

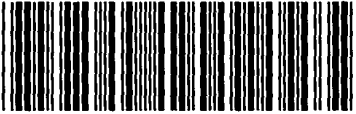


(A Company Limited by Guarantee)

Company Registration Number:
08842629 (England and Wales)

Annual Report and Financial Statements

For the period ended 31 August 2014

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Prepared by Financial Resources, Sunderland City Council
on behalf of Aim High Academy Trust

Aim High Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the period ended 31 August 2014

Company Registration Number:
08842629 (England and Wales)

Aim High Academy Trust

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Aim High Academy Trust

Reference and Administrative Details

Members	P Dutton (Chair of Governors) J Westwater (Chair of Finance & Premises) C Gill (Vice Chair)
Trustees/Governors	P Dutton (Chair of Governors) * C Gill (Vice Chair) *
*Members of Finance & Premises Committee	J Westwater (Chair of Finance & Premises) * A E Bolam – (Staff Governor - resigned 31.8.14) R Morgan (resigned 11.2.14) G Stephenson (Ex-officio Headteacher) * J Moran (Business Manager/Finance Officer) * S Blake (Staff Governor) D A Carter (Staff Governor) C Francis S Morgan A Slassor * J Thompson * H Westwater *
Senior Leadership Team	G Stephenson – Headteacher A E Bolam – Assistant Headteacher K Beston – Assistant Headteacher K Heath – KS1 Leader J Moran – Business Manager
Registered Office	Houghton Road Newbottle Houghton le Spring DH4 4EE
Company registered number	8842629
Auditors	Baker Tilly Audit LLP Tenon House Ferryboat Lane Sunderland SR5 3JN
Bankers	Lloyds Banking Group 102 Grey Street Newcastle upon Tyne NE1 6AG
Solicitors	BHP Law Kingfisher House 2 Kingfisher Way Stockton on Tees TS18 3EX

Aim High Academy Trust

Governors' Report

REPORT OF THE GOVERNING BODY 31st August 2014

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st February 2014 to 31st August 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 serving a catchment area in Newbottle, Houghton le Spring. It has a pupil capacity of 498 and had a roll of 477 in the school census on 15th May 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust was incorporated on 13th January 2014 and is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of Aim High Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Newbottle Primary Academy.

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

Members' Liability

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

Trustees Indemnities

Every trustee/governor of the Academy Trust shall be indemnified out of the assets of the Academy Trust any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted by the court from liability for negligence default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Method of Recruitment and Appointment or Election of Trustees

The Governing Body comprises three categories of governor as set out in the Articles of Association. The Articles of Association of the Academy states that Members may appoint up to 12 governors/trustees.

Members may appoint Staff Trustees through such process as they may determine, provided that the total number of trustees including the Principal who are employees of the Academy Trust does not exceed one third of the total number of Trustees. The Headteacher is treated as an ex officio Trustee.

Parent Trustees shall be elected by parents of registered pupils at the Academy. A parent trustee must be a parent of a pupil at the Academy at the time they are elected. Any election of Parent Trustees which is contested shall be held by secret ballot.

The arrangements made for the election of a Parent Trustee shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post, or if preferred their ballot paper returned to the Academy Trust by a registered pupil.

Where a vacancy for a Parent Trustee is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to ensure that every person known to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that they are entitled to stand as a candidate, and given every opportunity to do so.

Aim High Academy Trust

Governors' Report (continued)

Governors may appoint up to 3 Co-opted Trustees, a Co-opted Trustee means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been appointed.

The term of office for any Trustees shall be 4 years, subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected. The Secretary of State may also appoint additional Trustees if he feels it appropriate and ultimately has the power to in effect take over the Governance of the Academy.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for each new Trustee will depend on their existing experience. The Academy Trust purchases support from Durham Local Authority that provides for individual and full Governing Body training through an annual course directory which is reviewed each year to reflect any changes in practice and legislation.

Organisational Structure

The structure consists of three levels: the Trustees/Governors (including separate committees), Senior Leadership Team (SLT) and the Business Manager.

The Trustees are responsible for determining general policy, adopting an annual Improvement Plan following a self-evaluation review, monitoring the practices adopted by the Academy, determining the strategic direction of the Academy, capital expenditure and senior staff appointment.

The Senior Leadership Team consists of the Headteacher (Chief Executive), 2 x Assistant Headteacher, KS1 Team Leader, and the Business Manager. The SLT controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The Headteacher and Trustees are responsible for the authorisation of spending within agreed budgets and the appointment of staff as stated in the scheme of delegation and the Academy's financial regulations manual.

The Business Manager is responsible for the management of the financial systems, sourcing additional funds and ensuring efficient and effective use of resources. The Business Manager is responsible for the authorisation of spending up to agreed limits as stated in the scheme of delegation and the financial regulations manual, alongside the management of some support staff, facilities staff and the efficient operation of the school office.

The Headteacher is the Accounting Officer for the Academy.

Connected Organisations, including Related-Party Relationships

All members/trustees/governors are required to declare any business interests that may impact on the Academy. During the financial period 1st February 2014 – 31st August 2014 two Trustees declared an interest and the Academy employed its recognised procedures to address this. The adopted policy is that if any interests are declared then the Trustee will remove themselves from relevant decision making processes. All such declarations and decisions are detailed in the minutes of Governing Body meetings.

Related parties to Aim High Academy Trust for the period 1.2.14 to 31.8.14 are Focus on Learning (Sue Morgan) and Pat Dutton (self employed assessor).

Objectives and Activities

Objects and Aims

The principal objective and activity of the charitable company is the operation of Newbottle Primary Academy to provide education for pupils of different abilities between the ages of 3-11 years old. We aim for a thirst for, and enjoyment of, learning for everyone.

Objectives, Strategies and Activities

When setting the objectives, the Trustees have given careful consideration to how strategy is formed in relation to the Charity Commission's general guidance.

Aim High Academy Trust

Governors' Report (continued)

The Academy aims to provide a curriculum which is:

- Relevant to the children's interests and locality
- Exciting, fun and enjoyable which in turn stimulates learning
- Flexible to allow the needs of all learners to be met

We want our curriculum to:

- Raise standards and achievement
- Build confidence
- Allow experiential learning
- Enhance basic skills throughout
- Raise self esteem and aspirations of learners
- Give children control of their own learning and to explore their own interests
- Promote investigation and problem solving skills for learners to become independent
- Use assessment to develop learning

Public Benefit

The Trustees confirm they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission when reviewing the charity's aim and objectives and in planning future activities.

STRATEGIC REPORT

Achievements and Performance

The Academy has directed school funding to secure the best possible outcomes for all pupils, particularly those accessing pupil premium funding and all groups of learners. This has been done by targeting the expertise of staff to children's educational needs. Targeted intervention measures are established at the earliest opportunity and progress of all children is tracked rigorously.

The staffing structure is regularly reviewed to ensure children receive a high quality education. The Wi-Fi network has been upgraded and new ICT suite established to meet the needs of the new national curriculum. Our programme of enhancing education through the introduction of ipads continues to be developed in Early Years.

Attendance is 96.53% compared to 95.2% nationally.

The Academy continues to achieve good results at the end of KS1 and KS2. Attainment levels continue to be in line with or exceeding national averages.

Key Performance Indicators

(2013 national figures in brackets – latest data available)

KS1	2+	2b+	3
Reading	97% (89%)	93% (79%)	43% (29%)
Writing	97% (85%)	87% (67%)	27% (15%)
Mathematics	97% (91%)	95% (78%)	33% (23%)

KS2 NPA provisional	L4+	L5+	% making 2 levels of progress	% making 3 levels of progress	Cohort
Reading	93% (86%)	55% (45%)	98% (88%)	39% (30%)	58
Writing	90% (83%)	35% (30%)	98% (91%)	30% (30%)	58
Mathematics	90% (87%)	41% (42%)	91% (88%)	26% (31%)	58

Proportion of children achieving a Level 4 in Reading, Writing and Mathematics - 84%.

Aim High Academy Trust

Governors' Report (continued)

End of KS2 results consistently indicate that by the time pupils leave NPA they have made at least good progress between KS1 and KS2 and that pupils' attainment exceeds the national attainment levels. The proportion of pupils this year making more than the expected progress is above the national average in Reading and Writing but narrowly below the national average in Mathematics. The Academy ensures standards are continually improved by operating a programme of internal and external reviews. The Academy works with external providers to monitor the impact on achievement, leadership and management and teaching and learning. The Academy underwent an Ofsted inspection in January 2013 and achieved the rating of 'Good'.

Going Concern

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

FINANCIAL REVIEW

The main sources of income for the Academy are grants from the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period 1st February 2014 to 31st August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. This also includes the formal transfer of the net balances held by the Local Authority.

The Academy also receives Early Years grant funding and Special Educational Needs funding for High Needs pupils, the use of which is also restricted to particular purposes.

The trustees of the Academy have adopted the following policies relating to Finance and Governance during 2013-2014.

- Scheme of Delegation
- Financial Regulations Manual
- Articles of Association
- Funding Agreement
- Treasury Management & Investment

The Academy reserves are presently being held to fund building improvements, facilities and services and an element to provide sufficient working capital to cover delays between spending and receipt of grants including a contingency to deal with unexpected emergencies such as urgent maintenance.

Reserves Policy

The Trustees review the level of financial reserves of the Academy annually. The Academy's free reserves are its funds after excluding restricted funds. Free reserves are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. The Trustees will ensure that the level of reserves that can be carried forward at the end of the financial period will be in line with the guidance received from the DfE on the treatment of the General Annual Grant (GAG) income and other grants.

The Academy held fund balances as at 31st August 2014 of £3,016,322 comprising of restricted and unrestricted funds.

Investment Policy

Under the Memorandum and Articles of Association, the Academy has the power to invest funds not immediately required for its own purposes, in any way the Trustees see fit. The Academy has a positive cash balance to cover eventualities and unforeseen expenses.

Aim High Academy Trust

Governors' Report (continued)

The Trustees have adopted a Treasury Management and Investment policy - the banking facilities are reviewed on a regular basis. The Academy has no funds invested as at 31st August 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

As this is the first period as an Academy, the Business Manager has worked closely with accountants, internal audit providers and the School Finance Team to ensure that financial systems are secure.

The principal risk facing the Academy is changes to local funding formulae and falling pupil rolls as funding is based on pupil numbers. Pupil numbers may also be affected by the reputation of the Academy; however our pupil numbers are consistently high with few spaces available. Trustees do not consider this to be a high risk. The Academy is currently rated as good by Ofsted and is striving towards an outstanding rating.

Strategies to develop middle leadership are being implemented as at 1st September 2014; a new Deputy Headteacher is to join the Senior Leadership team on 1st September to replace an established member of senior staff. The development of the leadership capacity within the Academy will ensure outcomes for pupils and school improvement remain high. Staffing is stable and there is provision to cover items such as maternity and sickness absence.

Plans for Future Periods

The Academy Trust expects both pupil numbers and staffing to be stable. The Trust will continue to look at the employment of staff across the school and continue to enhance the facilities for the benefit of all learners. Budget forecasts have been submitted to the EFA within the required timescale. Trustees in partnership with the Headteacher prepare an annual Academy development plan which considers the aims and objectives for the forthcoming year.

In order to improve performance against key performance indicators we propose:-

English

Reading comprehension will be a focus and this will include staff training and the implementation of accelerated reading.

A new individual target setting approach is to be introduced so as to inform pupils of their next steps to learning.

A focus on quality marking with a big emphasis on development points that take children's learning onto the next level.

Mathematics

Big Maths (an additional maths intervention strategy) will continue as an initiative with a focus on children knowing and retaining number facts.

First Class for Number will run as an intervention programme for children who are in danger of falling behind.

We will continue the consistent implementation of our revised calculations policy (how we teach calculations in number).

Curriculum

Implementation of 'Forest School's initiative to bring learning to the outdoors -appropriate training for staff to develop knowledge and expertise.

We have a continuous improvement culture which is embedded within the Academy whereby learning and development is an integral part of the day to day activities.

Funds held as Custodian Trustee on behalf of others

There are no funds held as Custodian Trustee on behalf of others.

Aim High Academy Trust

Governors' Report (continued)

Auditor

Baker Tilly Audit Limited are deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

Insofar as the Trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 25 November 2014 and signed on the Board's behalf by:

P Dutton
Chair



Aim High Academy Trust

Governance Statement

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Aim High Academy Trust (Newbottle Primary 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 Board of Trustees has delegated the day-to-day responsibility to the Chief Executive (Headteacher), as Accounting Officer, for ensuring financial controls conform with the requirements and responsibilities assigned to it in the funding agreement between Newbottle Primary Academy 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 Statement of Trustees' Responsibilities. The Governing Body has formally met 4 times during the period. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings Attended	Out of a possible
P Dutton (Chair)	4	4
G Stephenson (Headteacher + Accounting Officer)	4	4
S Blake (staff trustee)	4	4
A E Bolam (staff trustee – resigned 31.8.14)	3	4
D A Carter (staff trustee)	3	4
C Francis	2	4
C Gill (Vice-Chair)	2	4
J Moran (Business Manager)	4	4
A Slassor	4	4
J Thompson	4	4
S Morgan	3	4
J Westwater	4	4
H Westwater	3	4
R Morgan (resigned 11.2.14)	1	1

The Academy's Internal Auditor (Responsible Officer) has undertaken a review of governance in July 2014. The audit did not reveal any matters which were considered to be high or significant risk. The Responsible Officer concluded that the findings of the audit give substantial assurance that the Academy Trust has effective governance and financial arrangements in place. The controls evaluated were well designed, appropriate in scope and applied consistently and effectively. The matters identified were not critical and should not prevent objectives being achieved if remedial action is taken within an appropriate timescale. The majority of remedial actions have been implemented immediately with the remaining item to be finalised in September 2014.

The internal auditor has been employed to conduct regular reviews of governance in future.

The Finance and Premises Committee is a sub-committee of the main Governing Body. Its purpose is to ensure efficient and effective use of resources whilst seeking ways to ensure the fabric of the building remains fit for purpose and provides a productive learning environment. The review of governance has revealed that there is good participation in decision making by members of the committee. Attendance at meetings in the period was as follows:

Aim High Academy Trust

Governance Statement (continued)

Trustee	Meetings Attended	Out of a possible
P Dutton	2	2
G Stephenson (Headteacher + Accounting Officer)	2	2
J Westwater (Chair)	2	2
J Moran (Business Manager)	2	2
H Westwater	1	2
A Slassor	1	2
C Gill	1	2
J Thompson	1	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newbottle Primary Academy for the period 1st February 2014 to 31st August 2014 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 Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1st February 2014 to 31st August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Finance & Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has appointed the City of Sunderland's Internal Audit Team to act as Responsible Officer to the Academy. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis the auditor reports to the Board of Trustees, through the Finance & Premises Committee, on the operation of systems of control and on the discharge of the Trustees' financial responsibilities. During the period 1st February 2014 to 31st August 2014 one internal audit review was carried out.

Aim High Academy Trust

Governance Statement (continued)

Review of Effectiveness

As Accounting Officer, the Headteacher (Principal) 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 internal auditor/responsible officer;
- The work of the external auditor;
- The financial management and governance self-assessment process
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

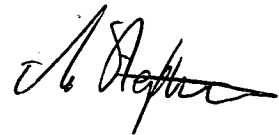
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Premises Committee and a plan to address weaknesses and ensure continuous improvement is in place.

Approved by order of the members of the Board of Trustees on 25 November 2014 and signed on its behalf by:

P Dutton
Chair



G Stephenson
Accounting Officer



Aim High Academy Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Aim High Academy Trust I have considered my responsibility to notify the Academy Trust 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 Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

G STEPHENSON
ACCOUNTING OFFICER

25 November 2014

A handwritten signature in black ink, appearing to read 'G Stephenson', with a long horizontal stroke extending to the right.

Aim High Academy Trust

Statement of Trustees' Responsibilities

The Trustees (who act as Governors of Newbottle Primary Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 the order of the members of the Board of Trustees on 25 November 2014 and signed on its behalf by:

P Dutton
Chair



Aim High Academy Trust

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Aim High Academy Trust

We have audited the financial statements of Aim High Academy Trust for the period ended 31 August 2014 on pages 15 to 34. 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 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12 the trustees (who are also the directors of the charitable company 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

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

Aim High Academy Trust

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Aim High Academy Trust (continued)

Matters on which we are required to report by exception

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

- the charity has not kept adequate accounting records, 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.

Baker Tilly UK Audit LLP

KEVIN ROONEY (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

Date *4/12/14*

Aim High Academy Trust

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 General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
- Activities for generating funds	2	63	1	-	64
- Voluntary income – transfer from Local Authority on conversion	22	297	(203)	2,952	3,046
<i>Incoming resources from charitable activities:</i>					
Funding for the academy trust's educational operations	3	16	1,013	9	1,038
Total incoming resources		376	811	2,961	4,148
Resources expended					
<i>Cost of generating funds:</i>					
Fundraising trading		3	1	-	4
<i>Charitable activities:</i>					
Academy trust educational operations	5	63	937	41	1,041
<i>Governance costs</i>	6	-	21	-	21
Total resources expended	4	66	959	41	1,066
Net incoming / (outgoing) resources before transfers		310	(148)	2,920	3,082
Gross transfers between funds	13	-	-	-	-
Net income/(expenditure) for the year		310	(148)	2,920	3,082
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	13,20	-	(66)	-	(66)
Net movement in funds		310	(214)	2,920	3,016
Reconciliation of funds					
Total funds brought forward at 1 February 2014	13	-	-	-	-
Total funds carried forward at 31 August 2014	13	310	(214)	2,920	3,016

All of the academy trust's activities derive from acquisitions in the current financial period.

Aim High Academy Trust

Balance Sheet as at 31 August 2014

	Notes	2014 £000	2014 £000
Fixed assets			
Tangible assets	10		2,992
Current assets			
Debtors	11	73	
Cash at bank and in hand		370	
		<u>443</u>	
Liabilities			
Creditors: Amounts falling due within one year	12	(155)	
Net current assets			<u>288</u>
Total assets less current liabilities			3,280
Pension scheme liability			<u>(264)</u>
Net assets including pension liability			<u>3,016</u>
Funds of the academy trust:			
Restricted funds			
- Fixed asset fund	13	2,920	
- General fund	13	50	
- Pension reserve	13	(264)	
Total restricted funds			2,706
Unrestricted income funds			
- General fund	13	310	
Total unrestricted funds			<u>310</u>
Total funds			<u>3,016</u>

The financial statements on pages 15 to 34 were approved by the trustees, and authorised for issue on 25 November 2014 and are signed on their behalf by:

P Dutton
Chair



Company Number 08842629

Aim High Academy Trust

Cash Flow Statement for the Period Ended 31 August 2014

	Notes	2014 £000
Net cash inflow from operating activities	16	63
Cash transferred on conversion to an academy trust	22	326
Capital expenditure	17	(19)
Increase in cash in the period	18	370
Reconciliation of net cash flow to movement in net funds		
Net funds at 13 January 2014		-
Net funds at 31 August 2014		370

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014

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 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.

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.

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.

- **Other Income**

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

- **Donated Services and Gifts in Kind**

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

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

1 Statement of Accounting Policies (continued)

- **Conversion to an Academy Trust**

The Academy converted from a state maintained school to an academy trust on 1st February 2014, the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration was accounted for under the acquisition accounting method. The assets and liabilities transferred from the maintained school Newbottle Primary to an academy trust were valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item at the time of conversion. The amounts were recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income in the Statement of Financial Activities.

Resources Expended

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

- **Costs of Generating Funds**

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

- **Charitable Activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

- | | |
|------------------------------------|----------|
| • Long leasehold buildings | 50 years |
| • Fixtures, fittings and equipment | 7 years |
| • ICT equipment | 3 years |
| • Motor vehicles | 7 years |

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

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

1 Statement of Accounting Policies (continued)

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 straight line basis over the lease term.

Taxation

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

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 20, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and included grants from the Education Funding Agency/Department for Education.

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

2 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
Catering income	33	-	33
Music Tuition Income	2	1	3
Pupil Contributions to Charities	1	-	1
Educational Visits	10	-	10
Fees – Out of School Clubs	17	-	17
	<u>63</u>	<u>1</u>	<u>64</u>

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
DfE / EFA revenue grants			
- General Annual Grant (GAG)	-	880	880
- Start Up Grants	-	9	9
- Capital Grants	-	9	9
- Other DfE/EFA grants	-	53	53
	<u>-</u>	<u>951</u>	<u>951</u>
Other Government grants			
- Local authority grants	-	62	62
	<u>-</u>	<u>62</u>	<u>62</u>
Non Grant Income	16	9	25
	<u>16</u>	<u>1,022</u>	<u>1,038</u>

4 Resources Expended

	Staff Costs £000	Non Pay Premises £000	Expenditure Other £000	Total 2014 £000
Costs of activities for generating funds	-	-	4	4
Academy's educational operations:				
- Direct costs	661	-	116	777
- Allocated support costs	107	48	109	264
	<u>768</u>	<u>48</u>	<u>229</u>	<u>1,045</u>
Governance costs including allocated support cost	-	-	21	21
	<u>768</u>	<u>48</u>	<u>250</u>	<u>1,066</u>

Incoming/(outgoing) resources for the year include:

	2014 £000
Operating leases:	
- Other leases	10
	<u>10</u>

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

5 Charitable Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
Direct costs – educational operations			
Teaching and educational support staff costs	-	661	661
Depreciation	-	40	40
Technology costs	-	8	8
Educational supplies	11	34	45
Staff development	-	5	5
Educational consultancy	1	1	2
Other direct costs	-	16	16
	12	765	777
Support costs – educational operations			
Support staff costs	14	69	83
Depreciation	-	1	1
Technology costs	-	5	5
Maintenance of premises and equipment	-	8	8
Cleaning	-	15	15
Rent & rates	-	9	9
Energy costs	-	16	16
Insurance	-	31	31
Security and transport	2	3	5
Catering	35	20	55
Other support costs	-	12	12
Pension finance charge	-	24	24
	51	213	264
Total direct and support costs	63	978	1,041

6 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
Legal and Professional Fees	-	15	15
Auditor's Remuneration			
- Audit of Financial Statements	-	4	4
- Other Audit Costs	-	2	2
	-	21	21

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

7 Staff Costs

a. Staff Costs

Staff costs during the period were:

	2014 £000
Wages and salaries	614
Social security costs	41
Pension costs	87
	<hr/>
	742
Supply staff costs	27
	<hr/>
	769

b. Staff numbers

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

Charitable Activities

	2014 No.
Teachers	16
Administration and support	16
Management	4
	<hr/>
	36

c. Higher Paid Staff

There were no employees whose emoluments exceeded £60,000 during the accounting period.

8 Related Party Transactions – Trustees' Remuneration & Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration was as follows:

Mr G Stephenson (Headteacher):	£40,000 - £45,000
Mrs A Bolam (Assistant Headteacher):	£30,000 - £35,000
Mrs J Moran (Business Manager):	£20,000 - £25,000
Mr D Carter (Teacher):	£15,000 - £20,000
Mrs S Blake (Teaching Assistant):	£ 5,000 - £10,000

During the period ended 31 August 2014, there was no travel and subsistence expenses reimbursements.

Other related party transactions involving the trustees are set out in note 21.

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

9 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 2014 was £1,051.

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

10 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost						
Transfer on conversion:	-	2,895	12	9	7	2,923
Additions	-	98	3	9	-	110
Disposals	-	-	-	-	-	-
At 31 August 2014	-	2,993	15	18	7	3,033
Depreciation						
Charged in period	-	34	1	5	1	41
At 31 August 2014	-	34	1	5	1	41
Net Book Values						
At 31 August 2014	-	2,959	14	13	6	2,992

Land and buildings were valued on the basis of depreciated replacement cost as at 31 March 2014 by Mouchel on behalf of the EFA. This value was capitalised at on the date of conversion.

11 Debtors

	2014 £000
Trade debtors	1
VAT recoverable	22
Prepayments and accrued income	50
	73

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

12 Creditors: Amounts Falling due within one Year

	2014 £000
Trade creditors	21
Taxation and social security	1
Accruals and deferred income	<u>133</u>
	<u>155</u>
Deferred income	
Deferred income at 1 February 2014	-
Resources deferred in the year	37
Amounts released from previous years	-
Deferred Income at 31 August 2014	<u>37</u>

At the balance sheet date the academy trust was holding funds received in advance for Academy Infant Free School Meals (£33k) and educational visits (£4k).

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

13 Funds

	Balance at 1 February 2014 £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)	-	880	(836)	-	44
Start Up Grant	-	9	(9)	-	-
Other DfE/EFA grants	-	53	(53)	-	-
Other Income	-	72	(66)	-	6
	-	1,014	(964)	-	50
Pension reserve	-	(203)	5	(66)	(264)
	-	811	(959)	(66)	(214)
Restricted fixed asset funds					
DfE/EFA capital grants	-	9	-	-	9
Transfer from Local Authority	-	2,952	(41)	-	2,911
	-	2,961	(41)	-	2,920
Total restricted funds	-	3,772	(1,000)	(66)	2,706
Unrestricted funds					
Unrestricted funds	-	376	(66)	-	310
Total unrestricted funds	-	376	(66)	-	310
Total funds	-	4,148	(1,066)	(66)	3,016

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

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

Other DfE, EFA grants and other income include Pupil Premium, Special Needs, PE Grant and Early Years Funding with the income being restricted to the terms of each funding stream.

Capital Grant has been received for capital and related expenditure. Depreciation has been charged against assets within the Restricted Fixed Asset Fund. The transfer from Local Authority reflects fixed assets transferred on conversion along with surpluses on capital and revenue budgets on conversion.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

14 Analysis of Net Assets between Funds

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	2,992	2,992
Current assets	322	111	10	443
Current liabilities	(12)	(61)	(82)	(155)
Pension scheme liability	-	(264)	-	(264)
Total net assets	310	(214)	2,920	3,016

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

15 Financial Commitments

Operating Leases

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

	2014 £000
Other	
Expiring within one year	-
Expiring within two and five years inclusive	10
Expiring in over five years	-
	<u>10</u>

16 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2014 £000
Net income	3,082
Depreciation (note 10)	41
Capital grants from DfE and other capital income	(9)
Transfer from Local Authority	(3,046)
FRS 17 pension charge (note 20)	(5)
(Increase)/decrease in debtors	(73)
Increase/(decrease) in creditors	73
Net Cash Inflow from Operating Activities	<u>63</u>

17 Capital Expenditure and Financial Investment

Purchase of tangible fixed assets	(28)
Capital grants from DfE/EFA	9
Net cash outflow from capital expenditure and financial investment	<u>(19)</u>

18 Analysis of Changes in Net Funds

	At 1 February 2014 £000	Cash flows £000	At 31 August 2014 £000
Cash in hand and at bank	-	370	370
	-	370	370

19 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.

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

20 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; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Tyneside Council. Both are defined-benefit schemes.

As described in note 1 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

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) 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

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) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

20 Pension and Similar Obligations (continued)

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.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

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

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. 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 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 were to be phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme with 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 £37,000, of which employer's contributions totalled £29,000 and employees' contributions totalled £8,000. The agreed contribution rates for future years are 21.2% for employers and 5.5% - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liability would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

20 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions (% per annum)

	At 31 August 2014	At 1 February 2014
Rate of increase in salaries	3.6	3.8
Rate of increase for pensions in payment/inflation	2.1	2.3
Discount rate for scheme liabilities	3.7	4.3
Inflation assumption (CPI)	2.1	2.3
Commutation of pensions to lump sums	0.0	0.0

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
<i>Retiring today</i>	
Males	23
Females	24.6
<i>Retiring in 20 years</i>	
Males	25
Females	26.9

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 (%pa)	Fair Value at 31 August 2014 £000	Long-term expected rate of return at 1 February 2014 (%pa)*	Fair Value at 1 February 2014 £000
Equities	7.5	337	7.4	289
Government Bonds	2.9	18	3.4	15
Corporate Bonds	3.3	58	3.9	50
Property	6.8	46	6.9	37
Cash	1.1	13	0.9	13
Other*	7.5	30	7.4	29
Total market value of assets		502		433
Present value of scheme liabilities				
Funded		(766)		(636)
Surplus/(deficit) in the scheme		(264)		(203)

Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these investments will achieve a return in line with equities.

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

20 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Aim High Academy Trust employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely acceptable capital market principles. The assumed rate of return on assets is derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at the 31 August 2014.

The actual return on scheme assets was £32,000.

Amounts recognised in the Statement of Financial Activities

	2014 £000
Current service cost (net of employee contributions)	(25)
Past service cost	0
Total operating charge	<u>(25)</u>
Analysis of pension finance income	
Expected return on pension scheme assets	17
Interest on pension liabilities	(16)
Pension finance income	<u>1</u>

The actuarial gains and losses for the current period 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 £66,000 loss.

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

	2014 £000
At 1 February 2014	636
Current service cost	25
Interest cost	16
Employee contributions	8
Actuarial loss	81
At 31 August 2014	<u>766</u>

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

20 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

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

	2014 £000
At 1 February 2014	433
Expected return on assets	17
Actuarial gain	15
Employer contributions	29
Employee contributions	8
At 31 August 2014	502

The estimated value of employer contributions for the period ended 31 August 2015 is £54,000.

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

	As at 31 August 2014 £000	As at 1 February 2014 £000
Present value of defined benefit obligations	(766)	(636)
Fair value of share of scheme assets	502	433
Deficit in scheme	(264)	(203)
Experience adjustments on share of scheme assets Amount £000	15	
Experience adjustments on scheme liabilities Amount £000	0	

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

21 Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private 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 trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

Focus on Learning – a company in which Mrs S Morgan (a trustee of the trust) has a majority interest:

Transactions totalling £250 relating to training services provided for staff. There were no amounts outstanding as at 31.8.2014.

Pat Dutton – a self-employed Basic Skills Assessor (Mrs Dutton is a member of the trust):

Aim High Academy Trust operate the Quality Mark for Basic Skills of behalf of Sunderland Local Authority. Mrs Dutton was employed to carry out assessments at schools in the Sunderland area and received remuneration totalling £1,125. These services were provided by Mrs Dutton at cost and in accordance with the trust's financial regulations. There were no amounts outstanding as at 31.8.2014.

In entering these transactions the trust has complied with the requirements of the EFA's Academies Financial Handbook.

Aim High Academy Trust

Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

22 Conversion to an Academy Trust

On 1 February 2014 Newbottle Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Aim High Academy Trust Ltd from the Sunderland Local Authority 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 as net incoming resources 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 £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
- Leasehold land and buildings			2,895	2,895
- Other tangible fixed assets			28	28
Budget surplus on LA funds	250		29	279
Budget surplus on other school funds	47			47
LGPS pension deficit		(203)		(203)
Net assets	297	(203)	2,952	3,046

The above net assets include £326,495 that were transferred as cash.

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