill vacancies on the Board, notably by arranging the election of parent governors and staff governors.
- Extensive training was provided for Governors, notably with regard to readiness for Ofsted inspection and school self-evaluation.

NEW ISLINGTON FREE SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Premises

Following the rescheduling of the construction programme, the principal objective currently is to complete the design and construction of the Academy Trust's permanent accommodation on schedule for occupation in September 2015. This is being achieved by:

- Working in close partnership with EFA.
- An effective programme of design team meetings.
- The services of an excellent and properly engaged architect.
- A reliable principal contractor engaged via the North West construction Hub.
- Close involvement of governors and senior leadership.

Contingency plans are being developed in conjunction with the EFA and other stakeholders to allow the School to continue to occupy its temporary premises beyond September 2015 should there be further delay to the construction programme.

Public benefit

The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission (on their website at www.charitycommission.gov.uk) in exercising their powers or duties.

In providing education to children in an area of Manchester with a basic needs (places) deficit, the Trust is providing Public Benefit. Children can access the facilities and provisions of the Academy Trust at no charge to their families. The only admissions criteria that differentiate between applicants are based on place of residence (distance from the Academy Trust) and siblings already on the school roll.

The Academy Trust's permanent premises are being designed with community use outside of teaching hours in mind to further facilitate the potential to deliver public benefit.

Strategic report

Achievements and performance

An independent assessment of the Academy Trust's performance during this period, carried out under the auspices of the Department for Education, found that the Academy Trust is meeting the needs of all of its pupils and achieving at an Outstanding standard in all aspects pertaining to the Ofsted Framework for inspections.

Further KPIs and achievements are reported by the Principal in the Trust's Value for Money statement:

- Effective use of teaching and support staff resource which is monitored to ensure curriculum targets are met. Above national average progress has been achieved by all year group cohorts (R,1,2,3) during 2013-14 and several vulnerable groups have narrowed the gap between their average attainment level and that of their peers.
- Regular review of pupil progress (and close scrutiny of this by dedicated Governing Body committee) to ensure that appropriate support is given to pupils' ever changing needs. Rigorous tracking of pupil attainment and resource deployed accordingly.
- Collaboration with other educational providers has secured value for money opportunities for the pupils and an enrichment of their curriculum. For example, children in Year 3 accessed a six week long coaching programme in BMX, including all resources and a session at the National Cycling Centre in Manchester, for just £60 for the entire class. Our links with the local Canal and Rivers trust has secured free of charge local history input. Our acceptance onto the council 'Clean city' programme has resulted in over £2500 of resources being allocated to school as well as the participation of the children in community development work.
- Strong focus on staff CPD for all staff (Teaching, Teaching assistant, non-teaching) which has a direct impact on pupil outcomes.
- Continuous and rigorous options appraisal for all purchases and negotiation of services to school has been used in tendering to secure the best deal in terms of quality, effectiveness and cost.
- School development plan identifies associated costs and staff deployment and this is directly linked to the positive impact on pupil outcomes.

NEW ISLINGTON FREE SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

- Evaluation of resources and staff deployment against pupil outcomes (for example, the deployment of our Learning Mentor to deliver FFT Wave 3 Literacy intervention) to determine whether desired impact has been realised and also whether the learning experience of pupils has been enhanced as a result.
- Establishment and maintenance of sound systems of financial governance, including sound and rigorous spending controls, up to date financial records, continuous financial monitoring and timely reporting. All transactions are scrutinised by the Principal to establish need and priority of the order as well as overall Value for Money; only then are orders placed with suppliers.

Going concern

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

Financial review

Reserves policy

The aim of the Trust is to build up reserves out of annual operating surpluses and fund-raising activities to a level which is considered adequate to meet the future needs of the Academy Trust and allow further capital expenditure, repairs and refurbishment to equip the Academy Trust with up to date facilities needed to maintain the standard of educational and academic services currently provided.

Investment policy

Under the provisions of the Trust's Objects:

Governors may deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Object (but to invest only after obtaining such advice from a financial expert as the Governors consider necessary and having regard to the suitability of investments and the need for diversification).

Governors may delegate the management of investments to a financial expert, but only on terms that:

- the investment policy is set down in writing for the financial expert by the Governors
- every transaction is reported promptly to the Governors
- the performance of the investments is reviewed regularly with the Governors
- the Governors are entitled to cancel the delegation arrangement at any time
- the investment policy and the delegation arrangement are reviewed at least once a year
- all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Governors on receipt
- the financial expert must not do anything outside the powers of the Governors

Governors may arrange for investments or other property of the Academy Trust to be held in the name of a nominee company acting under the control of the Governors or of a financial expert acting under their instructions, and to pay any reasonable fee required.

Financial and risk management objectives and policies

During its first year of operation, the Academy Trust's only source of income is grant income from the EFA and voluntary income and the only liabilities are the payroll, capital and educational costs associated with it operating a school at New Islington, Manchester. All capital expenditure is agreed in advance with and approved by the EFA and, in the view of the Trust, represents minimal risk. Revenue funding is provided on a formulaic basis by EFA and paid in monthly instalments. Thus, potential inadequate cash flow represents a minimal risk. The Trust's General Annual grant for 2013/2014 was calculated on the basis of the Academy Trust having 80 pupils (pre-opening registrations) and there were 97 (census numbers) on roll in October 2013. This initially represented a funding shortfall for the 2013/2014 academic year but this was rectified by the EFA pupil number adjustment exercise in August 2014 (which relates to the terms and conditions included in the Funding Agreement).

NEW ISLINGTON FREE SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Principal risks and uncertainties

The Governors maintain a register of Risk which informs management decisions and the provisions in the Business Continuity Plan. Risks are categorised under the headings: Strategic and Reputational; Operational; Compliance; Financial. Risks are scored on the basis of probability and impact and an overall Risk Score determined. On that basis, the most significant risks identified by the Governors, all of which fall into the Medium Risk category, are: failure to ensure that the financial systems of the Academy Trust are secure; failure to ensure that an adequate disaster recovery plan is in place in relation to the Academy Trust's financial systems; failure of the Academy Trust to monitor the performance of the employee pension schemes.

Plans for future periods

During the next academic year (2015/16), the Academy Trust will increase in size by one year-group cohort and will relocate to its permanent site and accommodation.

During the academic year 2016/17, the Academy Trust will increase by one year-group cohort and expand to become two-form entry, admitting two reception classes of thirty pupils each.

The Academy Trust will reach its planned capacity of 420 pupils during the academic year 2023/2024.

Funds held as custodian trustee on behalf of others

The Academy Trust does not hold any funds as Custodian Trustee on behalf of others.

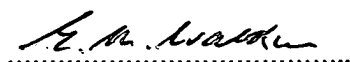
Auditors

In so far as the governors are aware:

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

The audit business Haines Watts has been appointed as the Academy Trust's auditor. The audit report has therefore been issued by Haines Watts.

This trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 19 December 2014 and signed on the board's behalf by Edward Maurice Watkins CBE, Chair of Governors



Mr E M Watkins CBE
Chair of Governors

NEW ISLINGTON FREE SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

Scope of responsibility

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

The board of governors has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between New Islington Free School and the Secretary of State for Education. He is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met 5 times during the year.

Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
Mr E M Watkins CBE	5	5
Mr J B Diggines	5	5
Mr S V Leeming	5	5
Mr M Boulton (appointed 16 November 2013)	5	5
Mr G Bulman	5	5
Mr R Cunnington (appointed 26 March 2014)	2	2
Ms S Davenport	2	2
Mrs K Pegum	1	1
Mr S Foster	4	5
Mrs L Hamilton	5	5
Mr T Bloxham MBE	0	5
Mrs C Hewitt	4	5
Mr J Headifen	3	5
Ms D Proctor	3	5

The Finance Committee is a sub-committee of the main board of governors. Its purpose is to establish and monitor appropriate financial policies and procedures; to hold the Academy Trust's management to account for the proper conduct of the Academy Trust's financial activities; to ensure that all financial accounting and auditing is carried out properly. The Finance committee reports to the Board of Governors.

Attendance in the year at meetings was:

Governor	Meetings attended	Out of a possible
Mr G Bulman	5	5
Mr J B Diggines	5	5
Mr S Foster	1	1
Mr S V Leeming	5	5

NEW ISLINGTON FREE SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

The Audit Committee is also a sub-committee of the main board of governors. Its purpose is to ensure that the risks of the Trust, financial and otherwise, are effectively reviewed and that the annual financial statements give a true and fair view of the activities of the Trust.

The Audit Committee met once during the year.

Committee member	Meetings attended	Out of a possible
Mr S V Leeming (Governor)	1	1
Mr J B Diggins (Governor)	1	1
Mr S Foster (Governor)	1	1
Mrs G M Batchelor (Independent member)	1	1

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in New Islington Free School for year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of governors 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 board of governors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

The risk and control framework

The 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 board of governors;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governors appointed P Greenhalgh FCCA of One Education Ltd to perform the Responsible Officer function during the academic year 2013/14

Responsible Officer is no longer a mandatory requirement of the EFA although it remains recommended as good practice. Paul Greenhalgh from One Education carried out one internal inspection during the academic year in his role as Responsible Officer to the school. He reviewed the following procedures, website statutory compliance, school meal debts, previous external recommendations and finance committee minutes and the work of the finance committee. His findings raised no concerns about the Trust's financial procedures. All future reviews will be carried out by Mrs G Batchelor, Bursar, Manchester Grammar School, who will take over the internal audit function from September 2014.

NEW ISLINGTON FREE SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Review of effectiveness

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

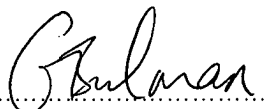
- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process ;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of governors on 19 December 2014 and signed on its behalf by:



Mr E M Watkins CBE
Chair of Governors



Mr G Bulman
Accounting Officer

NEW ISLINGTON FREE SCHOOL

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2014

As accounting officer of New Islington Free School I have considered my responsibility to notify the academy trust's board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the academy trust and Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Approved on 19 December 2014 and signed by:

A handwritten signature in black ink, appearing to read 'G Bulman', written over a dotted line.

Mr G Bulman
Accounting Officer

NEW ISLINGTON FREE SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2014

The trustees (who also act as governors for New Islington Free School and are also the directors of New Islington Free School for the purposes of company law) are responsible for preparing the trustees' report and the accounts 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 accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 19 December 2014 and signed on its behalf by:



.....
Mr E M Watkins CBE
Chair of Governors

NEW ISLINGTON FREE SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW ISLINGTON FREE SCHOOL

FOR THE YEAR ENDED 31 AUGUST 2014

We have audited the accounts of New Islington Free School for the year ended 31 August 2014 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

Respective responsibilities of trustees and auditors

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees, who are also the directors of New Islington Free School for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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 accounts

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

Opinion on accounts

In our opinion the accounts:

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

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 accounts are prepared is consistent with the accounts.

NEW ISLINGTON FREE SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW ISLINGTON FREE SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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 accounts 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.



John Whittick (Senior Statutory Auditor)

Haines Watts

Chartered Accountants

Statutory Auditor

Bridge House

Ashley Road

Hale

Altrincham

WA14 2UT

Dated: 19 December 2014

NEW ISLINGTON FREE SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NEW ISLINGTON FREE SCHOOL AND THE EDUCATION FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2014

In accordance with the terms of our engagement letter dated 7 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by New Islington Free School during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of New Islington Free School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of New Islington Free School's funding agreement with the Secretary of State for Education dated 21 May 2013 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

NEW ISLINGTON FREE SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NEW ISLINGTON FREE SCHOOL AND THE EDUCATION FUNDING AGENCY (CONTINUED)


FOR THE YEAR ENDED 31 AUGUST 2014

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

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 period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Haines Watts

Dated: 19 December 2014

NEW ISLINGTON FREE SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2014

		Unrestricted funds	Restricted funds	Fixed asset fund	Total 2014	Total 2013
	Notes	£(000)	£(000)	£(000)	£(000)	£(000)
Incoming resources						
<i>Resources from generated funds</i>						
- Voluntary income	2	-	-	-	-	6
- Activities for generating funds	3	26	-	-	26	-
<i>Resources from charitable activities</i>						
- Funding for educational operations	4	-	694	449	1,143	220
Total incoming resources		<u>26</u>	<u>694</u>	<u>449</u>	<u>1,169</u>	<u>226</u>
Resources expended						
<i>Costs of generating funds</i>						
<i>Charitable activities</i>						
- Educational operations	6	42	956	30	1,028	130
Governance costs	7	-	12	-	12	5
Total resources expended	5	<u>42</u>	<u>968</u>	<u>30</u>	<u>1,040</u>	<u>135</u>
Net incoming/(outgoing) resources before transfers		(16)	(274)	419	129	91
Gross transfers between funds		16	309	(325)	-	-
Net income/(expenditure) for the year		<u>-</u>	<u>35</u>	<u>94</u>	<u>129</u>	<u>91</u>
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension scheme	16	-	(8)	-	(8)	-
Net movement in funds		<u>-</u>	<u>27</u>	<u>94</u>	<u>121</u>	<u>91</u>
Fund balances at 1 September 2013		-	91	-	91	-
Fund balances at 31 August 2014		<u>-</u>	<u>118</u>	<u>94</u>	<u>212</u>	<u>91</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

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

NEW ISLINGTON FREE SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014 £(000)	2013 £(000)
Fixed assets			
Tangible assets	10	94	-
Current assets			
Debtors	11	282	307
Cash at bank and in hand		144	158
		426	465
Creditors: amounts falling due within one year	12	(296)	(374)
Net current assets		130	91
Total assets less current liabilities		224	91
Defined benefit pension liability	16	(12)	-
Net assets		212	91
Funds of the academy trust:			
Restricted income funds	14		
- Fixed asset funds		94	-
- General funds		130	91
- Pension reserve		(12)	-
Total restricted funds		212	91
Unrestricted funds	14	-	-
Total funds		212	91

The accounts were approved by order of the board of trustees and authorised for issue on 19 December 2014.



Mr E M Watkins CBE
Chair of Governors

Company Number 07937849

NEW ISLINGTON FREE SCHOOL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £(000)	2013 £(000)
Net cash inflow/(outflow) from operating activities	17	(339)	158
Capital expenditure and financial investments			
Capital grants received	449	-	-
Payments to acquire tangible fixed assets	(124)	-	-
		<hr/>	<hr/>
Net cash flow from capital activities		325	-
		<hr/>	<hr/>
Increase/(decrease) in cash	18	(14)	158
		<hr/>	<hr/>

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

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

1.3 Incoming resources

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

Grants receivable

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and the value of the donation is measurable.

Donations

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

Other income

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

Donated services and gifts in kind

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

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

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

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

Charitable activities

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

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Computer equipment	3 years straight line
Fixtures, fittings & equipment	7 years straight line

1.6 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.7 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.

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

1.8 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes 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 16, 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 are recognised as they are paid each year.

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

1.9 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 Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

2 Voluntary income

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2014 £(000)	Total 2013 £(000)
Other donations	-	-	-	6

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

3 Activities for generating funds

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2014 £(000)	Total 2013 £(000)
Catering income	19	-	19	-
Other income	7	-	7	-
	<u>26</u>	<u>-</u>	<u>26</u>	<u>-</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2014 £(000)	Total 2013 £(000)
DfE / EFA grants				
General annual grant (GAG)	-	534	534	-
Start up grants	-	106	106	-
Capital grants	-	449	449	-
Other DfE / EFA grants	-	54	54	220
	<u>-</u>	<u>1,143</u>	<u>1,143</u>	<u>220</u>
Total funding	<u>-</u>	<u>1,143</u>	<u>1,143</u>	<u>220</u>

5 Resources expended

	Staff costs £(000)	Premises & equipment £(000)	Other costs £(000)	Total 2014 £(000)	Total 2013 £(000)
Academy's educational operations					
- Direct costs	385	27	76	488	40
- Allocated support costs	67	5	468	540	90
	<u>452</u>	<u>32</u>	<u>544</u>	<u>1,028</u>	<u>130</u>
Other expenditure					
Governance costs	-	-	12	12	5
	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>	<u>5</u>
Total expenditure	<u>452</u>	<u>32</u>	<u>556</u>	<u>1,040</u>	<u>135</u>

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

5 Resources expended

Incoming/outgoing resources for the year include:	2014 £(000)	2013 £(000)
Operating leases		
- Plant and machinery	-	1
- Other	347	-
Fees payable to auditor		
- Audit	6	3
	<u> </u>	<u> </u>

6 Charitable activities

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2014 £(000)	Total 2013 £(000)
Direct costs				
Teaching and educational support staff costs	-	382	382	28
Depreciation	-	27	27	-
Educational supplies and services	-	76	76	12
Staff development	-	3	3	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	488	488	40
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allocated support costs				
Support staff costs	-	63	63	34
Depreciation	-	3	3	-
Technology costs	-	3	3	13
Recruitment and support	-	2	2	25
Maintenance of premises and equipment	-	2	2	1
Cleaning	-	13	13	-
Energy costs	-	11	11	-
Rent and rates	-	353	353	8
Insurance	-	7	7	2
Security and transport	-	14	14	-
Catering	42	-	42	-
Additional pension costs	-	3	3	-
Other support costs	-	24	24	7
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	42	498	540	90
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total costs	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	42	986	1,028	130

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

7 Governance costs

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2014 £(000)	Total 2013 £(000)
Legal and professional fees	-	5	5	2
Auditor's remuneration	-	6	6	3
- Audit of financial statements	-	1	1	-
Other governance costs	-	-	-	-
	<u>-</u>	<u>12</u>	<u>12</u>	<u>5</u>

8 Staff costs

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

	2014 Number	2013 Number
Teachers	7	-
Administration and support	2	2
Management	2	1
	<u>11</u>	<u>3</u>

Costs included within the accounts:

	2014 £(000)	2013 £(000)
Wages and salaries	358	57
Social security costs	24	5
Other pension costs	5	-
	<u>387</u>	<u>62</u>
Supply teacher costs	62	-
Staff development and other staff costs	3	-
	<u>452</u>	<u>62</u>

The number of employees whose annual remuneration was £60,000 or more was:

	2014 Number	2013 Number
£70,001 - £80,000	<u>1</u>	<u>1</u>

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

8 Staff costs

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

		2014	2013
Teachers' Pension Scheme	Numbers	1	1
	£(000)	11	3
Local Government Pension Scheme	Numbers	-	-
	£(000)	-	-

9 Trustees' remuneration and expenses

The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of 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. During the year no travel and subsistence payments were reimbursed to trustees (2013: £nil).

The value of trustees' remuneration was as follows:

George Bulman (headteacher)	£65,001 - £70,000 (2013: £25,001-£30,000 (Employed from May 2013))
Kate Pegum (staff)	£30,001 - £35,000 (2013: £0)

Other related party transactions involving the trustees are set out within the related parties note.

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 trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was included in the total cost of insurance.

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

10 Tangible fixed assets

	Computer equipment £(000)	Fixtures, fittings & equipment £(000)	Total £(000)
Cost			
At 1 September 2013	-	-	-
Additions	82	42	124
	<u>82</u>	<u>42</u>	<u>124</u>
At 31 August 2014	82	42	124
	<u>82</u>	<u>42</u>	<u>124</u>
Depreciation			
At 1 September 2013	-	-	-
Charge for the year	25	5	30
	<u>25</u>	<u>5</u>	<u>30</u>
At 31 August 2014	25	5	30
	<u>25</u>	<u>5</u>	<u>30</u>
Net book value			
At 31 August 2014	57	37	94
	<u>57</u>	<u>37</u>	<u>94</u>

11 Debtors

	2014 £(000)	2013 £(000)
VAT recoverable	77	34
Prepayments and accrued income	205	273
	<u>282</u>	<u>307</u>

12 Creditors: amounts falling due within one year

	2014 £(000)	2013 £(000)
Trade creditors	61	233
Accruals	6	3
Deferred income	229	138
	<u>296</u>	<u>374</u>

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

13	Deferred income				2014 £(000)	2013 £(000)
	Deferred income is included within:					
	Creditors due within one year				229	138
	Total deferred income at 1 September 2013				138	-
	Amounts credited to the statement of financial activities				(138)	-
	Amounts deferred in the year				229	138
	Total deferred income at 31 August 2014				229	138
14	Funds					
		Balance at 1 September 2013 £(000)	Incoming resources £(000)	Resources expended £(000)	Gains, losses and transfers £(000)	Balance at 31 August 2014 £(000)
	Restricted general funds					
	General Annual Grant	91	534	(804)	309	130
	Start up grants	-	106	(106)	-	-
	Other DfE / EFA grants	-	54	(54)	-	-
	Funds excluding pensions	91	694	(964)	309	130
	Pension reserve	-	-	(4)	(8)	(12)
		91	694	(968)	301	118
	Restricted fixed asset funds					
	DfE / EFA capital grants	-	449	(30)	(325)	94
	Total restricted funds	91	1,143	(998)	(24)	212
	Unrestricted funds					
	General funds	-	26	(42)	16	-
	Total funds	91	1,169	(1,040)	(8)	212

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

14 Funds

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

Restricted general funds are those that have been designated restricted by the grant provider in meeting the objects of the academy and are restricted to both the day to day running of the academy and capital expenditure.

Unrestricted funds are those which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees.

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 2014.

15 Analysis of net assets between funds

	Unrestricted funds £(000)	Restricted funds £(000)	Fixed asset funds £(000)	Total funds £(000)
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	-	-	94	94
Current assets	-	426	-	426
Creditors: amounts falling due within one year	-	(296)	-	(296)
Defined benefit pension liability	-	(12)	-	(12)
	<u>-</u>	<u>118</u>	<u>94</u>	<u>212</u>

16 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hymans Robertson LLP. 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 2014 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

16 Pensions and similar obligations

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pension's increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website: (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>).

Teachers' Pension Scheme changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

16 Pensions and similar obligations

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 the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 5-12% per cent for employers and 15% per cent for employees. The estimated value of employer contributions for the forthcoming year is £15,000.

	2014 £(000)
Employer's contributions	12
Employees' contributions	5
	<hr/>
Total contributions	17
	<hr/>

Principal actuarial assumptions

	2014 %
Rate of increase in salaries	3.8
Rate of increase for pensions in payment	2.7
Discount rate for scheme liabilities	3.7
Inflation assumption (CPI)	5.5
	<hr/>

Sensitivity analysis

Changes in assumptions at 31 August 2014

	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	21%	6
1 year increase in member life expectancy	3%	1
0.5% increase in the Salary Increase Rate	15%	5
0.5% increase in the Pension Increase Rate	5%	2

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

16 Pensions and similar obligations

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

	2014 Years
Retiring today	
- Males	21.4
- Females	24.0
Retiring in 20 years	
- Males	24.0
- Females	26.6

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

	2014 Expected return %	2014 Fair value £(000)
Equities	6.3	13
Bonds	3.2	3
Property	4.5	1
Other assets	3.3	1
Total market value of assets		18
Present value of scheme liabilities - funded		(30)
Net pension asset / (liability)		(12)

The rates of return have been determined using the Hymans Robertson Asset Model which is a type of model known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model. The expected returns have been calculated using 5,000 simulations of the Hymans Robertson Asset Model, calibrated using market data as at a recent date.

The actual return on scheme assets was £1,000 (2013 - £nil).

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

16 Pensions and similar obligations

Operating costs and income recognised in the statement of financial activities

	2014 £(000)
Financial expenditure/(income)	
Expected return on pension scheme assets	-
Interest on pension liabilities	-
	<u>-</u>
Other expenditure/(income)	
Current service cost	16
Past service cost	-
	<u>16</u>
Total operating charge/(income)	<u>16</u>

Actuarial gains and losses recognised in the statement of financial activities

	2014 £(000)
Actuarial (gains)/losses on assets: actual return less expected	(1)
Experience (gains)/losses on liabilities	9
(Gains)/losses arising from changes in assumptions	-
	<u>8</u>
Total (gains)/losses	<u>8</u>
 Cumulative (gains)/losses to date	 <u>8</u>

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

	2014 £(000)
Current service cost	(16)
Contributions by employees	(5)
Actuarial gains/(losses)	(9)
	<u>(30)</u>

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

16 Pensions and similar obligations

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

	2014 £(000)
Actuarial gains/(losses)	1
Contributions by employers	12
Contributions by employees	5
	<u>18</u>

History of experience gains and losses:

	2014 £(000)
Present value of defined benefit obligations	(30)
Fair value of share of scheme assets	18
	<u>(12)</u>
Surplus / (deficit)	
	<u>(12)</u>
Experience adjustment on scheme liabilities	(9)
Experience adjustment on scheme assets	1
	<u>(8)</u>

17 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2014 £(000)	2013 £(000)
Net income	129	91
Capital grants and similar income	(449)	-
FRS17 pension costs less contributions payable	4	-
Depreciation of tangible fixed assets	30	-
(Increase)/decrease in debtors	25	(307)
Increase/(decrease) in creditors	(78)	374
	<u>(339)</u>	<u>158</u>
Net cash inflow/(outflow) from operating activities		
	<u>(339)</u>	<u>158</u>

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

18	Reconciliation of net cash flow to movement in net funds	2014 £(000)	2013 £(000)
	Increase/(decrease) in cash	(14)	158
	Net funds at 1 September 2013	158	-
		<hr/>	<hr/>
	Net funds at 31 August 2014	144	158
		<hr/>	<hr/>

19	Analysis of net funds	At 1 September 2013 £(000)	Cash flows £(000)	Non-cash changes £(000)	At 31 August 2014 £(000)
	Cash at bank and in hand	158	(14)	-	144
		<hr/>	<hr/>	<hr/>	<hr/>

20 Commitments under operating leases

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

	Land and buildings	2014 £(000)	2013 £(000)
Expiry date:			
- Within one year	-	-	195
- Between two and five years	25	25	-
		<hr/>	<hr/>
		25	195
		<hr/>	<hr/>

21 Capital commitments

	2014 £(000)	2013 £(000)
At 31 August 2014 the company had capital commitments as follows:		
Expenditure contracted for but not provided in the accounts	3,478	-
	<hr/>	<hr/>

The academy has entered into a commitment for the building of a New Free School and the provision of its fixtures and fittings and ICT equipment. Funding is in place to cover the planned expenditure.

NEW ISLINGTON FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

22 Related parties

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. No related party transactions took place in the period of account.

Two of the academy's trustees act as trustees for Manchester Grammar School, which is a sponsor of New Islington Free School. The Free School were granted free use of an office at Manchester Grammar School for the year.

23 Members' liability

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