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HOLYWELL CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

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**Annual Report and Financial Statements**

**Year ended 31 August 2015**

FRIDAY



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LD3 26/02/2016 #160

COMPANIES HOUSE

\*A4Y5B72Z\*

A09 08/01/2016 #4

COMPANIES HOUSE

Company Registration Number:  
08224216 (England and Wales)

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**Reference and administrative details**

**Trustees**

Mrs E Cook \*  
Mr P Haddon \*  
Mrs L Jenkins  
Rev H Symes-Thompson (member)  
Mr S Apted  
Mr J Spelman \*  
Mrs J Ackroyd  
Mr M Sanders (member)  
Mrs I Turner  
Mrs P Kendall  
Ms R Bacon  
Mr M McVitie \*  
Mrs S King  
Miss S King

\* Members of the Academy Business Committee

**Secretary**

Mr P Haddon

**Senior management team**

Mr P Haddon  
Miss A Stewart  
Mrs H Bacon  
Mrs C Dinner

**Registered Office**

Red Lion Close, Cranfield, Beds, MK43 0JA

**Company Registration Number**

08224216

**Auditors**

Duncan & Toplis  
Louth  
Lincolnshire  
LN11 0LJ

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Bankers

Lloyds Bank  
Fountainbridge  
Edinburgh  
EH3 9PE

Solicitors

Lee Bolton-Monier Williams  
The Sanctuary  
Westminster  
London  
SW1P 3JT

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### **Trustees' Report**

The Trustees present their annual report together with the audited financial statements of the Academy for the period ended 31 August 2015.

The trust operates an academy for pupils aged 9 to 13 serving a catchment area in Bedfordshire. It has a pupil capacity of 600 and had a roll of 605 in the school census on 2<sup>nd</sup> October 2015.

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

#### Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy.

The governors act as the trustees for the charitable activities of Holywell Church of England Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Holywell Church of England Academy.

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

#### Trustees' Indemnities

A full insurance indemnity is taken out with the Zurich insurance company. Each member has cover of £1,000,000 against financial loss arising from negligent act, accidental error or omission in the course of official duties. This is reviewed annually against potential risk.

#### Method of Recruitment and Appointment or Election of Trustees

The Articles outline the different types of Governor, each category has slightly differing election processes, as outlined below:

The Members may appoint no less than 11 Governors with no maximum, but the total number of Governors who are appointed by the two parishes must be in the majority.

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- The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal or any post which is held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.
- Foundation Trustees in office appoint foundation Trustees to any foundation governor's vacancies.
- Up to 3 Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. The term of office of a parent governor can continue for the remaining elected term after he ceases to be the parent of a registered pupil but such a governor would not be eligible to stand for re-election
- Up to 3 Staff Governors shall be elected by a ballot of all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the Academy (excluding the Principal). If a Staff Governor ceases to work at the Academy then he shall be deemed to have resigned and shall cease to be a Governor automatically on termination of his work at the Academy. Any election of a Staff Governor which is contested shall be held by secret ballot.
- The Governors may appoint up to 2 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.

Governors are subject to retirement or re-election at the end of their 4 year term of office unless the eligibility conditions listed above prevail.

### Policies and Procedures Adopted for the Induction and Training of Trustees.

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. All new Trustees and Governors are given a tour of the Academy and the chance to meet with staff and students.

All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally few new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

### Organisational Structure

The structure of the Academy consists of two senior levels: the Board of Directors (Governing Body) and the Head Teacher leading the Senior Leadership Team which includes Deputy Head Teachers and the School Business Manager.

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An aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the School nurtures the talents of its entire staff to support continual improvement and excellence.

The Governing Body is responsible for setting the School's policies, adopting the School Improvement Plan and budget, monitoring performance against these plans and making major decisions about the direction of the School including its curriculum, the achievement and welfare of students and staffing.

The Head Master and Senior Leadership Team control the School at an executive level, implementing the policies set by the Governing Body and reporting back to them.

The Governing Body has established three sub-committees. Each sub-committee has its own terms of reference detailing the responsibilities discharged to the sub-committee, to the Head Master (The Accounting Officer) and to the Senior Leadership Team.

The terms of reference and meeting frequency for each sub-committee is reviewed and approved by the Governing Body annually. The Academy has an approved Financial Handbook which details the School's authorised spending limits.

The sub-committees of the Governing Body are:

- Academy Business Committee
- Curriculum Committee
- Ethos Committee

### Connected Organisations, including Related Party Relationships

The Academy is not part of any wider network although it works closely with its feeder lower schools; local middle schools and the upper school within the Wootton family of schools.

### **Objectives and Activities**

#### Objects and Aims

The principal object and activity of the charitable company is the operation of Holywell Church Of England Academy to provide education for pupils of different abilities between the ages of 9 and 13.

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to The Academy, and that the curriculum should comply with the substance of the national curriculum.

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The main objectives of The Academy during the period ended 31 August 2015 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 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; and
- to conduct Academy business in accordance with the highest standards of integrity, probity and openness.
- We aim to be an educational community whose members are:
  - safe and happy in a caring environment which nurtures confidence and creates positive memories
  - inspired and celebrate creativity, flair, imagination, innovation which motivates, challenges and encourages aspiration
  - confident, eager and responsible citizens who respect themselves, each other and the environment
  - all valued as individuals in a school that is inclusive, celebrates diversity, provides equality of opportunity and treats all with fairness

### Objectives, Strategies and Activities

The main objectives during the year were:

- 1 Ensuring that the quality of teaching moves from overall good to outstanding – ( to minimise presence of satisfactory lessons, increase number of outstanding lessons.)
- 2 Ensuring that consistent assessment practices provide most effective support to pupil progress and achievement
- 3 Establishing a rigorous reading programme across the school
- 4 Developing independent learning/work out of lessons such that it challenges and supports pupils
- 5 Working on programmes to support the potential expansion of pupil numbers at Holywell and to improve further the organisation of our built environment for pupils' experience of life in the school.

### Public Benefit

The Trustees confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit, "*Charities and Public Benefit*".

The Academy's public benefit is enshrined in its charitable objects, which state the charity exists to advance for the public benefit education in the villages of Cranfield & Wootton and the surrounding area, in particular but without prejudice to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing schools, offering a broad curriculum.



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### Strategic Report

#### Achievements and Performance

The Academies' KS2 attainment levels at May 2015 were ahead of national in core subjects areas at each level. The Ofsted dashboard has a number of judgements last year which places the school in the top 40% of schools.

#### **KS2 results**

		Level 4 %	Level 5 %	Level 6 %
English				
Reading		96	54	0
Writing		94	50	2
GPS		85	61	0
Maths		90	39	15

The Academy continues to provide a broad range of activities to enhance the curriculum including "The Widening Horizons Day", residential trips to Osmington and Swanage.

There have been several assemblies delivered by a number of guest speakers throughout the year. The values education programme continues to be well received and supported by parents and pupils alike.

The PE department works with the Redbourne Sports partnership to deliver sports programmes to our key partner lower schools, using Year 8 sports leaders to help deliver coaching as well as refereeing events. Sports teams continue to take part in inter school sports competitions throughout the year.

The Academy was inspected by OFSTED on 9<sup>th</sup> & 10<sup>th</sup> October 2014. The Academy was rated as good in all 4 categories.

#### Key Performance Indicators

The budget for the period 1 September 2014 to 31 August 2015 forecast a revenue surplus of £116,223. Staffing costs were budgeted at 84% of total income and actual costs were 79% Premises costs were budgeted at 6% and final expenditure was 5.5%. Other supplies and services were budgeted at 14% and final costs were 14.4%.

#### Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy 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 Accounting Policies note of the financial statements.

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### **Financial Review**

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year, the Academy received total funding of £3,074,756 (including capital grants of £476,014) compared to total resources expended of £2,575,263 of which £179,340 was depreciation.

Taking into account the surplus brought forwards from last year the Academy has £135,807 in accumulated unrestricted reserves carried forward, excluding fixed asset fund and pension deficit.

### Reserves Policy

The Academy's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the Academy which is to be spent at the Trustees' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated.

The trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams. The trustees have determined that the appropriate level of free reserves should be equivalent to 1-2 months' expenditure, which is approximately £160,000 to £320,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves is £135,807.

The level of restricted funds at the period end, excluding the restricted fixed asset fund; endowment fund and the pension reserve, amounted to £65,534.

### **Funds in deficit**

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the scheme assets is currently assessed to be less than its liabilities in the scheme and consequently the Academy's balance sheet shows a net liability of £374,000. However, the deficit does not mean that an immediate liability for this amount crystallises. The contribution rate to reduce the liability is calculated by an independent actuary.

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### Financial and Risk Management Objectives and Policies

The Academy has a comprehensive Risk Register, which is used in conjunction with regular financial reporting to monitor the operational and financial performance of the Academy.

### Principal Risks and Uncertainties

The Academy's Business Committee undertakes a comprehensive review of the risks to which the Academy is exposed. The committee identifies systems and procedures, including specific preventable actions which should mitigate any potential negative impact on the Academy.

The internal controls for managing risks deemed as medium and high are incorporated into annual risk management action plan. The effectiveness of the Academy's internal controls in managing the risks identified is regularly monitored.

A thorough appraisal will be undertaken in the subsequent year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. In addition to the annual review, the Committee will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the Academy.

A risk register, covering low, medium and high level risks, is maintained at Academy level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

The Academy's approach to risk management is supported by a risk management training programme which raises awareness of risk throughout the Academy.

Outlined below is a description of the principal risk factors that may affect the Academy. However, not all factors are within the Academy's control and other factors besides those listed below may also adversely affect the Academy.

#### 1. Government funding

The Academy has considerable reliance on continued government funding through the Education Funding Agency (EFA) and the Local Authority.

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This risk has and will be mitigated in a number of ways:

- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
- Ensuring the Academy is focused on those priority sectors which will continue to benefit from public funding;
- Contingency planning embedded into the Academy budget process.

### 2. Maintain adequate funding of pension liabilities

The financial statements report the share of the local government pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 17.

The Academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

### 3. Pupil Strategy

The Academy seeks to maintain its popularity with current and prospective pupils by:

- ensuring the Academy delivers high quality education and training;
- maintaining outstanding success rates and good inspection outcomes; and
- investing in its teaching staff and resources.

This places the Academy in an excellent position to attract new pupils.

### Plans for Future Periods

The school is seeking to exploit the opportunities afforded by conversion to Academy status. Initially by utilising increased financial resources and governance freedoms to improve further the standard of teaching and learning but also, importantly, to improve the school estate.

The school has completed a significant programme of building work with funding from the Local Authority to improve facilities and to enable it to expand provision in line with local housing needs to ensure the school remains at the heart of education provision of the local community. Discussions and feasibility studies are ongoing with regard to further building work to continue to improve the school buildings.

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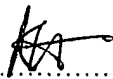
**Auditor**

In so far as the trustees are aware:

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

The auditors, Duncan & Toplis, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the members of the Governing Body on 19 November 2015 and signed on its behalf by:



.....  
Mrs E Cook  
[Chair]

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### **Governance Statement**

#### **Scope of Responsibility**

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

The Governing Body has delegated the day-to-day responsibility to the Mr P Haddon, 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 Holywell Church Of England Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **Governance**

The Governing Body operates three sub committees in addition to the full governing body:

- The Curriculum and Training Committee
- The Ethos and Pastoral Care Committee
- The Academy Business Committee

There is also a more informal gathering known as the Strategy Group.

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities.

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The **governing body** formally met 5 times during the year.

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

Committee Name: Full Governing Body

Objective: Main board - all members attend

Members:

Name of member		Number of meetings attended	Number of meetings at which attendance possible
Mrs Elaine Cook	Chair of Governors	5	5
Mr Peter Haddon	Head Teacher	5	5
Mr David Hall		4	5
Miss Alison Stewart		5	5
Miss Sarah Cartwright		1	1
Mrs Lynn Jenkins		5	5
Rev Hugh Symes-Thompson	Incumbent	4	5
Mr Jonathan Billington		1	1
Mr Stephen Apted		3	5
Mr John Spelman		2	5
Mrs JoJo Ackroyd		5	5
Mr Martin Sanders		4	5
Mrs Isabel Turner	Vice-Chair	5	5
Mrs Pauline Kendall		3	5
Mr M McVitie		3	4
Miss Selina King		4	4
Mrs Sarah King		2	4
Ms R Bacon		3	4

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Committee Name: Curriculum and Training Committee

Objective: Sub Committee of the Main Board - ensures provision for pupils and professional development opportunities for staff - sub set members attend

Members:

Name of member		Number of meetings attended	Number of meetings at which attendance possible
Mrs Elaine Cook	Selected meetings only	1	3
Mr Peter Haddon		3	3
Mr David Hall		3	3
Miss Alison Stewart	Selected meetings only	1	3
Mrs Lynn Jenkins		3	3
Mr Martin Sanders		3	3
Mrs Pauline Kendall		3	3
Mrs Isabel Turner	Selected meetings only	2	3
Miss Selina King		2	2
Mr Mick McVitie*		1	3
Mrs Sarah King*		1	3
Ms Rachel Bacon*		1	2

\*new members attend any or all Sub Committees when they first start, then settle with attending one long-term.



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Committee Name: Ethos and Pastoral Care Committee

Objective: Sub Committee of the Main Board - ensures the Christian character of the school is upheld and addresses the care and guidance of pupils - sub set of members attend

Members:

Name of member	Number of meetings attended	Number of meetings at which attendance possible
Rev Hugh Symes-Thompson	3	3
Mr Stephen Apted	2	3
Mrs JoJo Ackroyd	3	3
Mrs Isabel Turner	3	3
Mr Peter Haddon	3	3
Miss Alison Stewart	3	3
Mr Mick McVitie*	1	3
Ms Rachel Bacon*	2	3

\*new members attend any or all Sub Committees when they first start, then settle with attending one long-term.

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Committee Name: Academy Business Committee

Objective: To cover issues such as Finance, Sites & Buildings, Personnel, Health & Safety and Risk Management.

Members:

Name of member	Number of meetings attended	Number of meetings at which attendance possible
Mrs Elaine Cook	5	5
Mr Peter Haddon	5	5
Mr Mick McVitie	2	3
Mrs Sarah King	0	2
Mr John Spelman	4	5
Mrs Colleen Dinner	5	5
Mr Jonathan Billington	1	1

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Committee Name: Strategy Group

Objective: Sub Group of the Main Board - ensures items of a strategic nature are discussed fully outside of the main board allowing for a more lengthy and in-depth discussion - members attend as they wish, this is not such a 'set' sub group as other committees.

Members:

Name of member	Number of meetings attended	Number of meetings at which attendance possible
Mr Stephen Apted	2	3
Mrs Elaine Cook	3	3
Mrs Isabel Turner	1	3
Mr Peter Haddon	3	3
Mr Mick McVitie	2	2
Mr Martin Sanders	2	3
Mr John Spelman	1	3
Ms Pauline Kendall	3	3

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The Academy Business Committee is a sub-committee of the main Board of Trustees. The main responsibilities of the Committee are detailed in written Terms of Reference which are authorised and approved by the Governing Body annually. The main financial responsibilities include:

- coordinating the planning and budgeting processes
- the regular monitoring of management accounts
- interacting with all other committees, to advise on the appropriate means by which their requirements which have budget implications can best be met
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies
- authorising the award of contracts over £25,000
- authorising changes to the School personnel establishment
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Governing Body

### **Review of Value for Money**

As accounting officer the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year as set out below.

Improving educational results for our students remains our key priority. The Academy has taken the following steps to support school improvement for our students and to raise their attainment and aspirations: The Academy is committed to supporting our students in reaching their full potential through academic achievement, extra-curricular opportunities and extended learning to develop the whole person to help prepare them for their next stage of education.

**Targeted improvement:** The Academy has a robust tracking system for monitoring achievement and is continually looking at how data can inform staff in order for them to support and extend the learning of the students. We have employed skilled staff to support our school improvement agenda.

**Focus on individual students:** The Academy offers students a student support service and specialist learning provision. Students benefit from one to one mentoring, small group work, holiday revision classes and a full time in-school counselling service

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The Academy rewards excellence and encourages positive behaviour. We celebrate achievement and encourage students to try new activities to develop their confidence and leadership skills.

As a Middle School Academy we provide the full range of National Curriculum subjects for Key Stage 2 and Key Stage 3. In addition all students in years 7 and 8 have Drama lesson each week. In year 8 students have a small part of their weekly curriculum as an Option programme enabling them to work in more depth and range in a subject area of their choice. Operating in a secondary form of school organisation, the Academy has been able to move to the overwhelming majority of teaching throughout the school being delivered by subject specialists.

**Collaboration:** The Academy works closely with its partner schools – destination Upper School, sister Middle School and partner Lower Schools. The headteachers and staff of each school meet regularly to share ideas, good practice and discuss issues.

**Quantifying improvements:** The Governors' Curriculum Committee meets five times a year to ensure that the quality of provision for students at the Academy continues to be at least good and is clearly addressing improvement plan issues so that the Academy is evidently moving towards delivering outstanding quality in all areas of provision. The Academy has become the local school of first preference with intake numbers at the top of its agreed number and discussions well advanced with the Local Authority for increasing the roll substantially in the coming two years.

**Financial governance and oversight:** The Academy's Governing Body has strong oversight of the financial management of the budget. The Academy Business Committee meet regularly to review the financial position, to receive reports and to challenge decisions. Our external auditors review our financial processes and undertake the role of Responsible Officer to test our internal controls. The levels of delegation on spending proposals ensure we take the necessary steps to achieve best value.

The Full Governing Body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy remains a 'going concern'. The Governing Body also receives and approves the Annual Accounts and External Auditors Management Report.

**Better purchasing:** The Business/Finance office is always striving to find Best Value in purchasing and use a number of established Consortiums ie ESPO and Herts and also the tes Foundation website for anonymous quotes for goods. Most of the building projects are put through Mouchel who in turn apply Best Value principles within a safe and legal framework.

**Fitness for purpose:** The Academy has a cycle of review for its on-going services from external organisations to ensure those services continue to meet the needs of the school,

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are the best available to us at that time, and offer good value for money. Our Contract management system enables us to be alerted to end of contract information in a timely manner which gives us the opportunity of reviewing the current service provision and costs against others out there. This software also serves as a networking opportunity as it links to other schools/academies that are using it to compare like for like services.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive.

**Reviewing Controls and Managing Risk:** Monthly budget monitoring reports are produced by the School Business Manager. These reports are distributed to the Headteacher and Academy Business members and any remedial action taken to address any significant variances that may have an impact on the budget out-turn.

The Academy is arranging that all surplus cash balances are invested in interest bearing accounts to maximise interest earning potential.

**Reviewing operation to maximise use of resources:** The Academy Leadership Team review expenditure and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer, and any new strategies identified in the Academy Development Plan.

**Lessons learned:** The Academy has reached the end of its second year of operations and we have continued to learn the options open to us and the autonomy and flexibilities we have. Our continued curriculum development to support high student achievement remains our top priority. We will be focusing on how best to resource our Development Plan.

### **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's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Holywell Church Of England Academy for the period ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

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### **Capacity to Handle Risk**

The Board of Trustees 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 trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy trust's significant risks that has been in place for the period 1 October 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Academy Business 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 Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Duncan and Toplis (Boston office) to act as responsible officer.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy trust's financial systems.

On a quarterly basis, the RO reports to the Academy Business Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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HOLYWELL CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

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**Review of Effectiveness**

As accounting officer the Head Teacher 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 School Business Manager who has 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 Academy Business Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 19 November 2015 and signed on its behalf by:

  
.....  
Mrs E Cook  
[Chair]

  
.....  
Mr P Haddon  
[Accounting Officer]



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HOLYWELL CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

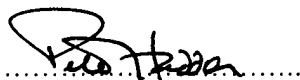
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**Statement on Regularity, Propriety and Compliance**

As accounting officer of Holywell Church of England Academy I have considered my responsibility to notify the Academy trust governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Mr P Haddon  
[Accounting Officer]  
19 November 2015

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## HOLYWELL CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

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### Statement of Trustees' Responsibilities

The Trustees (who act as governors of Holywell Church of England Academy and 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 board of trustees on 19 November 2015 and signed on its behalf by:

.....  
Mrs E Cook [Chair]

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOLYWELL CHURCH OF ENGLAND ACADEMY**

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We have audited the financial statements of Holywell Church of England Academy for the year ended 31 August 2015 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 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy'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 and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the directors of the Academy 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's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements 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 FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2015 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 2014 to 2015 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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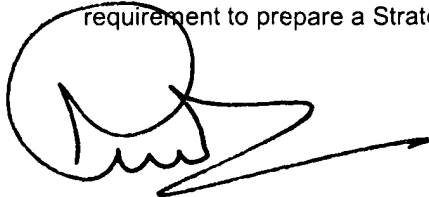
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOLYWELL CHURCH OF ENGLAND  
ACADEMY**

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**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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Nicholas Cudmore FCA (Senior Statutory Auditor)

for and on behalf of

**Duncan and Toplis Limited**

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

LN11 0LJ

Date:

11<sup>th</sup> December 2015

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HOLYWELL  
CHURCH OF ENGLAND ACADEMY AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 14 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Holywell Church of England Academy during the year 1 September 2014 to 31 August 2015 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 Holywell Church of England Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Holywell Church of England Academy and 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 Holywell Church of England Academy and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HOLYWELL CHURCH OF ENGLAND ACADEMY'S ACCOUNTING  
OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Holywell Church of England Academy's funding agreement with the Secretary of State for Education dated 1 October 2012, and the Academies Financial Handbook extant from 1 September 2014, 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 to 2015. 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 2014 to 31 August 2015 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 to 2015 issued by 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's income and expenditure.

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

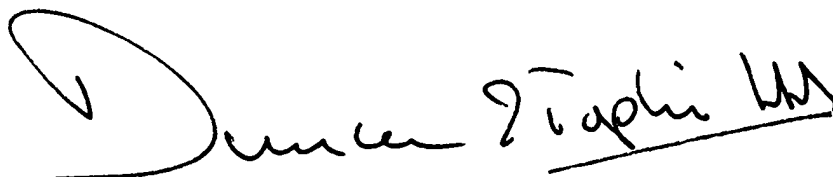
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HOLYWELL  
CHURCH OF ENGLAND ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

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**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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Duncan and Toplis Limited**

Chartered Accountants and Statutory Auditors

15 Chequergate  
Louth  
LN11 0LJ

Date:

11<sup>th</sup> December 2015

**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	77,888	90,197	-	168,085	90,442
Activities for generating funds	3,4	16,352	26,066	-	42,418	22,933
Investment income	5	504	-	-	504	397
Funding for the Academy's educational operations		-	2,387,735	476,014	2,863,749	2,446,234
Transfer from predecessor school	7	-	-	-	-	2,739,000
<b>TOTAL INCOMING RESOURCES</b>		<b>94,744</b>	<b>2,503,998</b>	<b>476,014</b>	<b>3,074,756</b>	<b>5,299,006</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Fundraising expenses and other costs	4	2,984	-	-	2,984	653
Funding for Academy trust's educational operations		94,309	2,267,312	179,340	2,540,961	2,262,129
Governance costs	9	-	31,318	-	31,318	37,070
<b>TOTAL RESOURCES EXPENDED</b>	12	<b>97,293</b>	<b>2,298,630</b>	<b>179,340</b>	<b>2,575,263</b>	<b>2,299,851</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>(2,549)</b>	<b>205,368</b>	<b>296,674</b>	<b>499,493</b>	<b>2,999,155</b>

**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

		Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
	Note					
Transfers between Funds	22	(10,000)	(154,213)	164,213	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>(12,549)</b>	<b>51,155</b>	<b>460,887</b>	<b>499,493</b>	<b>2,999,155</b>
Actuarial gains and losses on defined benefit pension schemes		-	(6,000)	-	(6,000)	(55,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(12,549)</b>	<b>45,155</b>	<b>460,887</b>	<b>493,493</b>	<b>2,944,155</b>
<i>Total funds at 1 September 2014</i>		<i>148,356</i>	<i>(353,621)</i>	<i>6,546,052</i>	<i>6,340,787</i>	<i>3,396,632</i>
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>135,807</b>	<b>(308,466)</b>	<b>7,006,939</b>	<b>6,834,280</b>	<b>6,340,787</b>

All activities relate to continuing operations.

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

The notes on pages 33 to 56 form part of these financial statements.



**HOLYWELL CHURCH OF ENGLAND ACADEMY**

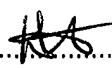
(A company limited by guarantee)

REGISTERED NUMBER: 08224216

**BALANCE SHEET  
AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	19		7,006,939		6,541,463
<b>CURRENT ASSETS</b>					
Debtors	20	39,749		67,975	
Cash at bank and in hand		367,393		434,365	
		<u>407,142</u>		<u>502,340</u>	
<b>CREDITORS:</b> amounts falling due within one year	21	(205,801)		(364,016)	
<b>NET CURRENT ASSETS</b>			<u>201,341</u>		<u>138,324</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,208,280</u>		<u>6,679,787</u>
Defined benefit pension scheme liability	29		(374,000)		(339,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>6,834,280</u></u>		<u><u>6,340,787</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	22	65,534		(14,621)	
Restricted fixed asset funds	22	7,006,939		6,546,052	
Restricted funds excluding pension liability		<u>7,072,473</u>		<u>6,531,431</u>	
Pension reserve		<u>(374,000)</u>		<u>(339,000)</u>	
Total restricted funds			<u>6,698,473</u>		<u>6,192,431</u>
Unrestricted funds	22		<u>135,807</u>		<u>148,356</u>
<b>TOTAL FUNDS</b>			<u><u>6,834,280</u></u>		<u><u>6,340,787</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 19 November 2015 and are signed on their behalf, by:

.....  
  
**Mrs E Cook, Chair**  
**Chair of Governors**

The notes on pages 33 to 56 form part of these financial statements.

**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	24	566,326	581,245
Returns on investments and servicing of finance	25	504	397
Capital expenditure and financial investment	25	(633,802)	(512,351)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<u>(66,972)</u>	<u>69,291</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
(Decrease)/Increase in cash in the year	(66,972)	69,291
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	(66,972)	69,291
Net funds at 1 September 2014	434,365	365,074
<b>NET FUNDS AT 31 AUGUST 2015</b>	<u>367,393</u>	<u>434,365</u>

The notes on pages 33 to 56 form part of these financial statements.

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**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 2014 to 2015 issued by 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 at the discretion of the Governors.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

**1.3 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the Academy 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.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy 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's policies.

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

**1.4 Resources expended**

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's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

The Governors 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 to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 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'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

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

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:

Land and building	-	over 50 years straight line
Motor vehicles	-	over 4 years straight line
Fixtures and fittings	-	over 4 years straight line
Computer equipment	-	over 3 years straight line

**1.7 Taxation**

The Academy 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 is potentially exempt from taxation in respect of income or capital gains received within the 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.

**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.8 Pensions**

Retirement benefits to employees of the Academy 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.

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 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 29, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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.

**1.9 Realignment of comparatives**

Following revisions to the EFA Accounts Direction, certain expenses in 2014/15 have been classified on a different basis to 2013/14. Where such differences arise, comparatives have been realigned to accord with 2014/15 classifications.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	-	-	-	7,135
School fund income - contribution to trips	77,888	90,197	168,085	83,307
Voluntary income	77,888	90,197	168,085	90,442

**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings income	3,050	-	3,050	9,848
Other income	13,302	26,066	39,368	13,085
	<u>16,352</u>	<u>26,066</u>	<u>42,418</u>	<u>22,933</u>

**4. TRADING ACTIVITIES**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>Fundraising trading expenses</b>				
Cost of lettings	543	-	543	336
Fundraising trading expenses - wages and salaries	2,441	-	2,441	317
	<u>2,984</u>	<u>-</u>	<u>2,984</u>	<u>653</u>
Net expenditure from trading activities	<u>(2,984)</u>	<u>-</u>	<u>(2,984)</u>	<u>(653)</u>

**5. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank account interest	504	-	504	397

**6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Funding for the Academy's educational operations	-	2,863,749	2,863,749	2,446,234

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**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	2,164,734	2,164,734	1,914,789
Pupil Premium	-	91,525	91,525	76,000
Other DfE/EFA Revenue grants	-	22,430	22,430	15,140
Devolved Formula Capital grant	-	11,014	11,014	12,049
SEN 1-1 Funding	-	49,000	49,000	43,256
Other Local Authority revenue grants	-	60,046	60,046	-
Local Authority capital grants	-	465,000	465,000	385,000
	-	2,863,749	2,863,749	2,446,234

**7. Transfer on conversion to an Academy**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfer on conversion	-	-	-	2,739,000

**Transfer on conversion**

The transfer on conversion referred to in 2014 related to an adjustment to the value of land and buildings inherited when the school converted to an academy. Having been previously valued on a discounted insurance basis, the school since received a professional continuing use valuation that is considered more appropriate for this purpose. This valuation was reflected in the 2014 accounts but is attributable to the position at conversion and was thus shown as such instead of a revaluation under the academy's stewardship.

**8. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Funding for the Academy's educational operations	94,309	2,446,652	2,540,961	2,262,129



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**8. EXPENDITURE BY CHARITABLE ACTIVITY (continued)**

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Funding for the Academy's educational operations	<u>1,797,866</u>	<u>179,340</u>	<u>563,755</u>	<u>2,540,961</u>	<u>2,262,129</u>

**9. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	9,000	9,000	9,000
Auditors' non audit costs	-	2,493	2,493	1,738
Legal and professional fees	-	19,825	19,825	26,332
	<u>-</u>	<u>31,318</u>	<u>31,318</u>	<u>37,070</u>

**10. DIRECT COSTS**

	Educational operations £	Total 2015 £	Total 2014 £
Educational supplies	236,213	236,213	142,976
Technology costs	20,118	20,118	14,753
Staff development	12,323	12,323	10,863
Educational consultancy	3,087	3,087	6,957
Other costs	44,416	44,416	33,126
Wages and salaries	1,253,260	1,253,260	1,218,695
National insurance	82,736	82,736	83,349
Pension cost	178,956	178,956	178,784
Depreciation	179,340	179,340	132,935
	<u>2,010,449</u>	<u>2,010,449</u>	<u>1,822,438</u>

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**11. SUPPORT COSTS**

	Educational operations £	Total 2015 £	Total 2014 £
Other finance income less expense	1,000	1,000	6,000
Technology costs	21,960	21,960	24,947
Maintenance of premises and equipment	85,431	85,431	35,971
Cleaning	7,750	7,750	6,541
Rent and rates	21,842	21,842	20,229
Energy costs	34,023	34,023	33,253
Insurance	18,615	18,615	16,583
Security	3,513	3,513	1,456
Transport	1,195	1,195	1,047
Telephone, postage and stationery	9,811	9,811	8,218
Catering	20,118	20,118	16,054
Other costs	22,340	22,340	25,941
Wages and salaries	214,550	214,550	200,659
National insurance	8,810	8,810	8,732
Pension cost	59,554	59,554	34,059
	<u>530,512</u>	<u>530,512</u>	<u>439,690</u>

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**12. RESOURCES EXPENDED**

	Staff costs	Non Pay Expenditure Other costs	Total	Total
	2015	2015	2015	2014
	£	£	£	£
Fundraising expenses	2,441	543	2,984	653
<b>Costs of generating funds</b>	<b>2,441</b>	<b>543</b>	<b>2,984</b>	<b>653</b>
Funding for the Academy's educational operations	1,514,952	495,497	2,010,449	1,822,439
Support costs - Funding for the Academy's educational operations	282,914	247,598	530,512	439,690
<b>Charitable activities</b>	<b>1,797,866</b>	<b>743,095</b>	<b>2,540,961</b>	<b>2,262,129</b>
<b>Governance</b>	<b>-</b>	<b>31,318</b>	<b>31,318</b>	<b>37,070</b>
	<b>1,800,307</b>	<b>774,956</b>	<b>2,575,263</b>	<b>2,299,852</b>

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000
		Amount £ Reason
Gifts made by the Academy	1,686	- Service awards, gifts and "thank you's" to staff.

**13. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly	Support costs	Total	Total
	2015	2015	2015	2014
	£	£	£	£
Funding for the Academy's educational operations	2,010,449	530,512	2,540,961	2,262,129

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**14. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the Academy	179,340	132,935
Auditors' remuneration	9,000	9,000
Auditors' remuneration - non audit fees	2,493	1,738
	<u>189,833</u>	<u>143,673</u>

**15. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	1,459,525	1,380,375
Social security costs	91,546	92,081
Other pension costs (Note 29)	238,510	212,843
	<u>1,789,581</u>	<u>1,685,299</u>
Supply teacher costs	10,726	39,296
	<u>1,800,307</u>	<u>1,724,595</u>

**b. Staff severance payments**

Included in staff costs is an ex gratia severance payment of £Nil (2014: £7,000).

**c. Staff numbers**

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	23	24
Admin and support	25	21
Management	3	3
	<u>51</u>	<u>48</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. STAFF (continued)**

**d. Higher paid staff**

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

	2015 No.	2014 No.
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0
	<u>1</u>	<u>1</u>

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for the members of staff amounted to £11,508 (2014: £10,831).

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**16. GOVERNORS' REMUNERATION AND EXPENSES**

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of Governors' remuneration fell within the following bands:

	2015 £'000	2014 £'000
Mr Peter Haddon, Head Teacher- remuneration	80-85	75-80
Pension	10-15	10-15
Miss Selina King, staff governor- remuneration	30-35	
Pension	0-5	
Mrs Lynne Jenkins, staff governor- remuneration	15-20	15-20
Pension	0-5	0-5
Mrs S McEwen, staff governor- remuneration	0-5	35-40
Pension	0-5	0-5

During the year, no Governors received any benefits in kind (2014 - £NIL).

During the period, no Governors received any reimbursement of expenses (2014 - £156 to 1 Governor).

**17. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2015 was £540 (2014 - £482). The cost of this insurance is included in the total insurance cost.

**18. OTHER FINANCE INCOME LESS EXPENSE**

	2015 £	2014 £
Expected return on pension scheme assets	36,000	29,000
Interest on pension scheme liabilities	(37,000)	(35,000)
	<u>(1,000)</u>	<u>(6,000)</u>

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**19. TANGIBLE FIXED ASSETS**

	Land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 September 2014	6,503,505	22,613	152,902	59,146	6,738,166
Additions	581,832	-	32,299	30,685	644,816
At 31 August 2015	7,085,337	22,613	185,201	89,831	7,382,982
<b>Depreciation</b>					
At 1 September 2014	162,416	6,565	16,937	10,785	196,703
Charge for the year	108,908	5,653	39,826	24,953	179,340
At 31 August 2015	271,324	12,218	56,763	35,738	376,043
<b>Net book value</b>					
At 31 August 2015	6,814,013	10,395	128,438	54,093	7,006,939
At 31 August 2014	6,341,089	16,048	135,965	48,361	6,541,463

Land and buildings include £1,062,000 of land that is not depreciated.

The freehold of the school site is owned by St Albans Diocesan Board of Finance. There is no formal lease in place for the Academy's occupation of its premises (other than for a specific part of the site that is subject to a 25-year lease) and hence there is no legally defined entitlement or set period of tenure. Instead, Church of England policy is that Academies are permitted to use Diocesan land under licence.

In order to comply with Financial Reporting Standards and to reflect the economic substance over legal form, the Governors have included a notional value of the land and buildings occupied by the Academy to reflect the asset under its stewardship.

The land and buildings have been included within the accounts at 31 August 2015 at their continuing use value, based on an assessment undertaken by Mouchel for the Education Funding Agency as at 31 March 2014.

Additions to land and buildings in the year do not represent any acquisition of interests in land, rather they reflect the cost of extending the existing school infrastructure on its current site.

**20. DEBTORS**

	2015 £	2014 £
Other debtors	7,164	31,490
Prepayments and accrued income	32,585	36,485
	<u>39,749</u>	<u>67,975</u>

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**21. CREDITORS:**  
Amounts falling due within one year

	2015 £	2014 £
Accruals and deferred income	<u>205,801</u>	<u>364,016</u>
Deferred income at at 31 August 2015 relates to School trip income and grant income that relates to the next financial year.		
		£
<b>Deferred income</b>		
Deferred income at 1 September 2014		56,759
Resources deferred during the year		66,936
Amounts released from previous years		<u>(56,759)</u>
Deferred income at 31 August 2015		<u>66,936</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Other income not for capital purposes	148,356	94,744	(97,293)	(10,000)	-	135,807
<b>Restricted funds</b>						
General Annual Grant (GAG)	(14,621)	2,164,734	(2,048,884)	(94,213)	-	7,016
Other DfE/EFA grants	-	113,955	(76,000)	-	-	37,955
Other Government grants	-	60,046	-	(60,000)	-	46
SEN Funding	-	49,000	(43,256)	-	-	5,744
Other income - revenue	-	116,263	(101,490)	-	-	14,773
Pension Provision	(339,000)	-	(29,000)	-	(6,000)	(374,000)
	<u>(353,621)</u>	<u>2,503,998</u>	<u>(2,298,630)</u>	<u>(154,213)</u>	<u>(6,000)</u>	<u>(308,466)</u>
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants	135,731	11,014	(34,852)	164,213	-	276,106
Government capital grant	385,000	465,000	-	-	-	850,000
Capital expenditure from GAG	90,763	-	(42,294)	-	-	48,469
Assets inherited on conversion	5,934,558	-	(102,194)	-	-	5,832,364
	<u>6,546,052</u>	<u>476,014</u>	<u>(179,340)</u>	<u>164,213</u>	<u>-</u>	<u>7,006,939</u>
Total restricted funds	<u>6,192,431</u>	<u>2,980,012</u>	<u>(2,477,970)</u>	<u>10,000</u>	<u>(6,000)</u>	<u>6,698,473</u>
Total of funds	<u>6,340,787</u>	<u>3,074,756</u>	<u>(2,575,263)</u>	<u>-</u>	<u>(6,000)</u>	<u>6,834,280</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Other DfE / EFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education for pupils from a disadvantaged background.

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**22. STATEMENT OF FUNDS (continued)**

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with providing the necessary support for the pupils education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £6,000 actuarial increase in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	148,356	94,744	(97,293)	(10,000)	-	135,807
Restricted funds	(353,621)	2,503,998	(2,298,630)	(154,213)	(6,000)	(308,466)
Restricted fixed asset funds	6,546,052	476,014	(179,340)	164,213	-	7,006,939
	<u>6,340,787</u>	<u>3,074,756</u>	<u>(2,575,263)</u>	<u>-</u>	<u>(6,000)</u>	<u>6,834,280</u>

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**23. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	7,006,939	7,006,939	6,541,463
Current assets	135,807	271,335	-	407,142	502,340
Creditors due within one year	-	(205,801)	-	(205,801)	(364,016)
Provisions for liabilities and charges	-	(374,000)	-	(374,000)	(339,000)
	<u>135,807</u>	<u>(308,466)</u>	<u>7,006,939</u>	<u>6,834,280</u>	<u>6,340,787</u>

**24. NET CASH FLOW FROM OPERATING ACTIVITIES**

	Continuing £	Discontinued £	2015 Total £	2014 £
Net incoming resources before revaluations	499,493	-	499,493	2,999,155
Returns on investments and servicing of finance	(504)	-	(504)	(397)
Transfer from predecessor school	-	-	-	(2,739,000)
Depreciation of tangible fixed assets	179,340	-	179,340	-
Capital grants from DfE	(11,014)	-	(11,014)	(12,049)
Decrease in debtors	28,227	-	28,227	31,892
(Decrease)/increase in creditors	(158,216)	-	(158,216)	294,644
FRS 17 adjustments	29,000	-	29,000	7,000
<b>Net cash inflow from operations</b>			<u>566,326</u>	<u>581,245</u>

**25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>504</u>	<u>397</u>

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**25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(644,816)	(524,400)
Capital grants from DfE	11,014	12,049
<b>Net cash outflow capital expenditure</b>	<u>(633,802)</u>	<u>(512,351)</u>

**26. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	434,365	(66,972)	-	367,393
<b>Net funds</b>	<u>434,365</u>	<u>(66,972)</u>	<u>-</u>	<u>367,393</u>

**27. CONTINGENT LIABILITIES**

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

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

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

**28. CAPITAL COMMITMENTS**

At 31 August 2015 the Academy had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>465,000</u>

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**29. PENSION COMMITMENTS**

The Academy'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 Bedford Borough Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS 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.

**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.

The Teachers' Pensions Regulations require an annual 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**

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

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

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.

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**29. PENSION COMMITMENTS (continued)**

**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 up to three and a half years 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 have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £92,000, of which employer's contributions totalled £72,000 and employees' contributions totalled £20,000. The agreed contribution rates for future years are 19% for employers and 5.5% up to 12.5% 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.

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**29. PENSION COMMITMENTS (continued)**

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

	<b>Expected return at 31 August 2015 %</b>	<b>Fair value at 31 August 2015 £</b>	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £</b>
Equities	3.80	482,000	6.30	424,000
Bonds	3.80	130,000	3.30	117,000
Property	3.80	79,000	4.50	55,000
Cash	3.80	29,000	3.30	18,000
Total market value of assets		<u>720,000</u>		<u>614,000</u>
Present value of scheme liabilities		<u>(1,094,000)</u>		<u>(953,000)</u>
Deficit in the scheme		<u><u>(374,000)</u></u>		<u><u>(339,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	<b>2015 £</b>	<b>2014 £</b>
Present value of funded obligations	(1,094,000)	(953,000)
Fair value of scheme assets	<u>720,000</u>	<u>614,000</u>
Net liability	<u><u>(374,000)</u></u>	<u><u>(339,000)</u></u>

The amounts recognised in the Statement of financial activities are as follows:

	<b>2015 £</b>	<b>2014 £</b>
Current service cost	(100,000)	(77,000)
Interest on obligation	(37,000)	(35,000)
Expected return on scheme assets	<u>36,000</u>	<u>29,000</u>
Total	<u><u>(101,000)</u></u>	<u><u>(83,000)</u></u>

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**29. PENSION COMMITMENTS (continued)**

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

	2015 £	2014 £
Opening defined benefit obligation	953,000	722,000
Current service cost	100,000	77,000
Interest cost	37,000	35,000
Contributions by employees	20,000	18,000
Actuarial (Gains)/losses	(15,000)	102,000
Benefits paid	(1,000)	(1,000)
	<u>1,094,000</u>	<u>953,000</u>
Closing defined benefit obligation	<u>1,094,000</u>	<u>953,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	614,000	445,000
Expected return on assets	36,000	29,000
Actuarial gains and (losses)	(21,000)	47,000
Contributions by employer	72,000	76,000
Contributions by employees	20,000	18,000
Benefits paid	(1,000)	(1,000)
	<u>720,000</u>	<u>614,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £134,000 (2014-£128,000).

The Academy expects to contribute £75,000 to its defined benefit pension scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	67.00 %	69.00 %
Bonds	18.00 %	19.00 %
Property	11.00 %	9.00 %
Cash	4.00 %	3.00 %

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

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Expected return on scheme assets at 31 August	3.80 %	5.40 %
Rate of increase in salaries	3.60 %	3.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %



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**29. 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:

	2015	2014
Retiring today		
Males	22.4	22.4
Females	24.3	24.3
Retiring in 20 years		
Males	24.4	24.4
Females	26.8	26.8

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £
Defined benefit obligation	(1,094,000)	(953,000)	(722,000)
Scheme assets	720,000	614,000	445,000
Deficit	(374,000)	(339,000)	(277,000)
Experience adjustments on scheme liabilities	15,000	(102,000)	(88,000)
Experience adjustments on scheme assets	(21,000)	47,000	15,000

**Sensitivity Analysis**

	Approx. % increase to employer liability %	Approx. monetary amount £
0.5% decrease in the real discount rate	14	152,000
1 year increase in member life expectancy	3	33,000
0.5% increase in the salary increase rate	7	80,000
0.5% increase in the pension increase rate	6	66,000

**30. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy'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 a governors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

During the year the Academy did not enter into any such transactions.

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**31. CONTROLLING PARTY**

The Governors as a body have ultimate control of the Academy.