

# **NEW ACADEMIES TRUST**

(a company limited by guarantee)

**Report and Financial Statements  
For the Period  
26 October 2012 - 31 August 2013**



**Company Number: 08270694**



# New Academies Trust

Financial Statements for the Period Ended 31 August 2013

---

## CONTENTS

	<b>Page</b>
Reference and Administrative Details	1
Trustees' Report	2
Governance Statement	6
Statement on Regularity, Propriety and Governance	9
Statement of Trustee's Responsibilities	10
Independent Auditor's Report on the Financial Statements	11
Statement of Financial Activities incorporating Income and Expenditure Account	13
Balance Sheet	14
Cash Flow Statement	15
Notes to the Financial Statements, incorporating	
Statement of Accounting Policies	16
Other Notes to the Financial Statements	19
Independent Auditors Report on Regularity	34

---

# New Academies Trust

## Reference and Administrative Details

---

### Trustees

Dr R C Nicol – Chair (appointed 05/02/13)  
Prof D J Muller  
R E Fern  
A G H Fell  
M A Gleave (appointed 05/02/13)  
C P Bushby (appointed 02/09/13)  
J Bicknell (resigned 21/02/13)  
D Parsons (resigned 15/08/13)  
A Keable (resigned 12/11/12)

The Finance and Employment committee is formed of local governing body members. The Audit Committee of the Trust was constituted on 12 December 2013.

### Company Secretary

M J Harnden (appointed 05/02/13)

### Senior Management Team

Principal  
Deputy Principal  
Director of Learning  
Director of Learning  
Director of Learning  
Director of Learning  
Director of Business Services

A G H Fell  
J Daniels  
K Greenwood  
K Howes  
A Cleary  
T Stannard  
A Weatherby

### Principal and Registered Office

Suffolk New College  
Rope Walk  
Ipswich  
Suffolk  
IP4 1LT

### Company Registration Number

08270694 – England & Wales

### Independent Auditor

Baker Tilly UK Audit LLP  
Abbotsgate House  
Hollow Road  
Bury St Edmunds  
Suffolk  
IP32 7FA

### Bankers

Lloyds Bank plc  
Cornhill  
Ipswich  
Suffolk  
IP1 1DG

### Solicitors

Gotelee Solicitors  
31 – 41 Elm Street  
Ipswich  
Suffolk  
IP1 2AY

# New Academies Trust

## Trustees' Report

---

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 26 October 2012 to 31 August 2013

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

#### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of New Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as New Academies Trust.

With effect from 1 February 2013, the academy traded as Suffolk New Academy.

Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1.

#### **Member's 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 amounts as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

#### **Trustees' Indemnities**

Throughout the period Professional Indemnity Insurance, Governors and Trustee's Liability Insurance and Fidelity Guarantee Insurance was in place.

#### **Principal Activities**

The principal activities of New Academies Trust (NAT) are to enhance for public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum and also to promote the provision of recreation and leisure facilities for the inhabitants of Ipswich and the surrounding area.

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

As Directors of the Company, Trustees are appointed in line with the Articles of Association of the Company. The Trust is entitled to appoint any number of Trustees, with no maximum. As a minimum, the Trust is required to have the Principal of the Sponsor, the academy Principals, the Chair of the local governing bodies, and up to 10 Directors appointed by the Sponsor.

The Trustees bring a range of experience in education and in the management of charitable companies. In searching for any future requirements for Trustees these qualities will be key aspects of the selection process.

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

There are no formal training and induction plans in place, as all trustees are experienced members of the local community.

All academy governors are subject to a thorough induction programme, which includes familiarisation with the school, its ethos and its principles.

# New Academies Trust

## Trustees' Report

---

### **Organisational Structure**

The Trust is overseen by a board of trustees which is separate to the Local Governing Bodies of all academies controlled by it. Certain decisions are reserved by the Board of Trustees, whereas other elements are delegated to the Local Governing Body, or the Principal of the academy concerned.

The Trust is required to approve the capital and annual revenue budgets, but delegates control of them down to Local Governing Bodies, who in turn delegate day-to-day control of down to the local Principals to the limit of £25,000.

All other powers are reserved by the Trust.

### **Risk Management**

In the run up to conversion, the Trust had a detailed risk register, which was maintained by the project lead consultants. There were no risks outstanding at the period end.

The on-going risk register is still being developed, and will be reviewed in the new year, via the Trust's newly constituted Audit Committee.

### **Connected Organisations including Related Party Relationships**

The sponsor of the academy provides a number of services to the Trust, which are supplied at cost, and are needed to support the Trust's charitable activities. These services are Human Resources support, Finance support, IT support, Facilities support (including cleaning), and Health and Safety support.

### **Objectives and Activities**

#### **Objects and Aims**

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

To promote for the benefit of the inhabitants of Ipswich and the surrounding area, the provision of facilities for recreation or other leisure time occupation of individuals who have needs of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

#### **Objectives, Strategies and Activities**

The main objectives for the Trust this period were to successfully convert its first academy, and to work towards achieving growth in the academic performance.

Chantry High School converted to academy status on 1 February 2013, and is now operating successfully as an academy, and operated at a surplus for the period 1 February to 31 August. Plans are well under way to see a 12% improvement in the number of students gaining 5 A\*-C at GCSE, including both Maths and English.

The academy benefits through being a member of the academy trust, as it can draw upon the expertise that the sponsor has within its staff, such as Accounting, Human Resources, IT, and Facilities Management expertise, rather than directly employing these people at greater expense than it bears through the SLA.

# New Academies Trust

## Trustees' Report

---

### Public Benefit

The trustees have complied with their duty to have due regard to exercising their powers to ensure that the Trust complies to Charity Commission guidance on public benefit in regards to its charitable activities

Suffolk New Academy continues to provide high quality education to its students. In addition, the Academy has a thriving community sports offer (Body & Mind) which offers a wide range of activities

### Achievements and Performance

The conversion of the former Chantry High School to Suffolk New Academy within New Academies Trust was effective from 1 Feb 2013. The Trust is setting clear priorities going forwards to improve the quality of teaching and learning, developing progression pathways to improve post-16 progression and to address the falling roll, and grow recruitment

### Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies

### Financial Review

The Academy Trust is in a sound financial position with a substantial proportion of its funding coming from the Education Funding Agency and the Local Authority. To a large extent, government funding is driven by the number of students on roll. We have been subject to a falling roll over the past year however this is immaterial and the Trustees are confident that, with careful management and a robust system of internal control that it will be able to meet its costs and the objectives of the Trust as a whole

During the period to 31 August, GAG income exceeded recurrent educational expenditure by £280,000, and this balance will be carried forward to spend in the coming year

### Financial and Risk Management Objectives and Policies

The Academy Trust is currently working on putting together a comprehensive formal risk register, which will be reviewed by the Audit Committee

The Local Government Pension Scheme is a substantial liability, however, assurance has been gained from central government that this would be underwritten should the Academy Trust be unable to fulfil its obligations in this matter

# New Academies Trust

## Trustees' Report

---

### Principal Risks and Uncertainties

The Government is currently working towards a national funding formula for education. This will have a significant impact for some schools however, as yet, we do not have sufficient information to assess what the impact will be for us as an individual Academy. We are therefore, working with local secondary schools to ensure that we share information as soon as it is available so that we can react accordingly.

Cash flow is monitored regularly and due to the funding arrangements in place, we do not expect to encounter any significant problems.

### Reserves Policy

The Academy Trust does not have a defined reserves policy at this stage, however one will be in place by this time next year.

The level of "free" resources at 31 August was £1,125,000.

### Investment Policy

The Trust has published a Treasury Management Policy which sets out how surplus funds are to be invested. Its primary aim is to ensure that any surplus funds are invested prudently to seek to achieve a good return whilst ensuring above all else that the need to protect the capital sum.

The Trust has one deposit with Lloyds Bank, who is the main clearing bank for the Suffolk New Academy.

### Plans for Future Periods

It is the Trust's plan to grow the numbers of academies that it works with, and plans are afoot to bring one more in during the next financial year.

### Auditor

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

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees has confirmed they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Insofar as the trustees are aware:

- there is no relevant audit 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.

Approved by order of the board of trustees on 18 December 2013 and signed on its behalf by



Dr R C Nicol  
Chair of Trustees



# New Academies Trust

## Governance Statement

---

### Scope of Responsibility

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

The board of trustees has delegated the day to day responsibilities to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between New Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees and material weaknesses of breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met seven times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dr R C Nichol (Chair)	3	3
D J Muller	7	7
M A Gleave	4	4
R E Fern	7	7
A G H Fell	7	7
J Bicknell	1	4
D Parsons	6	7

The format of the Academy Trust should now settle down following various changes during the period. Dr R C Nicol was formally appointed as Chair at the Trust's September 2013 meeting, and Professor D J Muller was formally appointed as Chief Executive and therefore accounting officer at the same time.

The Academy Trust has appointed an audit committee, which held its first meeting on 12 December 2013. This meeting considered the recommendations of the auditors and recommended the accounts be signed by the full board.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in New Academies Trust for the period 26 October 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

# New Academies Trust

## Governance Statement

---

### 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 an on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 26 October 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

### The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budgeted and periodic financial reports which are reviewed and agreed by the board of trustees,
- regular reviews by the finance and employment, and audit committees 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,

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 Baker Tilly, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On an annual basis, the auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The auditor has not undertaken any work to date, due to a lack of a risk register, and has therefore not been able to comment on any findings. They will be tasked with completing this work Spring 2014.

# New Academies Trust

## Governance Statement

---

### Review of Effectiveness

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

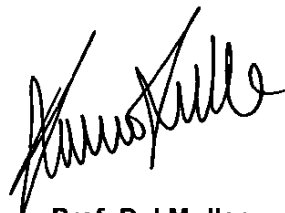
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Board of Trustees on 18 December 2013 and signed on its behalf by



**Dr R C Nicol**  
Chair of Trustees



**Prof D J Muller**  
Accounting Officer

# New Academies Trust

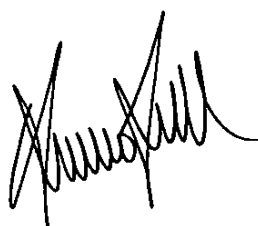
## Statement on Regularity, Propriety and Compliance

---

As Accounting Officer of New Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of any 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 board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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



**Prof D J Muller**  
Accounting Officer  
18 December 2013

# New Academies Trust

## Statement of Trustees' Responsibilities

---

The trustees (who act as governors of New Academies Trust 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 Academies Accounts Direction 2013 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and 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 directors 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 the financial statements may differ from legislation in other jurisdictions.

Approved by order of the directors on 18 December 2013 and signed on its behalf by



**Dr R C Nicol**  
Chair of Trustees

# New Academies Trust

## Independent Auditor's Report on the Financial Statements to the Board of Trustees of New Academies Trust

---

We have audited the financial statements of New Academies Trust for the period ended 31 August 2013 on pages 12 to 33. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 10, the trustees (who act as trustees for the charitable activities of the company) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

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

### **Opinion on other requirement of the Companies Act 2006**

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

# New Academies Trust

## Independent Auditor's Report on the Financial Statements to the Board of Trustees of New Academies Trust

---

### Matters on which we are required to report by exception

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

- the charity has not kept adequate accounting reports, 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

*Baker Tilly UK Audit LLP*

### Claire Sutherland (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
Abbotsgate House  
Hollow Road  
Bury St Edmunds  
Suffolk  
IP32 7FA

*20 December 2013*

# New Academies Trust

Statement of Financial Activities for the Period 26 October 2012 to 31 August 2013  
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2013 £000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	1	-	-	1
Voluntary income - transfer from local authority on conversion	3	1,088	(591)	7,956	8,453
Activities for generating funds	5	104	-	-	104
Investment income	4	1	-	-	1
<i>Incoming resources from charitable activities</i>					
Funding for the academy trust's educational operations	6	11	3,102	-	3,113
<b>Total Incoming Resources</b>		<u>1,205</u>	<u>2,511</u>	<u>7,956</u>	<u>11,672</u>
<b>Resources expended</b>					
<i>Cost of generating funds</i>					
Costs of activities for generating funds	7	63	-	-	63
<i>Charitable activities</i>					
Academy trust educational operations	8	17	2,753	1,657	4,427
Governance costs	9	-	61	-	61
<b>Total Resources Expended</b>		<u>80</u>	<u>2,814</u>	<u>1,657</u>	<u>4,551</u>
<b>Net incoming / (outgoing) resources before transfers</b>		1,125	(303)	6,299	7,121
Gross transfers between funds	17	-	-	-	-
Actuarial losses on defined benefit schemes		-	(20)	-	(20)
<b>Net movement in funds</b>		<u>1,125</u>	<u>(323)</u>	<u>6,299</u>	<u>7,101</u>
Total funds as at 31 August 2012		-	-	-	-
<b>Total funds as at 31 August 2013</b>	17	<u>1,125</u>	<u>(323)</u>	<u>6,299</u>	<u>7,101</u>

All of the Academy Trust's activities derive from operations acquired in the current period

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



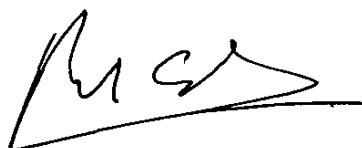
# New Academies Trust

## Balance Sheet as at 31 August 2013

Company Number 08270694

	Note	2013 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	13		6,299
<b>Current assets</b>			
Debtors	14	233	
Cash at bank and in hand		<u>1,737</u>	
		1,970	
<b>Liabilities</b>			
Creditors Amounts falling due within one year	15	<u>(448)</u>	
<b>Net current assets</b>			<u>1,522</u>
Less Creditors amounts falling due after more than one year	16		(66)
<b>Total assets less current liabilities</b>			7,755
Pension scheme liability	25		<u>(654)</u>
<b>Net assets including pension liability</b>			<u>7,101</u>
<b>Funds of the academy trust</b>			
<b>Restricted income funds</b>			
- Fixed asset fund	17		6,299
- General fund	17		<u>331</u>
Restricted funds excluding pension reserve			6,630
Pension reserve	17		(654)
<b>Total restricted funds</b>			5,976
<b>Total unrestricted funds</b>	17		<u>1,125</u>
<b>Total funds</b>			<u>7,101</u>

The financial statements on pages 12 to 33 were approved by the directors and authorised for issue on 18 December 2013 and are signed on their behalf by



**Dr R C Nicol**  
Chair of Trustees

# New Academies Trust

## Cash Flow Statement for the period ended 31 August 2013

	Notes	2013 £000
<b>Net cash flow from operating activities</b>	20	<b>523</b>
Returns on investments and servicing of finance	21	(18)
Cash transferred on conversion to an academy trust	22	1,232
		<hr/>
<b>Increase/(Decrease) in cash in the period</b>	<b>23</b>	<b><u>1,737</u></b>
 <b>Reconciliation of net cash flow to movement in net funds</b>		<b>£000</b>
Net funds at 26 October		-
Increase in cash in the period		1,737
Cash outflow from change in funds		19
Debt acquired on conversion		<u>(104)</u>
		<hr/>
<b>Movement in net funds</b>		<b>1,652</b>
Net debt at 26 October 2012		-
		<hr/>
<b>Net funds at 31 August</b>	<b>23</b>	<b><u>1,652</u></b>

All of the cash flows derive from operations acquired in the current financial period

# New Academies Trust

## Accounting Policies

---

### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies Accounts Direction 2013 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

### **Going Concern**

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

### **Incoming resources**

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

### **Grants receivable**

Grant income is 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.

The general annual grant ('the GAG') from the EFA, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities to the extent of entitlement of the funds.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

### **Donations**

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

### **Other income**

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

### **Interest receivable**

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

### **Resources expended**

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

Charitable activities are costs incurred on the Academy Trust's educational operations.

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

# New Academies Trust

## Accounting Policies

---

All resources expended are inclusive of irrecoverable VAT

### Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Governors

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

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

### Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy

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

Leasehold buildings	2 years 7 months straight line *
Motor Vehicles	3 years straight line (on conversion)
Other Furniture and Equipment	5 years straight line **

\* This is down to timing of when Suffolk New Academy is due to be completely rebuilt with funding from the EFA

\*\* This date is stated when the asset is new, applied pro-rate on conversion

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 that carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities

### Taxation

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

### Leased assets

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

# New Academies Trust

## Accounting Policies

---

### **Pensions benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Second Pension ('S2P'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

### **Conversion to an Academy Trust**

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

The assets and liabilities transferred on conversion from the maintained school, Chantry High School, to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for New Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the Statement of Financial Activities. Further details of the transaction are set out in note 26.

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 2 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Fund £000	Total 2013 £000
Other donations	1	-	-	1
	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>

## 3 Voluntary Income - transfer from local authority on conversion

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Fund £000	Total 2013 £000
Transfer of leasehold land and buildings	-	-	7,930	7,930
Transfer of other fixed assets	-	-	26	26
Transfer of cash at bank	1,192	40	-	1,232
Salix loans transferred	(104)	-	-	(104)
LGPS pension deficit	-	(631)	-	(631)
	<u>1,088</u>	<u>(591)</u>	<u>7,956</u>	<u>8,453</u>

## 4 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Fund £000	Total 2013 £000
Short term deposits	1	-	-	1
	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>

## 5 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Fund £000	Total 2013 £000
Hire of facilities	98	-	-	98
Other income	6	-	-	6
	<u>104</u>	<u>-</u>	<u>-</u>	<u>104</u>

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 6 Funding for Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000
<b>DfE / EFA Grants</b>			
- General annual grant (GAG)	-	2,601	2,601
- Start Up Grants	-	157	157
- Capital Grants	-	16	16
- Pupil Premium	-	174	174
- Other DfE / EFA grants	-	105	105
	-	3,053	3,053
<b>Other Government Grants</b>			
- Local authority grants	-	17	17
- Other grants	-	32	32
	-	49	49
<b>Other Income</b>			
- Income from trips and visits	10	-	10
- Exam re-sit fees	-	-	-
- Other income	1	-	1
	11	-	11
	11	3,102	3,113

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 7 Resources Expended

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2013 £000
Costs of generating voluntary income	-	-	-	-
Costs of activities for generating funds	43	10	10	63
Academy's educational operations				
- Direct costs	1,839	-	153	1,992
- Allocated support costs	160	203	2,072	2,435
	<u>2,042</u>	<u>213</u>	<u>2,235</u>	<u>4,490</u>
Governance costs including associated support costs	-	-	61	61
	<u>2,042</u>	<u>213</u>	<u>2,296</u>	<u>4,551</u>

Net incoming resources for the year are stated after charging

	2013 £000
Operating leases	8
Fees payable to auditor	
- audit	11
- other services	<u>1</u>



# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 8 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Fund £000	Total 2013 £000
<b>Direct costs</b>				
Teaching and education support staff costs	-	1,710	-	1,710
Agency staff costs	-	129	-	129
Technology costs	-	-	-	-
Educational supplies	-	65	-	65
Examination fees	-	42	-	42
Staff development	-	12	-	12
Educational consultancy	-	14	-	14
Other direct costs	17	3	-	20
	<u>17</u>	<u>1,975</u>	<u>-</u>	<u>1,992</u>
<b>Allocated Support Costs</b>				
Support staff costs	-	160	-	160
Depreciation	-	-	1,657	1,657
Technology costs	-	54	-	54
Recruitment and support	-	8	-	8
Maintenance of premises	-	67	-	67
Cleaning	-	4	-	4
Rent and rates	-	18	-	18
Energy costs	-	56	-	56
Insurance	-	49	-	49
Security and transport	-	1	-	1
Catering	-	50	-	50
Bank interest and charges	-	-	-	-
FRS17 financing cost	-	11	-	11
Other support costs	-	300	-	300
	<u>-</u>	<u>778</u>	<u>1,657</u>	<u>2,435</u>
	<u>17</u>	<u>2,753</u>	<u>1,657</u>	<u>4,427</u>

## 9 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Fund £000	Total 2013 £000
Legal and professional fees	-	49	-	49
Auditors remuneration				
- Audit of financial statements	-	8	-	8
- Other audit costs	-	4	-	4
	<u>-</u>	<u>61</u>	<u>-</u>	<u>61</u>

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 10 Staff Costs

	2013 £000
Staff costs during the period were	
Wages and salaries	1,580
Social security costs	105
Pension costs (including FRS17 adjustments of £8,000 credit)	228
	<u>1,913</u>
Agency supply teacher payments	129
Compensation payments	-
	<u>2,042</u>

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

	2013 No
Teachers	41
Administration and support	43
Management	7
	<u>91</u>

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

	2013 No
£60,001 - £70,000	3
£70,001 - £80,000	1
£80,001 - £90,000	-
£90,001 - £100,000	1

5 of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £25,330.

## 11 Related Party Transactions - Trustees' Remuneration & Expenses

The Principal only receives remuneration in respect to the service that they provide undertaking the role of Principal, and not in respect of their services as a Trustee. Other trustees did not receive any payments other than expenses, from the academy trust in respect of their role as trustees. The value of Trustees' remuneration was as follows:

The value of the Principal's remuneration was £47,972, in the period. The Principal is accruing retirement benefits under the Teachers Pension Scheme and contributions paid in the period amounted to £6,764.

During the period ended 31 August 2013, travel and subsistence expenses totalling £nil were reimbursed to nil trustees.

Other related party transactions involving the trustees are set out in note 27.

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 12 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim.

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

## 13 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>				
Transfer on conversion	7,930	22	4	7,956
At 31 August 2013	<u>7,930</u>	<u>22</u>	<u>4</u>	<u>7,956</u>
<b>Depreciation</b>				
Charged in year	1,650	6	1	1,657
At 31 August 2013	<u>1,650</u>	<u>6</u>	<u>1</u>	<u>1,657</u>
<b>Net book values</b>				
As at 31 August 2013	<u><u>6,280</u></u>	<u><u>16</u></u>	<u><u>3</u></u>	<u><u>6,299</u></u>

Upon conversion to an Academy Trust, leasehold land and buildings were transferred from the predecessor state maintained school on a depreciated replacement cost basis. The leasehold land and buildings were valued on 31 March 2013 by G Tyerman MRCIS at £7,930,000.

In addition to the above, furniture and equipment and motor vehicles of £22,000 and £4,000 respectively were transferred from the predecessor state maintained school at the Trustees' best estimate of market value.

## 14 Debtors

	2013 £000
Trade debtors	11
VAT recoverable	104
Prepayments and accrued income	118
	<u>233</u>

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 15 Creditors Amounts falling due within one year

	2013 £000
Trade creditors	46
Taxation and social security	61
Other creditors	56
Accruals	197
Deferred income	69
Salix Loans	19
	<u>448</u>
<b>Deferred Income</b>	
Resources deferred in the period	69
Amounts released from previous years	-
Deferred income at 31 August	<u>69</u>

## 16 Creditors Amounts falling due after more than one year

	2013 £000
Salix loans	66
	<u>66</u>
<b>Salix loans are repayable as follows</b>	
Between one and two years	19
Between one and two years	47
In five years or more	-
	<u>66</u>

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 17 Funds

	Balance at 1 February 2013 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2013 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	2,601	(2,321)	-	280
Start up grant	-	157	(157)	-	-
Pupil Premium	-	174	(174)	-	-
Devolved formula capital Grant	-	16	-	-	16
Other DfE / EFA grants	-	105	(105)	-	-
Other government grants	-	49	(49)	-	-
Activities for All	-	40	(5)	-	35
	-	3,142	(2,811)	-	331
Pension reserve	-	(631)	(3)	(20)	(654)
	-	2,511	(2,814)	(20)	(323)
<b>Restricted fixed asset funds</b>					
Amounts transferred from LA upon conversion	-	7,956	(1,657)	-	6,299
	-	7,956	(1,657)	-	6,299
<b>Total restricted funds</b>	-	10,467	(4,471)	(20)	5,976
<b>Unrestricted funds</b>					
Unrestricted funds	-	1,205	(80)	-	1,125
<b>Total unrestricted funds</b>	-	1,205	(80)	-	1,125
<b>Total funds</b>	-	11,672	(4,551)	(20)	7,101

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 August 2013.

The Pension reserve represents the Academy's net liability in respect of the Local Government Pension Scheme.

The Pupil Premium income represents an additional grant to support those students on free school meals and who are from service families. Costs incurred for this purpose, such as additional teaching and support staff expenses, have been set off against this income.

Other DfE/EFA grants, including Start-up grant and devolved formula capital grant, represents funding received from the Department for Education or Education Funding Agency for a particular purpose. Relevant costs have been offset against this income.

Other government grants represents funding received from non-DfE/EFA governmental bodies for a particular purpose. Relevant costs have been offset against this income.

Assets transferred from LA on conversion of £7,956k represent the leasehold land and buildings and other assets transferred from the predecessor school upon becoming an academy. Expenditure during the year of £1,657k is in respect of depreciation on these transferred assets.

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 18 Analysis of Net Assets between Funds

Fund balances at 31 August 2013 are represented by

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	6,299	6,299
Net current assets	1,191	331	-	1,522
Long-term liabilities	(66)	-	-	(66)
Pension scheme liability	-	(654)	-	(654)
<b>Total net assets</b>	<b>1,125</b>	<b>(323)</b>	<b>6,299</b>	<b>7,101</b>

## 19 Financial Commitments

### Operating Leases

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

	2013 £000
<b>Other</b>	
Expiring within one year	5
Expiring within two and five years inclusive	10
Expiring in over five years	1
	<b>16</b>

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 20 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2013 £000
Net income	7,121
Cash transferred on conversion	(1,232)
Depreciation (note 15)	1,657
Fixed assets transferred on conversion	(7,956)
Deficit on LGPS fund transferred	631
Interest receivable (note 4)	(1)
FRS 17 cost less contributions payable (note 25)	(8)
FRS 17 pension finance income (note 25)	11
(Increase) / Decrease in debtors	(233)
Increase / (Decrease) in creditors	429
Salix loans transferred on conversion	104
<b>Net Cash Inflow from Operating Activities</b>	<b>523</b>

## 21 Returns of Investments and Servicing of Finance

Interest received	1
Salix loans repaid	(19)
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>(18)</b>

## 22 Cash Transferred on Conversion to an Academy

Cash transferred on conversion	1,232
	<b>1,232</b>

## 23 Analysis of Changes in Net Funds

	At 26 October 2012 £000	Cash Flows £000	Other Changes £000	At 31 August 2013 £000
Cash at bank and in hand	-	1,737		1,737
Debt due within one year	-	(19)		(19)
Debt due after one year	-		(66)	(66)
	<b>-</b>	<b>1,718</b>	<b>(66)</b>	<b>1,652</b>

# New Academies Trust

## Notes to the Financial Statements for the period ended 31 August 2013

---

### 24 Member's Liability

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

### 25 Pension and Similar Obligations

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

As described in note 26, the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to and did join the Scheme in the year/period The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date

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

Contributions amounting to £51,293 (2012 nil) were payable to the schemes at 31 August and are included within creditors

#### Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010 Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

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

#### Valuation of the Teachers' Pensions Scheme

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



# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

---

## 25 Pension and Similar Obligations (continued)

### Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

### Employer and employee contribution rates

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

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

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

The pension costs paid to TPS in the year amounted to £140,845.

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

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

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

---

## 25 Pension and Similar Obligations (continued)

### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £120,000 of which employer's contributions totalled £95,000 and employees' contributions totalled £25,000. The agreed contribution rates for future years are 21.3% for employers and for employees the rate is in the range of 5.5% to 7.5% depending on salary level.

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

### Principal Actuarial Assumptions

**31 August 2013**  
**% pa**

Rate of increase in salaries	5.10%
Rate of increase for pensions in payment	2.80%
Discount rate	4.60%
Expected return on Assets	5.90%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

**at 31 August**  
**2013**

#### *Current pensioners*

Males	21.40
Females	23.30

#### *Future pensioners*

Males	23.70
Females	25.70

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 25 Pension and Similar Obligations (continued)

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

	Expected return at 31 August 2013	Fair Value at 31 August 2013
		£000
Equities	6.70%	765
Bonds	4.10%	233
Property	4.70%	100
Cash	3.60%	11
<b>Total market value of assets</b>		<b>1,109</b>
Present value of scheme liabilities		
- Funded		(1,763)
<b>Deficit in the scheme</b>		<b>(654)</b>

The actual return on scheme assets was £49,000

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period

### Amounts recognised in the statement of financial activities

	2013 £000
Current service cost	87
<b>Total operating charge</b>	<b>87</b>

### Analysis of pension finance costs

	2013 £000
Expected return on pension scheme assets	27
Interest on pension liabilities	(38)
<b>Pension finance costs</b>	<b>(11)</b>

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

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is £20,000

# New Academies Trust

Notes to the Financial Statements for the period ended 31 August 2013

## 25 Pension and Similar Obligations (continued)

Movements in the present value of defined benefit obligations were	2013 £000
Transfer of scheme obligations	1,571
Current Service Cost	87
Interest Cost	38
Employee Contributions	25
Actuarial Losses	42

At 31 August 2013	<u><u>1,763</u></u>
-------------------	---------------------

### Movements in the fair value of Academy Trust's share of scheme

Transfer of scheme assets	940
Employer Contributions	95
Employee Contributions	25
Expected Return on Assets	27
Actuarial Gains	22

At 31 August 2013	<u><u>1,109</u></u>
-------------------	---------------------

The estimated value of employer contributions for year ended 31 August 2014 is £ 156,000

### The five-year history of experience adjustments is as follows

Present value of defined benefit obligations	(1,763)
Fair value of scheme assets	1,109

<b>Deficit in the scheme</b>	<u><u>(654)</u></u>
------------------------------	---------------------

Experience adjustments on scheme assets	<u><u>22</u></u>
---	------------------

Experience adjustments on scheme liabilities	<u><u>42</u></u>
--	------------------

## 26 Related Party Transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arms length and in accordance with the academy trust's financial regulations and normal procurement procedures.

New Academies Trust is sponsored by Suffolk New College of which Suffolk New Academy is currently the only member. A number of the Members of the Corporation and Senior Post-holders are involved as either Governors of the Academy or Members of the Academy Trust. During the year the Academy purchased services to the value of £254,795 and provided Services to the value of £1,000.

At the year end Suffolk New Academy owed Suffolk New College £30,676