

ST JOHN'S CHURCH OF ENGLAND MIDDLE SCHOOL ACADEMY

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Period ended 31 August 2014

Company Registration Number:

08355037(England and Wales)



REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISORS FOR THE PERIOD ENDED 31 AUGUST 2014

GOVERNORS AND DIRECTORS

R Shorter
A James (resigned 30 September 2014)
C Ashman (resigned 30 September 2014)
R Sumner
R Powell
C Spencer
P Andrews
P Norris
J Vicary (resigned 17 November 2014)
V Clarke
S Reece-Mills (resigned 30 September 2014)
A Lee
D Matharu
M Ireland
A Elwell-Thomas
B Dunn (resigned 31 August 2014)
K Baxter
W Taylor, (Governor only)
B Allbut

MEMBERS

R Shorter
A James, (resigned 30 September 2014)
C Ashman, (resigned 30 September 2014)
B Allbut

COMPANY SECRETARY

J Perrey

SENIOR MANAGEMENT TEAM

W Taylor – Headteacher and Accounting Officer
B Dunn and M Ireland – Deputy Headteachers
J Perrey – Office Manager
K Baxter – Finance Manager

COMPANY REGISTERED NUMBER

08355037

REGISTERED OFFICE

St. John's Church of England Middle School Academy
Watt Close
Bromsgrove
Worcestershire
B61 7DH

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISORS FOR THE PERIOD ENDED 31 AUGUST 2014 *(continued)*

AUDITORS

Curo Professional Services Limited
Curo House
Greenbox
Westonhall Road
Stoke Prior
Bromsgrove
Worcestershire
B60 4AL

BANKERS

Lloyds Bank PLC
112, High Street
Bromsgrove
Worcestershire
B61 8EZ

ST. JOHN'S CHURCH OF ENGLAND MIDDLE SCHOOL ACADEMY

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Governors' Report

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company was set up by a memorandum and Articles of Association on 10 January 2013 which are the primary governing documents of the Academy.

The governors act as the trustees for the charitable activities of St. John's Church of England Middle School Academy and are also the directors of the Charitable Company for the purposes of company law.

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.

Principal Activities

The principal object of the Academy is 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 a school offering a broad curriculum with a strong emphasis on, but in no way limited to, creativity and expression.

Method of Recruitment and Appointment or Election of Governors

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

The Governors as at 31 August 2014 are listed on the Reference and Administration Details page of this document.

Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new Governors will depend on their existing experience. Where necessary induction and training will be provided on charity, educational, legal and financial matters. All new Governors will be given a tour of the Academy site and will be given the opportunity to meet with staff and students where appropriate. All Governors have access to policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two new Governors a year, induction will be done informally and will be tailored specifically to the individual governor.

Governors' Report *(continued)*

Organisational Structure

The management structure consists of four levels: the Governors, the Executive Leadership, the Senior Leadership and the Leadership. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Executive Leadership comprises the Head Teacher, Deputy Heads, Company Secretary and Director of Finance. The Executive Leadership control the Academy at a day to day level, implementing the policies laid down by the Governors and reporting back to them.

Risk Management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors are satisfied that systems and procedures are in place to mitigate the exposure to major risks and that the procedures are consistent with the guidelines issued by the Charity Commission.

Connected Organisations, including Related Party Relationships

St. John's Church of England, Bromsgrove, is a guarantor and the sponsor of St. John's Church of England Middle School Academy.

Objectives and Activities

Objects and Aims

The principal object and activity of the charitable company is the operation of St. John's Church of England Middle School Academy to provide education for pupils of different abilities between the ages of 9 and 13 with an emphasis on creativity and expression.

In accordance with the Funding Agreement made under section 482 of the Education Act 1996, as substituted by the Education Act 2002, between the Secretary of State for Children, Schools and Families and the Academy Trust, the Academy is governed by a governing body which exercises its powers and functions with a view to fulfilling a largely strategic role in the running of the school. The Funding Agreement specifies the admission arrangements, amongst other things, and that the curriculum, in substance, complies with statutory requirements.

Governors' Report *(continued)*

Objectives, Strategies and Activities

The main objectives of the Academy during the period ended 31 August 2014 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 and attainment 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 maintain close links with the community and the church, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

The Academy's main strategy is to raise standards of achievement through an unrelenting focus on continuous improvement in all aspects of the organisation. The core purpose of the Academy is teaching and learning. Its people and resources are constantly appraised by their contribution to the overall quality of teaching and learning and therefore the standards achieved by its students.

Key activities which support the main strategic purpose of the organisation are:

- robust quality assurance processes which are transparent and inform all subsequent actions,
- secure use of data and tracking to measure progress and inform actions and intervention,
- constant review of CPD and training opportunities for staff,
- a core structure which allows all staff and students to understand their role within the organisation and also to ensure that lines of accountability are clear.

Public Benefit

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the company's objectives and aims and in planning future activities for the period. The Governors consider that the company's aims are demonstrably to the public benefit.

Achievements and Performance

The Academy is in its first year of operation and the majority of indicators reveal an upward trend in performance and achievement. The school achieved 'outstanding' in 2012 and has sought to further increase the percentage of outstanding teaching through the development of ITE provision through school Direct.

The academy is one of the highest performing Middle schools in the Local Authority, exceeding national averages in all key performance targets.

Specifically, Key Stage 2 pupils of the Academy have excelled in recent SAT results, with the following results ranking amongst the highest in the LA:

Reading Level 4+	93%
Writing Level 4+ -	90%
Grammar, punctuation, spelling Level 4+	83%
Maths Level 4+	96%

Performance at level 5+ was also outstanding.

The school is a lead school for primary provision and a strategic partner with the High school for the delivery of KS3.

Governors' Report *(continued)*

In addition the Academy aims to continually improve facilities throughout the school, having completed a brand new state of the art music suite in 2014 and further investment in ICT equipment. Future refurbishment of classrooms is also planned to facilitate the growth in pupil intake for the 2014/15 academic year.

To ensure that standards are continually raised the Academy, the Governing Body and the Leadership Group:

- Operates a robust quality assurance through Performance Management which monitors the quality of teaching and learning;
- Is visited and scrutinised and supported by an independent Consultant Advisor and improvement partner; and
- Undertakes a rigorous and regular review of attainment using RAISEONLINE and FFT to benchmark the progress of students and SIMs to track individual and group performance throughout the year.

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 Statement of Accounting Policies.

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In the period under review, £17,000 (2013: £28,000) was carried forward representing 0.73% (2013: 2.17%) of GAG.

Staffing costs as a percentage of GAG is a key performance indicator. For the period under review this was 84% (2013 – 81%) which is in line with benchmarking.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2014 funding were 605, however it is anticipated that this number will increase. Pupil numbers for September and October 2014 were 622 which is showing an upward trend.

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.

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

During the period ended 31 August 2014, total expenditure of £2,565,000 (2013 - £1,330,000) was more than covered by recurrent grant funding from the EFA together with other incoming resources.

At 31 August 2014 the net book value of fixed assets was £4,482,000 (2013 - £4,372,000) as shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Financial and Risk Management Objectives and Policies

St. John's Church of England Middle School Academy uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Academy's operations.

Governors' Report *(continued)*

The existence of these financial instruments exposes the Academy to a number of financial risks which are described in more detail below.

The main risks arising from the financial instruments are liquidity risk and cash flow interest rate risk.

Liquidity Risk

The Academy manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for borrowing. Surplus cash is invested so as to maximise interest income

Interest rate risk

The Academy earns interest on cash deposits and with interest rates currently falling, the governors will take appropriate action to ensure that they maximise the income from these deposits.

The Academy is exposed to price risk in terms of government funding levels but is content that these are in line with those in the sector, and budget accordingly. Credit risk is managed through regular contact with funders. Liquidity and cash flow risks are managed through the appropriate and carefully managed use of financial instruments with our bankers.

Reserves Policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects and the nature of reserves. This applies particularly to the funds earmarked for future capital projects. The level of reserves will be kept under review by the Governors.

Plans for Future Periods

The Academy will continue striving to improve the levels of attainment and achievement of its students at all levels and will continue its efforts to ensure all students are secure in their next steps on leaving the Academy with regard to transfer to High School.

The Academy continuously strives to be at the forefront of innovation in education and we are perpetually revising our curriculum offer to suit the needs of our students. The Academy invests in alternative programmes of education which ensure that students with additional needs are as well supported and as successful as their peers.

As the Academy continues to go from strength to strength, we are better able to build partnerships with local schools. We have support and deliver differentiated programmes of study and interventions.

Auditor

In so far as the governors are aware:

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

The auditors, Curo Professional Services Limited, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the members of the Governing Body on 5th December 2014 and signed on its behalf by:

R Shorter

Chair



Governance Statement

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that St. John's Church of England Middle School 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 Head teacher, 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 St. John's Church of England Middle School Academy and the Secretary of State for Education. She is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The governing body has formally met 5 times during the period. Attendance during the period at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
R Shorter	5	5
A James	2	5
C Ashman	2	5
C Wingfield	2	5
R Sumner	4	5
R Powell	2	5
C Spencer	2	5
G Hargreaves	0	5
P Andrews	4	5
P Norris	2	5
J Vicary	3	5
V Clarke	3	5
S Reece-Mills	3	5
A Lee	1	5
C Cook	1	5
D Matharu	3	5
M Ireland	5	5
A Elwell-Thomas	4	5
B Dunn	5	5
K Baxter	4	5
B Allbut	4	5
W Taylor	5	5

The Finance Committee is a sub-committee of the main governing body. Its purpose is to oversee the financial systems, procedures and operations of the Trust. Attendance at meetings in the period was as follows:

Committee member	Meetings attended	Out of a possible
K Baxter	5	6
D Matharu	5	6
W Taylor	6	6
R Powell	3	6
C Ashman	5	6
A James	3	6
R Shorter	6	6

Governance Statement (*continued*)

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 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 St. John's Church of England Middle School Academy for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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:

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

Review of Effectiveness

As Accounting Officer, the Headteacher 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; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Governance Statement *(continued)*

Approved by order of the members of the Governing Body on 5th December 2014 and signed on its behalf by:

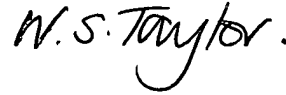
R Shorter

Chair



W Taylor

Accounting Officer



Statement on Regularity, Propriety and Compliance

As accounting officer of St. John's Church of England Middle School Academy I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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 the EFA.

Signed



W Taylor
Accounting Officer

Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities of St. John's Church of England Middle School Academy and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles 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 governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Governing Body on 5th December 2014 and signed on its behalf by:



R Shorter

Chair

Independent Auditor's Report to the Members of St. John's Church of England Middle School Academy

We have audited the financial statements of St. John's Church of England Middle School Academy for the year ended 31 August 2014 set out on pages 14 to 36. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 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 opinions we have formed.

Respective responsibilities of the Governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 10 the Governors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of 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 auditing standards require us to comply with the Auditing Practices Board'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 www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements: give a true and fair view of the state of the Academy's affairs at 31 August 2014, 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 UK 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 to 2014 issued by the EFA.

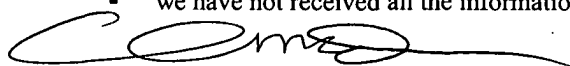
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Academy, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- 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.



Anna Madden FCA (Senior Statutory Auditor)
for and on behalf of Curo Professional Services Limited
Curo House, Greenbox
Westonhall Road
Stoke Prior
Bromsgrove
Worcestershire
B60 4AL
19th December 2014

Independent Accountant's Report on Regularity to St. John's Church of England Middle School Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 16 January 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St. John's Church of England Middle School Academy during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to St. John's Church of England Middle School Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the St. John's Church of England Middle School Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the St. John's Church of England Middle School Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St. John's Church of England Middle School Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of St. John's Church of England Middle School Academy's funding agreement with the Secretary of State for Education dated 10 June 2013 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our review in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Independent Accountant's Report on Regularity to St. John's Church of England Middle School Academy and the Education Funding Agency (Continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Anna Madden FCA (Reporting Accountant)
for and on behalf of Curo Professional Services Limited
Curo House
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Westonhall Road
Stoke Prior
Bromsgrove
Worcestershire
B60 4AL

19th December 2014

Statement of Financial Activities for the period ended 31 August 2014

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

	Note	Unrestricted Funds £000	Restricted non fixed asset funds £000	Restricted fixed asset funds £000	Total 2014 £000	Total 2013 £000
Incoming resources						
<i>Incoming resources from generated funds</i>						
• Voluntary income	3	-	17	-	17	13
• Transfer from local authority on conversion		-	-	-	-	4,246
• Activities for generating funds	4	144	54	-	198	96
• Investment Income	5	-	-	-	-	-
<i>Incoming resources from charitable activities:</i>						
• Funding for the Academy's educational operations	6	-	2,292	-	2,292	1,292
Total incoming resources		<u>144</u>	<u>2,363</u>	<u>-</u>	<u>2,507</u>	<u>5,647</u>
Resources expended						
<i>Cost of generating funds</i>						
• Costs of generating voluntary income		-	-	-	-	-
• Fundraising trading		-	-	-	-	-
<i>Charitable activities</i>						
• Academy's educational operations	8	68	2,372	106	2,546	1,310
• Governance costs	9	-	19	-	19	20
Total resources expended	7	<u>68</u>	<u>2,391</u>	<u>106</u>	<u>2,565</u>	<u>1,330</u>
Net incoming resources before transfers						
Gross transfers between funds	17	76	(28)	(106)	(58)	4,317
Net income for the year						
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	27	-	(9)	-	(9)	10
Net movement in funds						
Reconciliation of funds						
Funds brought forward at 1 September 2013	17	549	(427)	4,205	4,327	-
Funds carried forward at 31 August 2014		<u>625</u>	<u>(464)</u>	<u>4,099</u>	<u>4,260</u>	<u>4,327</u>

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

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

Balance sheet at 31 August 2014

COMPANY NUMBER: 08355037

	Note	2014 £000	2013 £000
Fixed assets			
Tangible assets	13	4,482	4,372
Current assets			
Stocks	14	-	-
Debtors	15	188	93
Cash at bank and in hand		310	550
		<u>498</u>	<u>643</u>
Creditors: Amounts falling due within one year	16	<u>226</u>	<u>220</u>
Net current assets		272	423
Total assets less current liabilities		<u>4,754</u>	<u>4,795</u>
Net assets excluding pension liability			
Pension scheme liability	27	(494)	(468)
Net assets including pension liability		<u>4,260</u>	<u>4,327</u>
Funds of the academy:			
Restricted funds			
Fixed asset fund	17	4,099	4,205
General fund	17	30	41
Pension reserve	17	(494)	(468)
Total restricted funds		<u>3,635</u>	<u>3,778</u>
Unrestricted funds			
General fund	17	625	549
Total unrestricted funds		<u>625</u>	<u>549</u>
Total funds		<u>4,260</u>	<u>4,327</u>

The financial statements on pages 14 to 36 were approved by the Governors, and authorised for issue on 5th December 2014 and are signed on their behalf by:

R Shorter

Director



K Baxter

Director



Cash flow statement for the period ended 31 August 2014

	<i>Note</i>	2014	2013
		£000	£000
Net cash inflow from operating activities	21	(24)	255
Returns on investments and servicing of finance	22	-	-
Capital expenditure	23	(216)	(166)
Cash transferred on conversion to an academy trust	29	-	461
Increase / (Decrease) in cash in the period	24	(240)	550
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		550	-
Net funds at 31 August 2014		310	550

All of the cash flows derive from acquisitions in the current financial period.

Notes

(Forming part of financial Statements)

1 Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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.

Incoming Resources

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

- **Grants receivable**

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

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

- **Sponsorship income**

Sponsorship income provided to the Academy 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.

- **Donations**

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

- **Other income**

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

Notes (continued)

Statement of Accounting Policies (continued)

- **Donated Services and gifts in kind**

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.

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

These are costs incurred on the Academy's educational operations.

- **Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Notes (continued)

Statement of Accounting Policies (continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2%
Long leasehold buildings	2%
Furniture and equipment	10% - 20%
ICT equipment	33%

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

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

Leased Assets

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

Taxation

The Academy passes 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 exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

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 27, 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.

Notes (continued)

Statement of Accounting Policies (continued)

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 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.

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 the Education Funding Agency, Department for Education and other funders where the asset acquired or created is held for a specific purpose.

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

Notes (continued)

2 General Annual Grant (GAG)

	2014	2013
	£000	£000
Results and Carry Forward for the Year		
GAG brought forward from previous year	28	-
GAG allocation for current period	2,292	1,292
Total GAG available to spend	2,320	1,292
Recurrent expenditure from GAG	(2,303)	(1,264)
Fixed assets purchased from GAG	-	-
GAG carried forward to next year	17	28

3 Voluntary income

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Capital Grants	-	13	13	13
Private sponsorship	-	4	4	-
	-	17	17	13

Notes (continued)

4 Activities for generating funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Hire of facilities	24	-	24	13
Catering income	44	-	44	14
Educational visits	-	54	54	9
Other income	76	-	76	60
	<u>144</u>	<u>54</u>	<u>198</u>	<u>96</u>

5 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Short term deposits	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

6 Funding for the Academy's educational operations

	Unrestricted funds £000	Restricted funds non fixed assets £000	Total 2014 £000	Total 2013 £000
DfE / EFA revenue grants				
General Annual Grant (GAG) (note 2)	-	2,292	2,292	1,292
	<u>-</u>	<u>2,292</u>	<u>2,292</u>	<u>1,292</u>

Notes (continued)

7 Resources expended

	Staff costs £000	Non Pay Premises £000	Expenditure Other costs £000	Total 2014 £000	Total 2013 £000
Academy's educational operations					
Direct costs	1,762	-	99	1,861	950
Allocated support costs	224	238	223	685	360
	<u>1,986</u>	<u>238</u>	<u>322</u>	<u>2,546</u>	<u>1,310</u>
Governance costs including allocated support costs	-	-	19	19	20
	<u>1,986</u>	<u>238</u>	<u>341</u>	<u>2,565</u>	<u>1,330</u>

	2014 £000	2013 £000
Incoming/outgoing resources for the year include:		
Operating leases	3	3
Fees payable to auditor - audit	4	4
other services	2	2
Profit/(loss) on disposal of fixed assets	-	-
	<u></u>	<u></u>

Notes (continued)

8 Charitable activities – Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Direct costs				
Teaching and educational support staff costs	-	1,762	1,762	921
Educational supplies	-	65	65	16
Other direct costs	-	34	34	13
	-	1,861	1,861	950
Allocated support costs				
Support staff costs	-	224	224	120
Maintenance of premises and equipment	2	119	121	116
Depreciation		106	106	55
Cleaning	-	11	11	3
Catering	44	18	62	23
Other support costs	22	139	161	43
	68	617	685	360
	68	2,478	2,546	1,310

Notes (continued)

9 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Legal and professional fees	-	15	15	16
Auditor's remuneration	-	4	4	4
-Audit of financial statements	-	4	4	4
	<u>-</u>	<u>19</u>	<u>19</u>	<u>20</u>

10 Staff costs

Staff costs during the period were:	2014 £000	2013 £000
Wages and salaries	1,615	859
Social security costs	117	63
Pension costs	217	123
	<u>1,952</u>	<u>1,046</u>
Supply teacher costs	3	1
	<u>1,952</u>	<u>1,046</u>

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

	2014 No.	2013 No.
Teachers	45	40
Administration and support	25	23
Management	4	4
	<u>74</u>	<u>67</u>

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

	2014 No.	2013 No.
£60,001 – £70,000	-	-
£70,001 – £80,000	1	1

32 of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £276,870. The other employees participated in the Local Government Pension Scheme, pension contributions for whom amounted to £66,440.

Notes (continued)

11 Governors' remuneration and expenses

The Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, or expenses, from the Academy in respect of their role as governors. The value of the Headteacher's remuneration was £81,058 in the period to 31 August 2014. The value of other staff governor's remuneration was £nil.

12 Governors', trustees' 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 £3,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,087.

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	Computer equipment £000	Total £000
Cost at 1 September 2013				
Brought forward	4,340	55	32	4,427
Additions	51	98	67	216
At 31 August 2014	4,391	153	99	4,643
Depreciation at 1 September 2013	49	2	4	55
Charged in period	77	10	19	106
At 31 August 2014	126	12	23	161
Net book value				
At 31 August 2014	4,265	141	76	4,482
At 31 August 2013	4,291	53	28	4,372

Notes (continued)

14 Stock

No stock was held at the year end (2013: £Nil).

15 Debtors

	2014 £000	2013 £000
Trade debtors	6	1
Other debtors – VAT	152	61
Prepayments and accrued income	30	31
	188	93

16 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	114	129
Other creditors	29	27
Social security	36	33
Accruals	12	5
Deferred income	35	26
	226	220

	2014 £000	2013 £000
Deferred Income		
Amount brought forward	26	-
Resources deferred in the year	35	26
Amounts released from previous years	<u>(26)</u>	<u>(-)</u>
Deferred Income at 31 August 2014	35	26

At the balance sheet date the academy was holding £nil relating to funds received in advance for 2015 school trips (2013: £23,467). This income has been deferred.

At the balance sheet date the academy was holding funds received for the rates grant of £nil relating to the 2014/15 financial year (2013: for 2013/14 financial year £2,134). This income has been deferred.

At the balance sheet date the academy was holding funds received for the pupil premium grant of £34,638 relating to the 2014/15 financial year (2013: for 2013/14 financial year £nil). This income has been deferred.

Notes (continued)

17 Funds

	Balance at 1 September 2013 £000	Incoming resources £000	Resources Expended £000	Gains, losses and transfers £000	Balance at 31 August 2014 £000
Restricted general funds					
General annual grant (GAG)	28	2,292	(2,303)	-	17
Start Up Grant	-	-	-	-	-
Other DfE/EFA grant	-	-	-	-	-
Restricted income	-	54	(54)	-	-
Pension reserves	(468)	-	(17)	(9)	(494)
DfE/YPLA capital grants	13	17	(17)	-	13
	(427)	2,363	(2,391)	(9)	(464)
Restricted fixed asset funds					
Donations	4,205	-	(106)	-	4,099
	4,205	-	(106)	-	4,099
Total Restricted Funds	3,778	2,363	(2,497)	(9)	3,635
Unrestricted funds	549	144	(68)	-	625
Total unrestricted funds	549	144	(68)	-	625
Total funds	4,327	2,507	(2,565)	(9)	4,260

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

DfE revenue grant fund and other restricted funds

These grants relate to the Academy's development and operational activities

Fixed asset fund

These grants relate to funding received from DfE to carry out capital works.

Notes (continued)

18 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total Funds £000
Tangible fixed assets	383	-	4,099	4,482
Current assets	433	65	-	498
Current liabilities	(191)	(35)	-	(226)
Pension scheme liability	-	(494)	-	(494)
Total net assets	625	(464)	4,099	4,260

Notes (continued)

19 Capital commitments

	2014 £000	2013 £000
Contracted for, but not provided in the financial statements	-	-

20 Financial commitments

Operating leases

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

	2014 £000	2013 £000
Other		
Expiring within one year	-	-
Expiring within two and five years inclusive	3	2
Expiring in over five years	-	-
	<u>3</u>	<u>2</u>

21 Reconciliation of net income to net cash inflow from operating activities

	At 31 August 2014 £000	At 31 August 2013 £000
Net income	(58)	4,317
Transfer on conversion	-	(4,246)
Depreciation (note 13)	106	55
Capital grants from DfE and other capital income	-	-
FRS 17 pension cost less contributions payable (note 27)	19	12
FRS 17 pension finance income (note 27)	(1)	(10)
Interest receivable	-	-
Increase in stocks	-	-
Increase in debtors	(96)	(93)
Increase in creditors	6	220
Net cash inflow from operating activities	<u>(24)</u>	<u>255</u>

Notes (continued)

22 Returns on investments and servicing of finance

	2014 £000	2013 £000
Interest received	-	-
Net cash inflow from returns on investment and servicing of finance	-	-

23 Capital expenditure and financial investment

	2014 £000	2013 £000
Purchase of tangible fixed assets	216	166
Capital grants from DfE/EFA	-	-
Net cash outflow from capital expenditure and financial investment	216	166

24 Analysis of changes in net funds

	At 1 September 2013 £000	Cash Flows £000	At 31 August 2014 £000
Cash in hand and at bank	550	(240)	310

25 Contingent liabilities

There are no contingent liabilities.

26 Members' liability

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

27 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Mercer Limited. 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 was 31 March 2012 and of the LGPS 31 March 2013.

There were outstanding contributions totalling £23,534 (2013: £21,087) due to the TPS and outstanding contributions totalling £5,100 (2013: £6,315) due to the LGPS at the end of the financial period.

Notes (continued)

27 Pension and similar obligations (continued)

Teachers' Pension Scheme (TPS)

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.

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 $1/57^{\text{th}}$; 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 since 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 the assets held in separate trustee administered funds. The total contribution made for the period ended 31 August 2014 was £59,491 of which employer's contributions totalled £57,844 and employees' contributions totalled £1,647.

Principal Actuarial Assumptions:

	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	3.7%	3.9%
Rate of increase for pensions in payment	2.2%	2.4%
Discount rate for scheme liabilities	4.0%	4.5%
Inflation assumption (CPI)	2.2%	2.4%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2014	At 31 August 2013
<i>Retiring today</i>		
Males	23.3	22.5
Females	25.7	25.0
<i>Retiring in 20 years</i>		
Males	25.5	24.3
Females	28.0	27.0

Notes (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £000	Expected return at 31 August 2013	Fair value at 31 August 2013 £000
Equities	7.0%	189	7.0%	38
Bonds	2.9%	13	3.4%	3
Property	6.2%	-	5.7%	-
Cash	0.5%	2	0.5%	2
Other	7.0%	-	0%	-
Total market value of assets		204		43
Present value of scheme liabilities - Funded		(698)		(511)
Surplus/(deficit) in the scheme		(494)		(468)

The actual return on scheme assets was £7,000. (2013: £1,000).

Amounts recognised in the statement of financial activities

	2014 £000	2013 £000
Current service cost	56	30
Employer contributions	58	33
Total operating charge	114	63
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	5	1
Interest on pension liabilities	(24)	(13)
Pension finance costs	(19)	(12)

Notes (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The actuarial gains and losses for the current year are recognised in the statement of financial activities.

The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £1,000 gain.

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

	2014 £000	2013 £000
At 1 September	511	469
Current service cost	56	30
Interest cost	24	13
Employee contributions	16	9
Actuarial (gain)/loss	91	(10)
Benefits paid	-	-
Past service cost	-	-
At 31 August	698	511

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

	2014 £000	2013 £000
At 1 September	43	-
Expected return on assets	5	1
Actuarial gain/(loss)	82	-
Employer contributions	58	33
Employee contributions	16	9
At 31 August	204	43

The estimated value of employer contributions for the period ended 31 August 2015 are £69,000 (2014: £56,000).

Notes (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The history of experience adjustments is as follows:

	2014 £000	2013 £000
Present value of defined benefit Obligations	(698)	(511)
Fair value of share of scheme assets	204	43
Deficit in the scheme	(494)	(468)

Experience adjustments on share of
scheme assets
Amount £'000

-

-

Experience adjustments on scheme
liabilities:
Amount £'000

-

-

28 Related Party Transactions

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

There were no amounts outstanding.