

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Annual Report and Financial Statements**

**For the year ended 31 August 2013**

Company Limited by Guarantee  
Registration Number 07814150  
(England and Wales)



**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

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**Isle Education Trust**  
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**Reference and Administrative Details**

<b>Trustees</b>	<b>Appointed</b>
Mr P Barratt ( Member, Foundation and Chair ) **	
Mrs M Lister ( Member, Head teacher and Accounting Officer )	
Mr S Barlow ( Staff Trustee )	
Miss C Sargeson ( Staff Trustee )	
Mr G Sheehan ( Staff Trustee )	
Dr I Woollands (Responsible Officer, Vice Chair and Community Trustee)	
Mr M Chipp ( Community Trustee )	
Mrs J Wiltscinsky ( Co Opted Trustee ) **	
Mr N Dance ( Co Opted Trustee ) **	
Mr M Fothergill ( Co Opted Trustee )**	
Mr R Yeardley (Foundation)	
Miss J Gibson (Foundation)	
Mrs M Wilson ( Parent Trustee )	
Mr J Cook ( Parent Trustee )	
Mr B Ogden ( Parent Trustee ) **	
Miss K Wild ( Member and Business Manager )	
Mrs S Heath (Community Trustee)	02/11/2012
Mrs D Puncheon (Community Trustee)	01/07/2013

\*\* Members of the finance and personnel sub committee

All other board members are members of one of the academy's various sub committees

**Senior Management Team**

Head Teacher	Mrs M Lister
Deputy Head	Mrs S Thompson
Assistant Head	Mr A Driver
Assistant Head	Mr G Howitt (up to 31/08/13)
Assistant Head	Mr S Barlow
Business Manager	Miss K Wild

**Principal and Registered Office**

Burnham Road  
 Epworth  
 Doncaster  
 South Yorkshire  
 DN9 1BY

**Company Registration Number**

07814150 (England & Wales)

**Isle Education Trust**  
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**Reference and Administrative Details**

**Independent Auditor**

Allotts Business Services Ltd  
Chartered Accountants  
Registered Auditors  
Sidings Court  
Lakeside  
Doncaster  
DN4 5NU

**Bankers**

The Co-Operative Bank  
2nd Floor, 1 Balloon Street  
Manchester M60 4EP

**Solicitors**

Langleys  
Olympic House  
Doddington Road  
Lincoln  
LN6 3SE

**Isle Education Trust**  
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**Trustees' Report**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2012 to 31 August 2013

## **Structure, Governance and Management**

### **Constitution**

Isle Education Trust (Formerly South Axholme Academy Trust) was incorporated on 18<sup>th</sup> October 2011 and opened as an Academy on 1<sup>st</sup> December 2011. It is a company limited by guarantee and an exempt charity. The Academy's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of South Axholme Academy Trust are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as Isle Education Trust (Formerly South Axholme Academy Trust). It is not required to be registered with the Charities Commission but it is however subject to the Charity Commissioners' regulatory powers.

The Members of the Academy Trust are the signatories to the Memorandum and have appointed Trustees to be responsible for the statutory and constitutional affairs of the academy and its management.

Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administrative Details on page one.

### **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**

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust. The limit of this indemnity is £5M.

### **Principal Activities**

The Academy Trust's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

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

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

The members as identified on Page one (Marie Lister, Paul Barratt and Karen Wild) may appoint up to 3 **Foundation Trustees**.

A total of **4 Staff Trustees** are appointed through an election process and must be elected as a Trustee by persons who are paid to work at the school and is her/himself a paid employee of the Academy Trust. Including the Headteacher (who shall be treated for all purposes as being an ex

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**Trustees' Report (continued)**

officio Trustee) the number of staff Trustees should not exceed one third of the total number of Trustees

For Isle Education Trust (Formerly South Axholme Academy Trust) at least one staff Trustee (in addition to the head teacher) must be a teacher (unless no teacher stands for election) and at least one staff Trustee must be a person who

is not a teacher (unless no such person stands for election) All full time and part time members of staff at the school shall be eligible to nominate and vote in any election

A total of 3 **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 when he is 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 he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy Where a vacancy for a Parent Trustee is required to be filled by election, the Board of trustees ensures that every person known to them as being a parent of a registered pupil at South Axholme Academy is informed of the vacancy and informed that he is entitled to stand as a candidate, vote at the election and given an opportunity to do so

The number of Parent Trustees required shall be made up by Parent Trustees appointed by the Board of Trustees if the number of parents standing for election is less than the number of vacancies The Board of Trustees shall appoint a person who is the parent of a registered pupil at the Academy or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age

**A total of 4 Community Trustees** may be appointed by the Board of Trustees provided that the person who is appointed as a community Trustee is

- a) a person who lives or works in the community served by the academy or
- b) a person who in the opinion of the Board of Trustees is committed to the success of the academy

The Board of Trustees 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 so appointed The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees (including the Head teacher)

The term of office for any Trustees is 4 years, with the exception of the Head teacher who remains a Trustee whilst employed by South Axholme Academy Trust Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected

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

The training and induction provided for new Trustees will depend on their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils

This is followed up with a meeting with the Headteacher and the Chair of Trustees to address the following points

- Aims, Objectives of the Academy (long and short term)
- Achievements
- Strengths/Weaknesses
- Results
- Overview of Staffing (Teaching and support)
- Curriculum Overview
- Key Issues
- Board of Trustees Structure (and committee structure)
- Additional Trustee training

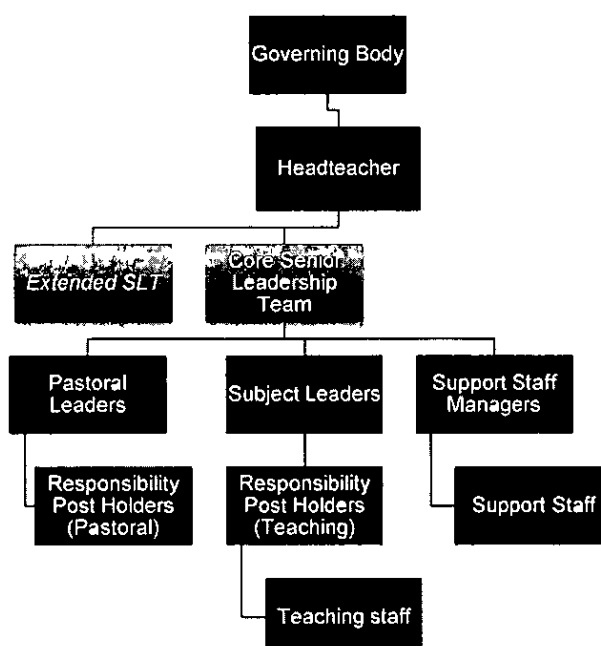
Trustees are encouraged to attend Induction training provided by the Local Authority and also any other relevant courses Trustees are appointed to committees as vacancies arise Each Trustee has

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**Trustees' Report (continued)**

been provided with a Code of Conduct and guidance on principles of behavior including roles and responsibility. They have received academy induction training from Steven Watson (Allotts Chartered Accountant). Advantage is taken of specific courses offered by the Local Authority and other bodies. The academy currently has a programme of Trustee linking whereby each Trustee is linked to a senior member of staff and attends meetings with the Subject Leaders within that area.

**Organisational Structure**

The organisational hierarchy is as follows



The Board of Trustees' normally meet twice per term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale. The Board of Trustees has overall responsibility for

- setting general policies
- approving the Annual Development Plan and Budget
- tracking/monitoring key financial elements
- appointment of key personnel
- tracking/monitoring pupil progress/exam results
- ensuring the academy provides a broad and balanced curriculum in line with the requirements of the funding agreement and agree any curriculum changes
- ensuring that religious education and collective worship are provided in accordance with the funding agreement
- ensuring the academy complies with any guidance issued by the Secretary of State from time to time to ensure that pupils take part in assessments and in teacher assessments of pupil's performance
- agreeing any changes to school day/hours
- agreeing any changes to uniform
- appointing/removing the Chair/Vice Chair/Headteacher/Clerk to Trustees

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**Trustees' Report (continued)**

- to consider any proposals for changes to the constitution of the Academy and its committee structure
- approving the statutory accounts

There are 8 committees as follows,

**Appeals Committee**

- to deal with any appeal on a range of issues to include - pay/grading, redeployment/redundancy, grievance appeals, collective disputes, disciplinary issues, fixed term contracts and any appeal by the head teacher regarding the performance management process

**Appointments Committee**

- to appoint staff
- to note that at least one member of the appointments committee must have undertaken safer recruitment training

**Buildings Health and Safety Committee**

- to give consideration to specific building issues
- to review the buildings and environment objectives in the Academy Improvement Plan
- to undertake inspection of buildings and site
- to give consideration of the academy's security of buildings and the site
- to review health and safety policies on a regular basis
- to make recommendations to the Board of Trustees and finance and personnel committee as appropriate
- to have regard to the Education (Independent School Standards (England) Regulations 2003

**Curriculum Committee**

- to monitor the curriculum and make recommendations to the Board of Trustees
- to consider policies relating to the curriculum
- to give consideration to the review of the Academy Improvement Plan before presentation to the Board of Trustees
- to hear parental complaints in line with The Education Independent School Standards (England) Regulations 2003 and the Academy's procedure

**Finance & Personnel Committee (meets at least 3 times per year)**

- to ensure compliance with the Academies Financial Handbook
- to consider the Academy's indicative funding and to assess its implications for the Academy in advance of the financial year, drawing any matters of significance or concern to the attention of full Board of Trustees (clause 71 of the funding agreement)
- to consider and recommend the formal budget plan for approval by the full Board of Trustees each financial year (clause 67 of the funding agreement)
- to ensure the academy's financial statements, directors' report, annual accounts and annual return for each financial year are filed with the Secretary of State and Head teacher Regulator annually together with a statement of the accounting policies and an audit report (clause 68 of the funding agreement)
- to contribute to the formulation of the Academy's Improvement Plan, through the consideration of financial priorities and proposals, in consultation with the head teacher, with the stated and agreed aims and objectives of the Academy
- to receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the Improvement Plan
- to monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the Academy, and with the financial regulations of the DfE, drawing any matters of concern to the attention of the full Board of Trustees
- to monitor the mechanism for the procurement, receipt and management of donations
- to monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate, to make recommendations for improvement



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**Trustees' Report (continued)**

- to prepare the financial statement to form part of the annual report to parents and for filing in accordance with Companies Act and Charity Commission requirements
- to receive auditors' reports and to recommend to the full Board of Trustees action as appropriate in response to findings
- to recommend to the full Board of Trustees the appointment or reappointment of the auditors of the Academy
- to review and receive reports from the Responsible Officer and to go to the Board with recommendations from the committee
- to monitor the requirements of the gifts and hospitality register
- to deal with pay-grading issues (with the Head teacher being empowered to deal with the annual incremental pay awards for all teaching staff)
- to deal with redeployment/redundancy
- to act as an initial hearing
- to consider the staffing structure
- to deal with staff dismissals
- to approve personnel policies
- to take appropriate legal and professional advice from HR/Employment Law consultants

**Pupil Discipline Committee**

- to hear all pupil exclusions in accordance with legislation

**Performance Management Committee**

- to give consideration to the performance management of the head teacher and the head teacher's pay

**Risk Management Committee**

- to ensure that the identification and evaluation of key risks that threaten achievement of the Academy's objectives is carried out, and that a register of these risks is maintained
- to seek assurances that strategy and procedures are in place to manage risks at an operational level (including the identification of appropriate risk owners) and ensure appropriate monitoring of the management strategy
- to make recommendations to the full Board of Trustees regarding the implementation of control measures and mitigation of risk
- to consider emerging risks and previously unrecognised risks and ensure that these are sufficiently identified, evaluated and managed

The senior member of staff to whom day to day management of the charity is delegated is Marie Lister, the Academy Head and Accounting Officer. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Trustee.

The **Senior Leadership Team (SLT)** consists of the Head (Accounting Officer), the Deputy Head, 3 Assistant Heads (as at 31/08/2013) and the Business Manager (the extended SLT also includes the 2 Key Stage Managers).

The aim of the management structure is to devolve responsibility and encourage decision making and involvement at all levels.

SLT have the responsibility of implementing the policies laid down by Trustees and reporting back. All authorisations within limits of spending are devolved to Subject and Pastoral leaders. These leaders also co-ordinate the day to day activities within their areas including organising staff and students and ensuring adequate materials/facilities.

The support staff managers are arranged by functional areas e.g. Finance, Data, IT and have whole school responsibility for their area.

**Risk Management**

The Academy has a formal risk management process to assess risks and to implement risk management strategies. The risk management committee has been formed to consider the major risks to the academy. The following categories of risk have been considered all of which have a potential impact on Isle Education Trust (Formerly South Axholme Academy Trust).

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- Political
- Economic
- Social
- Technological
- Regulatory
- Environmental
- Physical
- Financial
- Competitive
- Professional
- Legal
- Contractual

More specific risks have been identified in each of these areas e.g. travel, Health & Safety. These risks are assessed to identify the likelihood of occurrence and also the impact if a situation materialised and the Risk Management Committee will make recommendations on whether to transfer, control or accept the risk recognising that not all risks can be eliminated.

The following controls are already in place to try and manage some of the risks

- Introduction of various financial controls to ensure duties are kept segregated and to minimize the risk of Fraud
- the academy has received a Risk Report as part of the overall Insurance plan
- the academy subscribes to the Evolve system to assess the risk of trips and ensures controls are in place to meet government standards
- appointment of Responsible Officer and full, scheduled programme of checks

At a more general level the following are applied to ensure risks are minimised

- Policies
- Budget Monitoring & Control
- Processes
- Assessments
- Contingencies
- Forward planning
- Reciprocal arrangements
- Supervision
- Appraisals
- Training
- Firewalls

**Connected Organisations, including Related Party Relationships**

The school does not have any business sponsors but works closely with the Lincolnshire Co-operative who were previously Trust Partners.

The Academy has strong collaborative links with the feeder primary schools.

**Objectives and Activities**

**Objects and Aims**

The principle object and activity of the Academy is to provide free education and care for pupils of different abilities between the ages of 11 and 16.

The characteristics of the Academy are that

- a) The school has a balanced and broadly based curriculum
- b) The school provides education for pupils of different abilities
- c) The school provides education for pupils who are wholly or mainly drawn from the area in which the school is situated

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In addition to this

- a) The school will be at the heart of the community, promoting community cohesion and sharing facilities with other schools and the wider community
- b) There will be assessments of pupils performance as they apply to maintained schools and the opportunity to study for external qualifications
- c) The admissions policy and arrangements for the school will be in accordance with admissions law, and the DfE Codes of Practice, as they apply to maintained schools
- d) teachers' level of pay and conditions of service for all employees will be the responsibility of the Academy Trust
- e) there will be an emphasis on the needs of the individual pupils including pupils with special education needs (SEN) both those with and without statements of SEN
- f) there will be no charge in respect of admission to the school and the school will only charge pupils where the law allows maintained schools to charge
- g) the Academy Trust will have an appropriate mechanism for the receipt and management of donations and shall use reasonable endeavours to procure donations through that mechanism for the purpose of the objects specified in the Articles

The school has been judged Good at its last inspection by Ofsted in January 2013. South Axholme Academy places emphasis on both high standards and care for the individual. We recognise that pupils are all different and it is our aim as an Academy to give each pupil that which is best suited for his or her needs, academic, creative, sporting or social. We thus attempt to provide true equality of opportunity.

As a forward thinking and outward looking school we constantly strive to find new ways of working with a variety of partners to ensure that our pupils are equipped with the necessary skills and qualifications to take their place as responsible citizens of the future in the 21<sup>st</sup> century society.

It is our wish to provide an atmosphere in which skills flourish, and in which every child is offered the chance to make the most of his or her abilities.

South Axholme's principal aim is to bring about pupils' academic and social development in order to help each child play a responsible and effective role in society.

We seek to promote the intellectual, emotional, moral, spiritual, aesthetic and physical development of each pupil. We aim to provide an environment which is stimulating, caring, happy and disciplined and to foster in each pupil

- a desire to learn and the pursuit of excellence,
- the knowledge, understanding and skills needed for the adult world,
- a positive attitude to life,
- the qualities of versatility and adaptability,
- a sense of responsibility and self-discipline,
- self esteem with a respect and care for others,
- the competences needed for varying employment patterns in a fast changing world

Our school exists to serve its pupils and to play an active part in promoting the well-being of the community in which it is set. The school recognises the importance of working in close co-operation with parents and the local community and seeks to foster this partnership in order to achieve its aims.

At South Axholme we are striving to create a caring community, in which equal opportunities are provided for all pupils to develop their individual capabilities and to mature as personalities. We aim to teach our pupils and to guide them in such a way that they will achieve high standards of academic attainment and at the same time we are concerned not only with pupils' intellects, but also with their physical, social and emotional development. We want to enable our pupils to live as richly and humanely as possible.

We believe that no child is without potential. Good teaching, clear, unambiguous standards, and a secure, challenging yet happy environment will develop that potential. All children need praise and encouragement. We aim to teach pupils how to learn for themselves so that they can progress successfully to other levels of education and cope with the demands of life both at home and at work. In the final analysis success must be gauged by measuring each child's achievement and effort against his or her potential.

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Care for pupils is the responsibility of all staff whatever their role. The delivery of an effective education, enabling and encouraging pupils to achieve their potential, relies upon this personal involvement.

Care incorporates the personal and social education of pupils and their guidance and welfare. It depends upon

- teacher example,
- maintaining purposeful and supportive working relationships with and amongst pupils,
- expecting high standards of behaviour and promoting an understanding of the difference between right and wrong,
- applying consistent standards,
- promoting respect for persons, truth and property,
- using appropriate rewards and sanctions,
- monitoring pupils' progress, providing regular, constructive feedback and setting realistic targets,
- and employing teaching and learning styles which encourage,
  - Self-responsibility
  - Democracy
  - Equality
  - Self-help
  - Equity
  - Solidarity
  - Ethical Values (Honesty, Openness, Social responsibility, Caring for others)

The school's philosophy is that each pupil is entitled to a broad and balanced curriculum with opportunities for enhancement that prepares her or him for life's choices, responsibilities and experiences.

In years 7 and 8 Key Stage 3 - pupils follow a common curriculum. In Years 9, 10 and 11 - Key Stage 4 - breadth and balance are maintained within a more flexible framework that enables the school to meet the particular needs of each individual pupil. The school offers a variety of qualifications such as GCSE and BTEC.

The curriculum in both Key Stage 3 and Key Stage 4 is organised to ensure entitlement to careers education and guidance, economic and industrial understanding, health education, environmental awareness, citizenship and a work experience programme. Computing skills and general life skills are developed through all subject areas.

The school believes that each pupil has individual strengths, abilities and aptitudes and this is recognised by all teachers and all curriculum areas.

**Objectives, Strategies and Activities**

Key activities and targets were identified in the Academy Improvement Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding, including the conversion to Academy status. The activities included the following:

- review of Support staff structure including complete restructure and reengineering all finance processes and procedures
- further development of the internet/website
- development and embedding of key administrative procedures arising from conversion (including Payroll)
- continued development of systems for tracking and monitoring pupil attainment

**Public Benefit**

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their

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**Trustees' Report (continued)**

powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities

## **Achievements and Performance**

### **Academic results**

The total number of students as of 31<sup>st</sup> August 2013 is 900 and these are fairly evenly spread across all year groups

Examination results for 2013 were excellent with 88% of students gained 5 A\*-C at GCSE and 68.5% achieving 5\*A-C including English and Mathematics

There were some outstanding performances by students in the Sciences, in Physics students achieved 94% A\*-C and in Biology students achieved 97% A\*-C. The 2013 Mathematics results were the best in the Academy's history with 85% of students gaining a grade C or above

To ensure that standards are continually assessed the Academy operates a programme of lesson observations, which are undertaken by Subject Leaders and Senior Leadership Team

Continuing professional development for teaching staff has been very successful with all staff participating in structured and focused twilight sessions

The academy has invested in an improvement programme using an external consultant which is further aimed at improving standards

### **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

### **Key Financial Performance Indicators**

The main financial performance indicator in reporting to the Board of Trustees has been Monthly Revenue against Monthly Expenditure for key budget headings/ items (for example, salaries, building costs, maintenance). Actuals are considered against forecasts and then any appropriate corrective action is taken

## **Financial Review**

The majority of the Academy's income is obtained from the Education Funding Agency(EFA) in the form of the General Annual Grant (GAG)

The Academy also receives other grants such as Pupil Premium and Special Educational Needs Funding these are restricted funds

Any other items of funding have been assigned in the financial statements in accordance with the guidelines set down by SORP

During the year ended 31<sup>st</sup> August 2013 the total expenditure of £4,737,000 was covered by the General Annual Grant along with other incoming resource. The excess of income over expenditure for the year was £213,000. The school does not receive any cash donations from sponsorships and has not undertaken any investments other than placing surplus cash in a short term deposit account which earned £3,000 in interest for the year

The Academy held total fund balances of £756,000 as at 31 August 2013 excluding the pension deficit reserve of £668,000 and the fixed asset fund of £4,112,000. This total comprised of restricted general funds of £705,000 and unrestricted general funds of £51,000

As in the previous year, the majority of the Academy's expenditure has been on wages and salaries

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As at 31<sup>st</sup> August 2013 the net book value of fixed assets was £4,112,000. The assets were used solely for the purposes of providing education and the associated support services to the pupils of the Academy.

The Academy has adopted the best practice from the Academies Financial Handbook and has also rolled policies and procedures forward from when it was a grant maintained school wherever they remain relevant.

Trustees have adopted a Responsible Officer Policy and appointed Dr Ian Woollands, a Trustee who is not a member of the Finance Committee, to undertake a programme of internal checks on financial controls. During the year, the Trustees have received reports from the Responsible Officer which contain no matters of significance.

**Financial and Risk Management Objectives and Policies**

The Academy has a Risk Management Committee in place and they will constantly review any new information and assess any major risks to which the Academy is exposed.

The Trustees have implemented a number of systems to assess and minimize risks, described elsewhere in this report. Adequate insurance is in place where appropriate.

The Trustees examine the financial health every term, reviewing performance against budget and overall expenditure. The Trustees also review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy has no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Board of Trustees recognizes that the defined benefit scheme deficit (Local Government Pension Scheme) represents a significant potential liability. However, as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from the liability is minimized.

**Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Academy are as follows:

- Financial – the Academy has considerable reliance on continued Government funding through the EFA, whilst levels are expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same level or on the same terms.
- Failures in governance and /or management to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns.
- Reputational – the continuing success of the Academy is dependent on continuing to attract applicants in sufficient number by maintaining the highest educational standards.
- Safeguarding and Child protection – the Trustees continue to ensure the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline.
- Staffing – the success of the Academy is reliant on the quality of its staff and clear succession planning as well as appropriate development and training.
- Fraud and mismanagement of funds – the Academy has appointed a Responsible Officer to carry out checks on financial systems and records.

**Reserves Policy**

The free reserves (unrestricted general funds) as at the 31 August 2013 amounted to £51,000.

**Investment Policy**

The Academy will identify funds surplus to immediate cash requirements and transfer in to a deposit account bearing a higher interest rate.

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### **Plans For Future Periods**

The Academy will continue striving to improve the levels of performance of its students at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

From 1<sup>st</sup> October 2013 a Multi Academy Trust named Isle Education Trust was formed based on the existing South Axholme company number and Board of Trustees. Within Isle Education Trust there will initially be two operational units – South Axholme Academy and Epworth Primary Academy. South Axholme is a sponsor Academy with DfE which has meant going through a rigorous process to prove that the following areas are robust:

- strategic direction
- educational capacity and performance
- financial planning and operational capacity
- governance and transparency

Being a sponsor enables South Axholme to support other academies and it is keen to grow this role. A proposal to add Post 16 provision is currently with the DfE and may be in operation from September 2014. This will require careful project management and work with the Local Authority to provide suitable accommodation.

On 17 October 2013, the Charitable Company's name was changed from South Axholme Academy Trust to Isle Education Trust.

The Academy Improvement Plan (AIP) documents other plans for the coming year. This includes 4 key strands of work with documented goals within each:

- 1 Raise Achievement and Standards
- 2 Teaching and Learning
- 3 Behaviour and Safety
- 4 Leadership and Management

### **Funds held as Custodian Trustee on behalf of others**

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

### **Auditor**

Insofar as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's auditor is unaware,
- 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.

Allotts Business Services Ltd, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006, unless the charitable company receives notice under section 488(1) of the Companies Act 2006.

Approved by order of the members of the Board of Trustees on 13 November 2013 and signed on its behalf by

Mr P Barratt  
 (Chair of Trustees)



**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Governance Statement**

### **Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that Isle Education Trust has an effective and appropriate system of control, financial and otherwise. However such 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 head teacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Isle Education 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 statement of Trustees' responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

	<b>Attended</b>	<b>Possible</b>
Mr P Barratt (Chair)	4	6
Mrs M Lister ( Head teacher )	6	6
Mr S Barlow	6	6
Miss C Sargeson	5	6
Mr G Sheehan	5	6
Dr I Woollands (Responsible Officer)	3	6
Mr M Chip	1	6
Mrs J Wiltscinsky	6	6
Mr N Dance	6	6
Mr M Fothergill	5	6
Mr R Yearley	6	6
Miss J Gibson	6	6
Mrs M Wilson	5	6
Mr J Cook	5	6
Mr B Ogden	3	6
Miss K Wild	5	6
Mrs D Puncheon	1	1
Mrs S Heath	1	4



**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Governance Statement (continued)**

The Finance and Personnel Committee is a sub-committee of the main Board of Trustees. Its purpose is to manage the Academy's resources and finances efficiently and effectively. Attendance at meetings in the year was as follows:

	<b>Attended</b>	<b>Possible</b>
Mr P Barratt	3	3
Mrs M Lister	3	3
Mr N Dance	2	3
Mr M Fothergill	1	3
Mrs J Wiltscinsky	2	3
Miss K Wild	3	3
Mr B Ogden	1	3

**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 ongoing processes designed to identify and prioritise the risks to the achievement of the 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 at Isle Education Trust for the period ended 1 September 2012 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 academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by The Board of Trustees.

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Governance Statement (continued)**

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

The Academy Trusts' system of internal 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 and personnel committee of reports which indicate financial performance against forecasts and of any major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Dr I Woollands, a Trustee, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trusts financial systems. On a regular basis the RO reports to The Board of Trustees on the operation of the systems of control and on the discharge of The Board of Trustees' financial responsibilities.

No material control issues were identified.

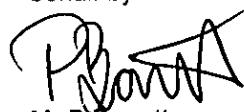
### **Review of Effectiveness**

As Accounting Officer, the head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the 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 internal control by the Finance and Personnel Committee and a plan to address any weaknesses and ensure continuous improvement of the systems in place.

Approved by order of the members of The Board of Trustees on 13 November 2013 and signed on its behalf by

  
 Mr P Barratt  
 (Chair of Trustees)

  
 Mrs M Lister  
 (Accounting Officer)

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Isle Education 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 with the Academies Financial Handbook.

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



Mrs M Lister  
(Accounting Officer)

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Statement of Trustees' Responsibilities**

The Trustees (who act as Governors for charitable activities for Isle Education Trust and are also 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 apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

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

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

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

Approved by order of the members of the governing body on 13 November 2013 and signed on its behalf by



Mr P Barratt  
 (Chair of Trustees)

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Independent Auditor's Report on the Financial Statements to the**  
**Board of Trustees of Isle Education Trust**

We have audited the financial statements of Isle Education Trust for the year 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 and 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 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 academy and its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, 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 charitable company'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. 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 Charitable Company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the requirements of the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Independent Auditor's Report on the Financial Statements to the**  
**Board of Trustees of Isle Education Trust**

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

- the Academy Trust has not kept adequate accounting records, 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 the audit



Jacqueline Saunders BA FCA DChA (Senior Statutory Auditor)  
for and on behalf of  
Allotts Business Services Ltd  
Chartered Accountants  
Statutory Auditor  
Sidings Court  
Lakeside  
Doncaster  
South Yorkshire  
DN4 5NU

22 November 2013

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Independent Reporting Accountant's Assurance Report on Regularity**  
**to Isle Education Trust**  
**and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 20 November 2012 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 Isle Education Trust during the period 1 September 2012 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 Isle Education Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Isle Education 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 Isle Education Trust and the EFA for our work, for this report, or for the conclusion we have formed

**Respective responsibilities of Isle Education Trust's accounting officer and the reporting Accountant**

The accounting officer is responsible, under the requirements of Isle Education Trust's funding agreement with the Secretary of State for Education dated 30 November 2011 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 September 2012 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 Trust's income and expenditure

The work undertaken to draw to our conclusion includes

- Enquiry of officers of the academy
- Review and testing of income and expenditure for compliance with the funding and other agreements, the Academies Financial Handbook and the academy's system of controls
- Examination of relevant documents
- Review of the activities carried out by the academy
- Review of the delegated authorities set out in the Academies Financial Handbook

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Independent Reporting Accountant's Assurance Report on Regularity**  
**to Isle Education Trust**  
**and the Education Funding Agency (continued)**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 has not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Jacqueline Saunders BA FCA DChA (Senior Statutory Auditor)  
for and on behalf of  
Allotts Business Services Ltd  
Chartered Accountants  
Statutory Auditor  
Sidings Court  
Lakeside  
Doncaster  
South Yorkshire  
DN4 5NU

22 November 2013



**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Statement of Financial Activities For the Year Ended 31 August 2013**

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

	NOTES	Unrestricted Funds 2013 £000	Restricted General Funds 2013 £000	Restricted Fixed Asset Funds 2013 £000	Total Funds 2013 £000	Total Funds 2012 £000
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income - transfer from Local Authority on conversion	2	-	-	-	-	3,810
Voluntary income - other	2	-	-	-	-	-
Activities for generating funds	3	59	77	-	136	57
Investment income	4	3	-	-	3	1
<b>Incoming resources from charitable activities:</b>						
Funding for the Academy's educational operations	5	-	4,764	20	4,784	3,657
<b>TOTAL INCOMING RESOURCES</b>		<u>62</u>	<u>4,841</u>	<u>20</u>	<u>4,923</u>	<u>7,525</u>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
Cost of generating voluntary income	6	-	-	-	-	-
<b>Charitable activities:</b>						
Academy Trust educational operations	7	-	4,466	253	4,719	3,477
<b>Governance costs</b>	8	-	18	-	18	19
<b>TOTAL RESOURCES EXPENDED</b>	6	<u>-</u>	<u>4,484</u>	<u>253</u>	<u>4,737</u>	<u>3,496</u>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>		62	357	(233)	186	4,029
Gross transfers between funds	16	(59)	36	23	-	-
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		<u>3</u>	<u>393</u>	<u>(210)</u>	<u>186</u>	<u>4,029</u>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	27	-	27	(42)
<b>NET MOVEMENT IN FUNDS</b>		<u>3</u>	<u>420</u>	<u>(210)</u>	<u>213</u>	<u>3,987</u>
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward at 1 September 2012	16	48	(383)	4,322	3,987	-
<b>Total funds carried forward at 31 August 2013</b>		<u>51</u>	<u>37</u>	<u>4,112</u>	<u>4,200</u>	<u>3,987</u>

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

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

The notes attached form part of these financial statements

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**  
**(Company Number 07814150)**

**Balance Sheet as at 31 August 2013**

	NOTES	2013 £000	2012 £000
<b>FIXED ASSETS</b>			
Tangible assets	12	4,112	4,322
<b>CURRENT ASSETS</b>			
Stock	13	2	2
Debtors	14	189	97
Cash at bank and in hand		805	415
		<u>996</u>	<u>514</u>
<b>LIABILITIES</b>			
Creditors Amounts falling due within one year	15	<u>240</u>	<u>129</u>
<b>NET CURRENT ASSETS</b>		<u>756</u>	<u>385</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,868</u>	<u>4,707</u>
Pension scheme liability	22	(668)	(720)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u><u>4,200</u></u>	<u><u>3,987</u></u>
<b>FUNDS OF THE ACADEMY</b>			
<b>RESTRICTED INCOME FUNDS</b>			
Fixed asset fund	16	4,112	4,322
General fund	16	705	337
Pension reserve	16	(668)	(720)
<b>TOTAL RESTRICTED FUNDS</b>		<u>4,149</u>	<u>3,939</u>
<b>UNRESTRICTED INCOME FUNDS</b>			
General fund	16	<u>51</u>	<u>48</u>
<b>TOTAL UNRESTRICTED FUNDS</b>		<u>51</u>	<u>48</u>
<b>TOTAL FUNDS</b>		<u><u>4,200</u></u>	<u><u>3,987</u></u>

The financial statements on pages 23 to 41 were approved by the Governors, and authorised for issue on 13 November 2013 and are signed on their behalf by



Mr P Barratt  
 (Chair of Trustees)

The notes attached form part of these financial statements

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

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

	Notes	2013 £000	2012 £000
<b>Net cash inflow from operating activities</b>	<b>1</b>	<b>410</b>	<b>397</b>
Returns on investments and servicing of finance	2	3	1
Cash transferred on conversion to an academy trust		-	60
Capital expenditure	3	(23)	(43)
<b>Increase in cash and cash equivalents</b>	<b>4</b>	<b>390</b>	<b>415</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
<b>Net funds at 1 September 2012</b>		<b>415</b>	<b>-</b>
<b>Net funds at 31 August 2013</b>		<b>805</b>	<b>415</b>

The cash flows in the previous period all derived from acquisitions during that period

**Notes to the Cash Flow Statement**

	2013 £000	2012 £000	
<b>1 Reconciliation of net income to net cash inflow from operating activities</b>			
Net income	186	4029	
Depreciation charges	253	184	
(Assets)/liabilities transferred on conversion	-	(3,810)	
Interest receivable	(3)	(1)	
FRS17 pension costs less contributions payable	(48)	(36)	
FRS17 pension finance costs	23	21	
Capital grants	(20)	(20)	
(Increase) in debtors	(92)	(97)	
Increase in creditors	111	129	
(Increase) in stocks	-	(2)	
<b>Net cash inflow from operating activities</b>	<b>410</b>	<b>397</b>	
<b>2 Returns on investments and servicing of finance</b>			
Bank interest received	3	1	
<b>Net cash inflow from returns on investment and serving of finance</b>	<b>3</b>	<b>1</b>	
<b>3 Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	(43)	(63)	
Capital grants received	20	20	
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(23)</b>	<b>(43)</b>	
<b>4 Analysis of changes in net funds</b>	<b>At 1 September 2012 £000</b>	<b>Cash Flows £000</b>	<b>At 31 August 2013 £000</b>
Cash at hand and in bank	415	390	805

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Notes to the Financial Statements for the Year Ended 31 August 2013**

**1. ACCOUNTING POLICIES**

**a) 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 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.

**b) 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.

**c) 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.

The General Accounting Grant (GAG) has been used for the purpose for which it was intended and in compliance with the academy's funding agreement. 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 sheet in the restricted fixed asset fund.

**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 policies.

Title to the land and buildings was formally transferred to the Academy Trust during the financial year for nil consideration from North Lincolnshire Council.

The building was valued on conversion at depreciated replacement cost and is depreciated over the remainder of its expected life. Land was valued at market value and is not depreciated.

Other fixed assets transferred on conversion were valued at original cost less depreciation to the date of conversion.

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Notes to the Financial Statements for the Year Ended 31 August 2013**

**1 ACCOUNTING POLICIES (CONTINUED)**

**d) Resources Expended**

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

**Costs of generating funds**

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

**Charitable activities**

These are costs incurred on the academy 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 Trustee's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**e) Tangible Fixed Assets**

Assets costing £1,000 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 basis over its expected useful life, as follows:

Freehold land	Not depreciated
Inherited buildings	over 18 years, being the remainder of the life of the buildings
Fixtures, fittings and equipment	over 5 years
Computer equipment and licences	over 3 years

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

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

**f) Leased Assets**

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

**g) Stock**

Stock of school uniform are valued at the lower of cost or net realisable value.

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Notes to the Financial Statements for the Year Ended 31 August 2013**

**1 ACCOUNTING POLICIES (CONTINUED)**

**h) 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.

**i) Pension Benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 23, 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.

**j) 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 the funder where the asset acquired or created is held for a specific purpose.  
 Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

**k) Conversion to Academy Trust**

In the period to 31 August 2012, 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 South Axholme School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Isle Education Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 24.

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Notes to the Financial Statements for the Year Ended 31 August 2013**

**2. VOLUNTARY INCOME**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>	<b>Total 2012 £000</b>
<b>Transfer from Local Authority</b>				
Land and buildings	-	-	-	4,396
Computer equipment & licences	-	-	-	17
Fixtures & fittings	-	-	-	30
School Fund cash balance	-	-	-	49
Cash surplus from local authority	-	-	-	11
Pension deficit	-	-	-	(693)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,810</u>

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>	<b>Total 2012 £000</b>
<b>Other voluntary income</b>				
Private sponsorship	-	-	-	-
Other donations	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>	<b>Total 2012 £000</b>
Music Tuition Income	-	15	15	13
Bus Income	11	-	11	12
Trips	-	62	62	3
Uniforms	14	-	14	12
Fundraising Activities	11	-	11	-
School Productions & magazines	12	-	12	-
Sundry income	11	-	11	17
	<u>59</u>	<u>77</u>	<u>136</u>	<u>57</u>

**Isle Education Trust**  
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**Notes to the Financial Statements for the Year Ended 31 August 2013**

**4. INVESTMENT INCOME**

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>Investment income:</b>				
Bank interest received	3	-	3	1

**5 FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>DfE/EFA capital grants</b>				
EFA capital grants	-	20	20	20
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	4,462	4,462	3,428
Other EFA grants	-	133	133	58
	-	4,595	4,595	3,486
<b>Other government grants</b>				
SEN funding	-	127	127	116
Local authority funding	-	42	42	27
Other grants	-	-	-	8
	-	169	169	151
	-	4,784	4,784	3,657

**6. RESOURCES EXPENDED**

	Staff Costs £000	Premises £000	Other Costs £000	Total 2013 £000	Total 2012 £000
Costs of generating voluntary income	-	-	-	-	-
Academy's educational operations					
Direct costs	2,843	253	487	3,583	2,626
Allocated support costs	726	320	90	1,136	851
	3,569	573	577	4,719	3,477
Governance costs	-	-	18	18	19
<b>Total</b>	3,569	573	595	4,737	3,496

**Incoming/outgoing resources for the year include.**

	Total 2013 £000	Total 2012 £000
Operating leases	28	15
Fees payable to auditor	8	7
audit		
other services	5	1
Depreciation	253	184



**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Notes to the Financial Statements for the Year Ended 31 August 2013**

**7. CHARITABLE ACTIVITIES - ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>Direct costs</b>				
Teaching staff costs	-	2,843	2,843	2,131
Depreciation	-	253	253	184
Educational supplies	-	212	212	185
Examination fees	-	68	68	63
Staff development	-	17	17	6
ICT Costs	-	72	72	29
Trips	-	68	68	4
Other direct costs	-	50	50	24
	-	3,583	3,583	2,626
<b>Allocated support costs</b>				
Support staff costs	-	726	726	563
Depreciation	-	-	-	-
Recruitment and support	-	9	9	7
Maintenance of premises and equipment	-	68	68	41
Cleaning	-	93	93	60
Rates	-	17	17	12
Insurance	-	43	43	46
Utilities	-	99	99	66
Security and transport	-	5	5	4
Catering	-	31	31	18
Pension finance costs	-	23	23	21
Other support costs	-	22	22	13
	-	1,136	1,136	851
	-	4,719	4,719	3,477

**8. GOVERNANCE COSTS**

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Legal and professional fees	-	5	5	11
Auditor's remuneration				
- audit of financial statements	-	8	8	7
- other audit costs	-	-	-	-
- non-audit services	-	5	5	1
Trustees' reimbursed expenses	-	-	-	-
	-	18	18	19

**9 STAFF COSTS**

Staff costs during the period were

	2013 £000	2012 £000
Wages and salaries	2,876	2,156
Social Security costs	200	146
Pension costs	482	353
FRS 17 pension adjustment	(48)	(36)
	3,510	2,619
Supply teacher costs	59	75
	3,569	2,694

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Notes to the Financial Statements for the Year Ended 31 August 2013**

**9. STAFF COSTS (CONTINUED)**

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

	<b>2013</b>	<b>2012</b>
	<b>No</b>	<b>No.</b>
<b>Charitable Activities</b>		
Teachers	55	59
Administration and support	34	42
Management	7	7
	<u>96</u>	<u>108</u>

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

	<b>2013</b>	<b>2012</b>
	<b>No</b>	<b>No.</b>
£80,000 - £90,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these employees amounted to £11,596 (2012 £8,718)

**10 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES**

Head teacher and staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy in respect of their role as trustees.

The value of trustees' remuneration was as follows

	<b>2013</b>	<b>2012</b>
Mrs M Lister, Head teacher and trustee	£80,000 - £85,000	£60,000 - £65,000
Mr G Sheehan, staff trustee	£40,000 - £45,000	£30,000 - £35,000
Mr S Barlow, staff trustee	£50,000 - £55,000	£35,000 - £40,000
Miss C Sargeson, staff trustee	£25,000 - £30,000	£15,000 - £20,000
Miss K Wild, staff trustee	£45,000 - £50,000	£30,000 - £35,000

There were no trustee expenses paid during the year (2012 nil)

Other related party transactions involving trustees are set out in note 23

**11 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 cover provides cover up to £5,000,000 on any one claim and the cost for the year was £3,360 (2012 £3,562)

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

**Isle Education Trust**  
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**Notes to the Financial Statements for the Year Ended 31 August 2013**

**12. TANGIBLE ASSETS**

	<b>Freehold Land and Buildings</b>	<b>Furniture and Equipment</b>	<b>Computer Equipment &amp; Licences</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>				
At 1 September 2012	4,396	72	38	4,506
Additions	-	31	12	43
Disposals	-	-	-	-
At 31 August 2013	<u>4,396</u>	<u>103</u>	<u>50</u>	<u>4,549</u>
<b>Depreciation</b>				
At 1 September 2012	166	11	7	184
Charge for the year	215	21	17	253
Eliminated on disposal	-	-	-	-
At 31 August 2013	<u>381</u>	<u>32</u>	<u>24</u>	<u>437</u>
<b>Net Book Values</b>				
At 31 August 2013	<u>4,015</u>	<u>71</u>	<u>26</u>	<u>4,112</u>
At 31 August 2012	<u>4,230</u>	<u>61</u>	<u>31</u>	<u>4,322</u>

**13. STOCK**

	<b>2013 £000</b>	<b>2012 £000</b>
Clothing and uniforms	2	2
	<u>2</u>	<u>2</u>

**14 DEBTORS ( all due within one year )**

	<b>2013 £000</b>	<b>2012 £000</b>
Trade debtors	9	7
Prepayments and accrued income	174	58
Other debtors	6	32
	<u>189</u>	<u>97</u>

**15 CREDITORS: Amounts falling due within one year**

	<b>2013 £000</b>	<b>2012 £000</b>
Trade creditors	7	6
Other taxes and social security	65	69
Accruals and deferred income	168	54
	<u>240</u>	<u>129</u>
<i>Deferred income</i>		
Deferred income at 1 September 2012	35	-
Resources deferred in the year	155	-
Amounts released from previous years	(35)	35
Deferred income at 31 August 2013	<u>155</u>	<u>35</u>

At the balance sheet date the academy trust was holding funds received in advance of school trips to take place after 31 August 2013

**Isle Education Trust**  
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**Notes to the Financial Statements for the Year Ended 31 August 2013**

**16 FUNDS**

	Balance 01/09/2012 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses & Transfers £000	Balance 31/08/2013 £000
<b>Restricted general funds</b>					
General annual grant (GAG)	258	4,462	(4,051)	36	705
Other EFA grants	-	133	(133)	-	-
Other grants	-	169	(169)	-	-
School fund	79	-	(79)	-	-
Other Income	-	77	(77)	-	-
Pension reserve	(720)	-	25	27	(668)
	<u>(383)</u>	<u>4,841</u>	<u>(4,484)</u>	<u>63</u>	<u>37</u>
<b>Restricted fixed asset funds</b>					
Inherited assets	4,270	-	(227)	-	4,043
EFA capital grants and capital expenditure from GAG	52	20	(26)	23	69
	<u>4,322</u>	<u>20</u>	<u>(253)</u>	<u>23</u>	<u>4,112</u>
<b>Total restricted funds</b>	<u>3,939</u>	<u>4,861</u>	<u>(4,737)</u>	<u>86</u>	<u>4,149</u>
<b>Unrestricted funds</b>	<u>48</u>	<u>62</u>		<u>(59)</u>	<u>51</u>
<b>Total funds</b>	<u>3,987</u>	<u>4,923</u>	<u>(4,737)</u>	<u>27</u>	<u>4,200</u>

GAG may only be spent in compliance with the academy's funding agreement

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 2013

Other grants include the following

SEN Funding of £127,000- several children in school have a statement of special education need for various reasons and this funding allows them access to teachers and teaching assistants for a certain number of hours per week to help with this need

Other EFA grants includes Pupil Premium of £121,000

**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2013 are represented by

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	4,112	4,112
Current assets	51	945	-	996
Current liabilities	-	(240)	-	(240)
Pension scheme liability	-	(668)	-	(668)
<b>Total net assets</b>	<u>51</u>	<u>37</u>	<u>4,112</u>	<u>4,200</u>

**18 CAPITAL COMMITMENTS**

	2013 £000	2012 £000
Contracted for, but not provided in the financial statements	-	-

**Isle Education Trust**  
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**Notes to the Financial Statements for the Year Ended 31 August 2013**

**19. FINANCIAL COMMITMENTS**

**Operating leases**

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

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>Land and buildings</b>		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	<hr/>	<hr/>
	-	-
<b>Other</b>		
Expiring within one year	-	-
Expiring within two and five years inclusive	28	28
Expiring in over five years	-	-
	<hr/>	<hr/>
	28	28

**20. CONTINGENT LIABILITIES**

There are no contingent liabilities

**21 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

**22 PENSIONS 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 East Riding Pension Fund Both are defined-benefit schemes

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion in 2011 from maintained school and new employees who were eligible to, and did, join the Scheme in the period The obligation in respect of employees who were transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date

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

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

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Notes to the Financial Statements for the Year Ended 31 August 2013**

## **22 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)**

### **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.

**Isle Education Trust**  
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**Notes to the Financial Statements for the Year Ended 31 August 2013**

## **22 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)**

The last valuation of the TPS related to the period 1 April 2001 - 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 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 1/57<sup>th</sup>, 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.

**Isle Education Trust**  
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**Notes to the Financial Statements for the Year Ended 31 August 2013**

**22. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions for the year ended 31 August 2013 was £ 201,000 (2012 £140,000), of which employers contributions totalled £170,000 (2012 £117,000) and employees contributions totalled £31,000 (2012 £23,000). The agreed contribution rates for future years are 32.5% for employers and between 5.5% and 7.5% for employees depending on scale rate.

Principal actuarial assumptions	At 31 August 2013 %	At 31 August 2012 %
Discount rate	4.6	4.1
Rate of increase for pensions	2.8	2.2
Rate of increase in salaries	5.1	4.5
Expected return on assets	6.0	4.9

**Commutation**

An allowance is included for future retirements to elect to take 30% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 service and 65% of the maximum tax free cash for post April 2008 service.

**Sensitivity Analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

	Approximate % increase to Employer Liability	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	11%	172
1 year increase in member life expectancy	3%	45
0.5% increase in Salary Increase Rate	5%	73
0.5% increase in Pension Increase Rate	6%	95



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**Notes to the Financial Statements for the Year Ended 31 August 2013**

**22 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)**

**Local Government Pension Scheme (continued)**

**Life expectancy assumptions**

The average future life expectancies at the age of 65 are summarised below	At 31 August 2013 years	At 31 August 2012 years
Male current pensioner age 65 now	22.9	22.9
At 65 for a male future pensioner aged 45 now	24.9	24.9
Female current pensioner age 65 now	25.7	25.7
At 65 for a female future pensioner aged 45 now	27.7	27.7

**Share of assets and rate of return**

The academy's share of the assets and liabilities of the scheme and the expected rate of return were

	Long-term rate of return expected as at 31 August 2013 %	Fair value as at 31 August 2013 £000	Long-term rate of return expected as at 31 August 2012 %	Fair value as at 31 August 2012 £000
Equities	6.7	646	5.5	398
Property	4.7	50	3.7	44
Bonds	3.8	84	3.4	66
Cash	3.6	59	2.8	38
Total		<u>839</u>		<u>546</u>
		£000		£000
Fair value of assets		839		546
Present value of liabilities		(1,507)		(1,266)
(Deficit) in the scheme		<u>(668)</u>		<u>(720)</u>

The actual return on scheme assets was £93,000 (2012 £34,000)

The expected rate of return on plan assets is based on the long term future expected investment return for each class of asset as at the beginning of the period or date of joining the fund if later

**Movement in deficit**

	2013 £000	2012 £000
At 1 September 2012	(720)	-
Inherited on conversion	-	(693)
Current service charge	(122)	(81)
Employer contributions	170	117
Past service gain/(cost)	-	-
Net interest/return on assets	(23)	(21)
Actuarial gain/(loss)	27	(42)
At 31 August 2013	<u>(668)</u>	<u>(720)</u>

**Net (interest)/return on assets**

	2013 £000	2012 £000
Expected return on assets	32	20
Interest on liabilities	<u>(55)</u>	<u>(41)</u>
	<u>(23)</u>	<u>(21)</u>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of gains and losses recognised in the Statement of Financial Activities since the adoption of FRS17 is a £15,000 loss.

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**Notes to the Financial Statements for the Year Ended 31 August 2013**

**22 PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)**

**Local Government Pension Scheme (continued)**

**Amounts recognised in the statement of financial activities**

	<b>2013 £000</b>	<b>2012 £000</b>
Current service cost (net of employee contributions)	122	81
Past service cost	-	-
Total operating charge	<u>122</u>	<u>81</u>

**Analysis of pension finance income / (costs)**

Expected return on pension scheme assets	32	20
Interest on pension liabilities	(55)	(41)
Pension finance income / (costs)	<u>(23)</u>	<u>(21)</u>

No information regarding experience adjustment is available

**Movements in the present value of defined benefit obligations were:**

	<b>2013 £000</b>	<b>2012 £000</b>
At 1 September 2012	1,266	1,066
Current service cost	122	81
Interest cost	55	41
Employee contributions	31	23
Actuarial (gain) /loss	33	55
At 31 August 2013	<u>1,507</u>	<u>1,266</u>

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

	<b>2013 £000</b>	<b>2012 £000</b>
At 1 September 2012	546	373
Expected return on assets	32	20
Employee contributions	31	23
Employer contributions	170	117
Actuarial gain / (loss)	60	13
At 31 August 2013	<u>839</u>	<u>546</u>

The estimated value of employer contributions for the year ended 31 August 2014 is £178,000

**Government Guarantee**

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

**23 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 academy trust's financial regulations and normal procurement procedures.

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

**Isle Education Trust**  
**(Formerly South Axholme Academy Trust)**

**Notes to the Financial Statements for the Year Ended 31 August 2013**

**24 CONVERSION TO AN ACADEMY TRUST**

On 1 December 2011 South Axholme School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Isle Education Trust from North Lincolnshire 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 corresponding net amount recognised as net income 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 in 2012

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Fund £000	TOTAL £000
Land and buildings			4,396	4,396
Other tangible fixed assets			47	47
Budget Surplus on LA Funds	11			11
School Fund surplus		49		49
LGPS pension (deficit)		(693)		(693)
Net assets/(liabilities)	<u>11</u>	<u>(644)</u>	<u>4,443</u>	<u>3,810</u>

The above net assets/(liabilities) include £60,000 that was transferred in cash

**25 POST BALANCE SHEET EVENTS**

On 17 October 2013 the charitable company changed its name from South Axholme Academy Trust to Isle Education Trust. This was to reflect the change of the charitable company to a multi-academy trust and the transfer to the trust of Epworth Primary Academy alongside South Axholme Academy.