

St Chad's Academy Trust

Trustees Report and Financial Statements

For the Period Ended 31 August 2013



COMPANIES HOUSE



A353MNJM

A06

04/04/2014

#79

St Chad's Academy Trust
(A Company Limited by Guarantee)

Contents

	Page
Reference and Administrative Details of the Academy, its Trustees and Advisers	1
Trustees' Report	2 - 7
Governance Statement	8 - 9
Statement on Regularity, Propriety and Compliance	10
Trustees' Responsibilities Statement	11
Independent Auditors' Report	12 - 13
Independent Auditors' Assurance Report on Regularity	14 - 15
Statement of Financial Activities	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements	19 - 35

St Chad's Academy Trust
(A Company Limited by Guarantee)

Reference and Administrative Details of the Academy, its Trustees and Advisers
For the Period Ended 31 August 2013

Trustees Rev H D Bishop (appointed 13 May 2013)
J R L Hill (appointed 22 July 2013)
J M Jones (appointed 1 June 2013)
Revd A M Morris (appointed 13 May 2013)
Dr A F Primrose (appointed 1 June 2013)
C G Randles (appointed 13 May 2013)
C Brislen (appointed 8 October 2013)

Company registered number 08526973

Principal and registered office St. Marys House
The Close
Lichfield
Staffordshire
WS13 7LD

Company secretary C R Hopkins

Independent auditors Dains LLP
15 Colmore Row
Birmingham
B3 2BH

Bankers Lloyds Bank Plc
22 Conduit Street
Lichfield
WS13 6JS

Solicitors Geldards LLP
Number One Pride Place
Pride Park
Derby
DE24 8QR

Senior management team Chief executive - J M Jones
Accounting officer - J R L Hill

St Chad's Academy Trust
(A Company Limited by Guarantee)

Trustees' Report
For the Period Ended 31 August 2013

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of St Chad's Academy Trust (the Academy) for the period ended 31 August 2013. The Trustees confirm that the Annual Report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. Constitution

The Multi-Academy Trust is a company Limited by Guarantee with no share capital and an exempt charity. The charitable company's memorandum and Articles of Association are the primary governing documents of the Multi-Academy Trust.

The Trustees of St Chad's Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as St Chad's Academy Trust.

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

The Multi-Academy Trust is constituted under a Memorandum of association dated 13 May 2013.

On 1 July 2013 Birchills Church of England Primary School joined the Multi-Academy Trust.

b. 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.

c. Trustees' indemnities

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 sum insured for Libel and Slander £2,000,000 and Trustees' Liability £5,000,000.

d. Principal activities

The principal activity of St Chad's Academy Trust is to provide an inclusive balanced and broad based curriculum and education for students of all abilities and free education for young people aged 4 – 19, who live mainly within the Diocese of Lichfield.

e. Method of recruitment and appointment or election of Trustees

The Articles of Association requires that the Members of the Company shall comprise of:-

- (a) the signatories to the Memorandum, who shall be:
 - (i) the Diocesan Board of Education acting corporately by hand of its Director; and
 - (ii) two individual members of the Diocesan Board of Education nominated by it for the purpose;
- (b) the chairman of the Directors; and
- (c) any person appointed under Article 16.

Each of the persons entitled to appoint Members in Article 12 shall have the right from time to time, by written notice delivered to the Office, to remove any Member appointed by them and to appoint a replacement Member to fill a vacancy whether resulting from such removal or otherwise. If any of the persons entitled to appoint Members in Article 12:

- (a) in the case of an individual, die or become legally incapacitated;
 - (b) in the case of a corporate entity, cease to exist and are not replaced by a successor institution; or
 - (c) becomes insolvent or makes any arrangement or composition with their creditors generally,
- their right to appoint Members under these Articles shall vest in the remaining Members.

Membership will terminate automatically if:

- (a) a Member (which is a corporate entity) ceases to exist and is not replaced by a successor institution;
- (b) a Member (who is an individual) dies or becomes incapable by reason of illness or injury of managing and administering his or her own affairs; or
- (c) a Member becomes insolvent or makes any arrangement or composition with that Member's creditors generally.

The Members with the written consent of the Diocesan Board of Education may agree by passing a Special Resolution in writing to appoint such additional Members as they think fit and may agree by passing a Special Resolution in writing to remove any such additional Members provided that such appointment or removal is in the interests of the Company.

Every person nominated to be a Member of the Company shall either sign a written consent to become a Member or sign the register of Members on becoming a Member.

Any Member may resign provided that after such resignation the number of Members is not less than three. A Member shall cease to be one immediately on the receipt by the Company of a notice in writing signed by the person or persons entitled to remove him under Articles 13 or 16 provided that no such notice shall take effect when the number of Members is less than three unless it contains or is accompanied by the appointment of a replacement Member.

f. Policies and procedures adopted for the induction and training of Trustees

Induction for new Trustees is tailored according to their experience and background. External Trustees are provided with information about the Multi-Academy Trust by the Clerk to Trustees with an Induction Pack. New Trustees requiring guidance on the roles of Trustees are provided with external training and through internal meetings and discussion with staff and other Trustees.

g. Organisational structure

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy budget and other data, and making major decisions about the direction of the Academies within the Multi Academy Trust and ensuring there is adequate monitoring of School Improvement and Financial diligence including, Capital expenditure and staff appointments.

The structure is designed to give guidance and leadership support to the Academies within the Trust whilst encouraging local ownership at Governor Level. The aim of the leadership structure is to devolve responsibility and encourage decision making at all levels.

The Trustees aim to meet four times a year and have the intention to develop two sub committees: Finance and General Purpose Committee and Teaching, Learning and Curriculum Committee that meet every half-term and provide essential feedback to the Trustees.

h. Risk management

The Trustees have assessed the major risks to which the Multi-Academy is exposed, in particular those related to the operations and finances of the Academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Objectives and Activities

a. Objects and aims

The company's objects are 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 Academies which shall offer a broad and balanced curriculum and which shall include:

- (i) Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England including any Trust Deed governing the use of land used by an academy both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the relevant Funding Agreement), and having regard to any advice issued by the Diocesan Board of Education; and
- (ii) other Academies whether with or without a designated religious character; but in relation to each of the Academies to recognise and support their individual character and respect the different background of each and its links to the local community which it serves.

b. Strategies and activities for achieving objectives

The company has only been in existence for a short period of time and the only Academy to transfer in this time was Birchills Church of England Community Academy, Walsall. The principal focus for the Trust has been to ensure that effective school improvement strategies are in place to secure the future success of the Academy, and that the local governance of the Academy is sound. Upon conversion, the Interim Executive Board at Birchills ceased to exist and a local governing body was established. The Trustees have given attention to establishing robust financial systems and effective risk management. The Trustees have also spent considerable time ensuring that work is being done to create a standard set of policies for Birchills and future Academies that transfer under the Trust company.

The policies will cover all areas of Human resources, including pay and remuneration, as well as appraisal systems that will help to implement School Improvement initiatives. All Academies under the Trust will be subject to regular scrutiny and challenge in respect of school effectiveness and improvement, and in relation to their financial wellbeing.

c. Public benefit

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by the St Chad's Academy Trust is the maintenance and development of a quality education provided by the school. It is the Trustees' aim to deliver outstanding learning to all of its students during the journey of improvement towards excellence. It is a priority to ensure the public benefit for all young people in the areas in which it operates.

In doing this, St Chad's Academy Trust not only offers a broad based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities and educational trips and visits are offered to students.

Achievements and performance

a. Going concern

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

b. Key financial performance indicators

The Trustees of the Multi Academy Trust agreed the following key financial performance indicators for 2012-13:-

- **Achieving a balanced budget at period-end**

The Trustees monitor the financial position on a half-termly basis by reviewing written financial year-end projections.

- **Benchmarking expenditure against other similar organisations**

New benchmarking information recently provided by the Department for Education will be reviewed by Trustees on an annual basis to make comparative judgements on a spend per student basis.

- **Achieving value for money through effective financial management procedures**

The school complies with its Financial Procedures Manual.

- **Maintain a positive cash flow with sufficient cash balances to cover monthly expenditure**

Monitoring of cash flow throughout the year has secured sufficient cash balances to ensure cash balances to cover monthly expenditure.

c. Review of activities

In light of the accounting period only covering two months, only Birchills CE Community Academy has converted to an Academy under the Trust. Therefore much of the time has been spent on governance and ensuring mechanisms and structures were in place to support all staff in both their specific areas of work and in managing change.

It was important to ensure the TUPE transition went through smoothly and Service level Agreements set up with various bodies to ensure payroll, pension transition and continual Educational and School Improvement structures were well communicated. Naturally the effect of these changes will become more apparent in the forthcoming financial period.

Financial review

The majority of the Trust's income is received from the Department for Education via the Education Funding Agency in the form of the General Annual Grant (GAG); the use of which is restricted to particular purposes i.e. the objects of the Trust. The GAG received during the period covered by this report and the associated expenditure are shown in the restricted funds in the Statement of Financial Activity.

On 1st July 2013 Birchills Church of England Primary School converted to the Birchills Church of England Community Academy, for which Start Up Grants were received totalling £25,000.

a. Principal risks and uncertainties

The principal risks to the Multi-Academy Trust are financial and result from a projected deficit on the Local Government Pension Scheme. In addition short notice to budgetary allocations and funding formulas from the EFA may have a negative effect on financial planning. There are the usual risks associated with potential fraud, damage to reputation and failure to maintain and improve academic standards but control measures have been put in place to mitigate these risks.

Under Financial Reporting Standard Number 17 - "Retirement Benefits", it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the restricted general fund. This results in reducing the reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem.

b. Reserves policy

The Trustees have reviewed the reserve levels and believe that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected situations such as urgent maintenance work. Under normal circumstances the Trustees would aim to maintain reserves of between 5% and 10% of GAG as an appropriate cushion.

c. Investments policy

Apart from the cash held for the operation of the school, St Chad's Academy Trust has no realisable investments. With respect to its cash holdings the Board of Trustees has adopted a low risk strategy. The Multi-Academy Trust maintains a current account with the school's bankers. The Trustees will review its investments for forthcoming financial years to ensure maximum efficiency for cash balances.

Plans for the future

a. Future developments

In the forthcoming year, St Mathew's CE(A) Primary School in Stoke on Trent will convert to an Academy in November 2013 under the Trust umbrella and it is possible two other schools will convert before 31 August 2014.

Systems and policies will continue to be developed so that there are a full set of policies to cover all eventualities across the Trust.

In addition in March 2014, a new Umbrella organisation called Church of England Central Education Trust (CECET) will be incorporated to replace the existing Lichfield Diocesan Academies Trust. CECET will become a member of S Chad's Academy Trust from March 2014.

CECET is a new strategic company that will be a three-way partnership between the Dioceses of Birmingham and Lichfield & Wolverhampton University. CECET forms the **overarching accountability structure** for the system development of academies within the two diocesan areas (250+ schools). It has the ambition in time to operate in a wider arena (i.e. other dioceses could be added, or MATs could be established in other dioceses).

CECET will act as the strategic commissioning body for the procurement of services to CE academies.

CECET has broader educational aims and purposes beyond academies and will be a mechanism to facilitate strategic partnership working across the whole area of benefit in order to:

- a) Develop a consistent approach to school improvement;
- b) Develop a network of high performing schools, teaching school alliances, NLEs etc that can support vulnerable schools.

- c) Work together on teacher training initiatives and a suite of professional development programmes for staff from NQTs to "System Leaders" – and help us to "grow our own" CE school head teachers.
- d) Implement high quality Trustee training;
- e) Share good practice.

Funds held as custodian

The trust holds no funds on behalf of others as a custodian trustee.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Dains LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by order of the Board of Trustees on 26 February 2014 and signed on its behalf by:


Dr A F Primrose
Chair of Trustees

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Finance Director, 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 Chad's Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
Rev H D Bishop	1	1
J R L Hill	1	1
J M Jones	1	1
Revd A M Morris	1	1
Dr A F Primrose	1	1
C G Randles	1	1
C Brislen	0	0

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 Multi-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 Chad's Academy Trust for the period 13 May 2013 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Multi-Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi-Academy's significant risks, that has been in place for the period 13 May 2013 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 Multi-Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Governing Body of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees is currently reviewing the the need for a specific internal audit function.

Review of Effectiveness

As Accounting Officer, the Finance Director 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 auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Multi-Academy 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 Governing Body and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 26 February 2014 and signed on their behalf, by:



Dr A F Primrose
Chair of Trustees



J R L Hill
Accounting Officer

St Chad's Academy Trust
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of St Chad's Academy Trust I have considered my responsibility to notify the Multi-Academy Board of Trustees 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 Multi-Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the Multi-Academy Board of Trustees are able to identify any material, irregular or improper use of funds by the Multi-Academy, or material non-compliance with the terms and conditions of funding under the Multi-Academy's funding agreement and the Academies Financial Handbook (2012).

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



J R L Hill
Accounting Officer

Date: 26 February 2014

**St Chad's Academy Trust
(A Company Limited by Guarantee)**

**Trustees' Responsibilities Statement
For the Period Ended 31 August 2013**

The Trustees (who act as governors of St Chad's Academy 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 Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 26 February 2014 and signed on its behalf by:


Dr A F Primrose
Chair of Trustees

Independent Auditors' Report to the Members of St Chad's Academy Trust

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

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

Respective responsibilities of Trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

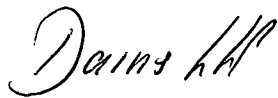
**St Chad's Academy Trust
(A Company Limited by Guarantee)**

Independent Auditors' Report to the Members of St Chad's Academy Trust

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Morris FCA (Senior Statutory Auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
26 February 2014

St Chad's Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Auditors' Assurance Report on Regularity to St Chad's Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 6 January 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Chad's Academy Trust during the period 1 July 2013 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of St Chad's Academy Trust's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of St Chad's Academy Trust's funding agreement with the Secretary of State for Education dated 1 July 2013, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

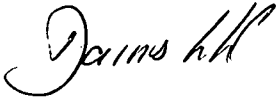
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

Conclusion

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



Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

26 February 2014

St Chad's Academy Trust
(A Company Limited by Guarantee)

Statement of Financial Activities
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
For the Period Ended 31 August 2013

		Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
	Note				
Incoming resources					
Incoming resources from generated funds:					
Voluntary income – transfer from Local Authority on conversion	2	115,545	(260,000)	26,175	(118,280)
Other voluntary income	2	-	3,338	-	3,338
Incoming resources from charitable activities:					
Funding for the academy trust's educational operations	3	-	287,339	-	287,339
Total incoming resources		115,545	30,677	26,175	172,397
Resources expended					
Charitable activities:					
Academy trust educational operations	5	-	250,981	-	250,981
Governance costs	6	-	18,338	-	18,338
Total resources expended	4	-	269,319	-	269,319
Movement in total funds for the year - Net income/(expenditure) for the year		115,545	(238,642)	26,175	(96,922)
Total funds at 13 May 2013		-	-	-	-
Total funds at 31 August 2013		115,545	(238,642)	26,175	(96,922)

All of the Multi-Academy's activities derive from acquisitions in the current financial period.

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

The notes on pages 19 to 35 form part of these financial statements.

St Chad's Academy Trust
(A Company Limited by Guarantee)
Registered number: 08526973

Balance Sheet
As at 31 August 2013

	Note	£	2013 £
Fixed assets			
Tangible assets	11		16,546
Current assets			
Debtors	12	179,447	
Cash at bank and in hand		102,234	
		<u>281,681</u>	
Creditors: amounts falling due within one year	13	(135,149)	
Net current assets			<u>146,532</u>
Total assets less current liabilities			<u>163,078</u>
Defined benefit pension scheme liability	20		(260,000)
Net liabilities including pension scheme liabilities			<u>(96,922)</u>
Funds of the academy			
Restricted funds:			
Restricted funds	14	21,358	
Restricted fixed asset funds	14	26,175	
		<u>47,533</u>	
Restricted funds excluding pension liability			
Pension reserve		(260,000)	
		<u></u>	
Total restricted funds			(212,467)
Unrestricted funds	14		115,545
			<u></u>
Total deficit			<u>(96,922)</u>

The financial statements were approved by the Trustees, and authorised for issue, on 26 February 2014 and are signed on their behalf, by:


Dr A F Primrose
Chair of Trustees

The notes on pages 19 to 35 form part of these financial statements.

St Chad's Academy Trust
(A Company Limited by Guarantee)

Cash Flow Statement
For the Period Ended 31 August 2013

	Note	2013 £
Net cash flow from operating activities	16	118,780
Capital expenditure and financial investment	17	(16,546)
Cash transferred on conversion to the Multi-Academy trust	19	(141,720)
Decrease in cash in the period		(39,486)

Reconciliation of Net Cash Flow to Movement in Net Funds
For the Period Ended 31 August 2013

	2013 £
Decrease in cash in the period	(39,486)
Change in net debt resulting from cash flows	(39,486)
Cash transferred on conversion to the Multi-Academy trust	141,720
Movement in net funds in the period	102,234
Net funds at 31 August 2013	102,234

The notes on pages 19 to 35 form part of these financial statements.

1. Accounting Policies

1.1 Basis of preparation of financial statements

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') 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

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

1.3 Incoming resources

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

- **Grants Receivable**

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

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

- **Sponsorship Income**

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

- **Donations**

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

- **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 trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy trust's policies.

1. Accounting Policies (continued)

1.4 Resources expended

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

- **Charitable Activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible Fixed Assets

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 trust's depreciation policy.

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/reducing balance basis over its expected useful life, as follows:

Computer equipment	- 33% straight line
--------------------	---------------------

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.

1.6 Operating leases

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

1. Accounting Policies (continued)

1.7 Taxation

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

1.8 Pensions

Retirement benefits to employees of the Multi-Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Multi-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 Multi-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 20, the TPS is a multi-employer scheme and the Multi-Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

1. Accounting Policies (continued)

1.9 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 £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Birchills Church of England Primary Community School to an Multi-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 St Chad's Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

On conversion the school entered into a lease arrangement with Walsall Metropolitan Borough Council to lease the playing fields over a period of 125 years for a peppercorn rental. As part of the conversion the LGPS obligation relating to the employees of the Academy, 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 period. The obligation in respect of employees who transferred on conversion was valued at £260,000.

Further details of the transaction are set out in note 19.

1.10 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the Trustees.

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

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

2. Voluntary income

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Transfer from Local Authority on conversion	115,545	(233,825)	(118,280)
Other donations	-	3,338	3,338
Voluntary income	115,545	(230,487)	(114,942)

St Chad's Academy Trust
(A Company Limited by Guarantee)
Notes to the Financial Statements
For the Period Ended 31 August 2013

3. Funding for Academy's educational operations

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
DfE/EFA grants			
General Annual Grant (GAG)	-	254,661	254,661
Start up grants	-	25,000	25,000
Local Authority Central Spend Equivalent Grant	-	7,678	7,678
	<u>-</u>	<u>287,339</u>	<u>287,339</u>

4. Analysis of resources expended by expenditure type

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £
Direct costs	164,162	-	23,596	187,758
Support costs	37,719	7,826	17,678	63,223
Charitable activities	<u>201,881</u>	<u>7,826</u>	<u>41,274</u>	<u>250,981</u>
Governance	<u>-</u>	<u>-</u>	<u>18,338</u>	<u>18,338</u>
	<u>201,881</u>	<u>7,826</u>	<u>59,612</u>	<u>269,319</u>

St Chad's Academy Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2013

5. Charitable Activities - Academy's Educational Operations

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Direct costs			
Wages and salaries	-	137,842	137,842
National insurance	-	8,574	8,574
Pension cost	-	17,746	17,746
Educational supplies	-	5,623	5,623
Staff development	-	1,117	1,117
Educational consultancy	-	13,900	13,900
Other direct costs	-	2,956	2,956
	-	187,758	187,758
Support costs			
Wages and salaries	-	33,597	33,597
National insurance	-	1,264	1,264
Pension cost	-	2,858	2,858
Travel and subsistence	-	215	215
Other direct costs	-	13,117	13,117
Maintenance of premises	-	2,834	2,834
Maintenance of equipment	-	1,363	1,363
Rates	-	3,320	3,320
Water rates	-	378	378
Energy	-	961	961
Insurance	-	333	333
Catering costs	-	2,278	2,278
Other occupancy costs	-	705	705
	-	63,223	63,223
	-	250,981	250,981

6. Governance costs

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Auditors' remuneration	-	4,500	4,500
Legal and professional fees	-	13,838	13,838
	-	18,338	18,338

St Chad's Academy Trust
(A Company Limited by Guarantee)
Notes to the Financial Statements
For the Period Ended 31 August 2013

7. Net incoming resources / (resources expended)

This is stated after charging:

	2013 £
Auditors' remuneration	4,500
	<u>4,500</u>

8. Staff costs

Staff costs were as follows:

	2013 £
Wages and salaries	171,439
Social security costs	9,838
Pension costs ²⁰⁾	20,605
	<u>201,882</u>
Supply teacher costs	2,229
Other costs	1,117
	<u>205,228</u>

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

	2013 No.
Teachers	18
Administration	38
	<u>56</u>

No employee received remuneration amounting to more than £60,000 in either year.

St Chad's Academy Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2013

9. Central services

The Multi Academy Trust has provided the following central services to its academies during the year:

- Payroll services
- Financial services

The Multi Academy Trust charges for these services on the following basis:

5% of General Annual Grant

The actual amounts charged during the year were as follows:

	2013
	£
Birchills Church of England Primary Community School	12,733

10. 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 and the cost for the period ended 31 August 2013 was £1,555.

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

11. Tangible fixed assets

	Computer equipment £
Cost	
Additions	16,546
At 31 August 2013	16,546
Depreciation	
At 13 May 2013 and 31 August 2013	-
Net book value	
At 31 August 2013	16,546

St Chad's Academy Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2013

12. Debtors

	2013 £
Amounts owed by group undertakings	10,914
VAT recoverable	9,914
Other debtors	138,796
Prepayments and accrued income	19,823
	<u>179,447</u>

13. Creditors:
Amounts falling due within one year

	2013 £
Trade creditors	82,195
Other taxation and social security	18,875
Other creditors	15,018
Accruals and deferred income	19,061
	<u>135,149</u>

14. Statement of funds

	Balance at 13 May 2013 £	Incoming Resources £	Resources Expended £	Balance at 31 August 2013 £
Unrestricted funds				
Unrestricted funds	-	115,545	-	115,545
Restricted funds				
General Annual Grant (GAG)	-	265,677	(244,319)	21,358
Other DfE / EFA grants	-	25,000	(25,000)	-
Pension reserve	-	(260,000)	-	(260,000)
	<u>-</u>	<u>30,677</u>	<u>(269,319)</u>	<u>(238,642)</u>
Restricted fixed asset funds				
DfE/EFA capital grants	-	26,175	-	26,175
Total restricted funds	<u>-</u>	<u>56,852</u>	<u>(269,319)</u>	<u>(212,467)</u>
Total of funds	<u>-</u>	<u>172,397</u>	<u>(269,319)</u>	<u>(96,922)</u>

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

14. Statement of funds (continued)

Restricted general funds

This fund represents grants and other income received for the Academy's operational activities and development.

Pension reserve

The pension reserve included within restricted general funds represents the Academy's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset funds

This fund represents grants received from the DfE and EFA to carry out works of a capital nature.

Under the funding agreement with the Secretary of State, the Mutli-Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

Analysis of academies by fund balance

Fund balances at 31 August 2013 were allocated as follows:

Birchills Church of England Primary Community School	128,669
Central services	8,234
	<hr/>
Total before fixed asset fund and pension reserve	136,903
Restricted fixed asset fund	26,175
Pension reserve	(260,000)
	<hr/>
Total	(96,922)
	<hr/> <hr/>

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Birchills Church of England Primary Community School	164,162	39,949	5,622	55,087	264,820
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

St Chad's Academy Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2013

Summary of funds

	Balance at 13 May 2013 £	Incoming Resources £	Resources Expended £	Balance at 31 August 2013 £
General funds	-	115,545	-	115,545
Restricted funds	-	30,677	(269,319)	(238,642)
Restricted fixed asset funds	-	26,175	-	26,175
	<u>-</u>	<u>172,397</u>	<u>(269,319)</u>	<u>(96,922)</u>

15. Analysis of Net Assets between Funds

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Tangible fixed assets	-	-	16,546	16,546
Current assets	115,545	139,961	26,175	281,681
Creditors due within one year	-	(118,603)	(16,546)	(135,149)
Provisions for liabilities and charges	-	(260,000)	-	(260,000)
	<u>115,545</u>	<u>(238,642)</u>	<u>26,175</u>	<u>(96,922)</u>

16. Net cash flow from operations

	2013 £
Net incoming resources before revaluations	(96,922)
Non cash gift from the Local Authority	260,000
Increase in debtors	(179,447)
Increase in creditors	135,149
Net cash inflow from operations	<u><u>118,780</u></u>

17. Analysis of cash flows for headings netted in cash flow statement

	2013 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	<u><u>(16,546)</u></u>

St Chad's Academy Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2013

18. Analysis of changes in net funds

	13 May 2013 £	Cash flow £	Acquisition £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	-	(39,486)	141,720	-	102,234
Net funds	-	(39,486)	141,720	-	102,234

19. Conversion to an academy trust

On 1 July 2013 Birchills Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to St Chad's Academy Trust from Walsall Metropolitan Borough Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Budget surplus/(deficit) on LA funds	115,545	-	26,175	141,720
LGPS pension deficit	-	(260,000)	-	(260,000)
Net assets/(liabilities)	115,545	(260,000)	26,175	(118,280)

The above net assets include £141,720 that were transferred as cash.

20. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Walsall Metropolitan Borough Council. Both are defined benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date)

20. Pension commitments (continued)

was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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

Teachers' Pension Scheme Changes

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £8,000, of which employer's contributions totalled £6,000 and employees' contributions totalled £2,000. The agreed contribution rates for future years are 19.9% for employers and 5.5 - 7.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the

St Chad's Academy Trust
(A Company Limited by Guarantee)
Notes to the Financial Statements
For the Period Ended 31 August 2013

20. Pension commitments (continued)

event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

As described in note 19 the LGPS obligation relates to the employees of the Academy, 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 period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

The Trustees do not believe that there is a material difference between the liability on conversion and the liability at the balance sheet date, accordingly no revaluation has been processed in the financial statements.

The amounts recognised in the Balance Sheet are as follows:

	2013 £
Fair value of scheme assets	65,000
Present value of unfunded obligations	(325,000)
Net liability	<u>(260,000)</u>

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

	2013 £
Liabilities assumed in a business combination	325,000
Closing defined benefit obligation	<u>325,000</u>

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

	2013 £
Assets acquired in a business combination	<u>65,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £NIL.

The Academy expects to contribute £38,000 to its Defined Benefit Pension Scheme in 2014.

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

	2013
Equities	42.40 %
Bonds	19.60 %
Property	8.70 %
Cash/liquidity	4.10 %
Other	25.20 %

St Chad's Academy Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2013

20. Pension commitments (continued)

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

	2013
Discount rate for scheme liabilities	4.60 %
Expected return on scheme assets at 31 August	5.89 %
Rate of increase in salaries	4.15 %
Rate of increase for pensions in payment / inflation	2.40 %
Inflation assumption (CPI)	2.40 %

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

	2013
Retiring today	
Males	22.1
Females	24.8
Retiring in 20 years	
Males	23.9
Females	26.7

Amounts for the current period are as follows:

Defined benefit pension schemes

	2013
	£
Defined benefit obligation	(325,000)
Scheme assets	65,000
Deficit	(260,000)

21. Operating lease commitments

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

	Land and buildings 2013 £	Other 2013 £
Expiry date:		
Within 1 year	-	6,436
Between 2 and 5 years	-	3,277

St Chad's Academy Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2013

22. Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with members of the group headed by The Lichfield Diocesan Board of Education, on the grounds that 100% of the voting rights in the company are controlled within the group and the company's results are included within the consolidated financial statements for the group.

23. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and ultimate controlling party is Lichfield Diocesan Board of Education, a charity registered in England and Wales.