



**Harrogate High School Academy Trust**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**  
**For the year ended 31<sup>st</sup> August 2014**

**Company Registration Number:**  
**08074099 (England and Wales)**

# Harrogate High School Academy Trust

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## Harrogate High School Academy Trust

### Reference and administrative details

#### Members

John Adams  
Andrew Bayston  
Mark Campey  
Tracy Charlish  
Margaret-Ann de Courcey-Bayley  
Ian Curtis  
Jean Lane  
Tracey McWilliams  
Karen Naylor  
Geraldine Potts  
Richard Thomas  
David Watson  
Guy Winter

#### Trustees

John Adams  
Andrew Bayston (Principal and Accounting Officer)\*  
Mark Campey  
Tracy Charlish\*  
Margaret-Ann de Courcey-Bayley\*  
Ian Curtis (Chair)\*  
Jean Lane (Vice Chair)\*  
Tracey McWilliams  
Karen Naylor\*  
Geraldine Potts  
Richard Thomas \*  
David Watson\*  
Guy Winter

\*Members of the Finance & Personnel Committee

#### Company Secretary

Sally Cocker

#### Senior Leadership Team

Andrew Bayston (Principal)  
Ann Francis (Vice Principal)  
Sally Cocker (Finance Director)  
Rickie Wilson (Assistant Principal)  
Charlotte Clarke (Assistant Principal)  
Adam Richards (Assistant Principal)

#### Registered Office

Ainsty Road  
Harrogate HG1 4AP  
Tel: 01423 548800

#### Company Registration Number

08074099 (England and Wales)

#### Auditors

Colman, Whittaker and Roscow  
Chartered Accountants  
The Close, Queen Square  
Lancaster LA1 1RS

**Harrogate High School Academy Trust**

**Reference and administrative details (continued)**

Bankers	Lloyds Bank plc 8 Cambridge Crescent Harrogate HG1 8PQ
Solicitors	Wrigleys Solicitors LLP 19 Cookridge Street Leeds LS2 3AG

## **Harrogate High School Academy Trust**

### **TRUSTEES' REPORT**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company Harrogate High School Academy Trust (the Academy) for the period 1<sup>st</sup> September 2013 to 31<sup>st</sup> August 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust operates an academy (Harrogate High School) for students aged 11 to 19 serving a catchment of Harrogate and its outlying rural area. It has a capacity of 1570 and had a roll of 587 in the October 2013 school census.

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

#### ***Constitution***

The Academy Trust is a company limited by guarantee and an exempt charity (Company registered number 08074099). The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The charitable company was incorporated on 17<sup>th</sup> May 2012 and began trading on 1<sup>st</sup> June 2012.

The trustees of Harrogate High School Academy Trust are the governors of the school who are also directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Harrogate High School Academy Trust.

Details of the members together with the trustees who served during the year are included in the Reference and Administrative Details on page 2.

#### ***Members' Liability***

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of its 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***

Subject to the provisions of the Companies Act 2006, every Trustee or other officer of the academy trust shall be indemnified out of the assets of the academy trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy trust. As explained in note 11 to the financial statements the limit of this indemnity is £5,000,000.

#### ***Principal Activities***

The academy is an independent school with a balanced and broadly based curriculum providing education for pupils of different abilities wholly or mainly drawn from the area in which the school is situated. It places an emphasis on the needs of the individual students including students with special education needs (SEN). It provides the opportunity to study for relevant qualifications with assessments of students' performance as applied to maintained schools.

**TRUSTEES' REPORT (continued)**

The school is at the heart of its community, promoting community cohesion and sharing facilities with the wider community. There is no charge in respect of admission to the school and the school only charges students where the law allows maintained schools to charge. The academy trust receives and manages donations and uses reasonable endeavours to procure donations for the purpose of its educational objectives. The admissions policy and arrangements for the school are as applied to maintained schools. Teachers' levels of pay and conditions of service for all employees are the responsibility of the academy trust which has chosen to follow national pay scales and conditions.

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

The management of the Academy Trust is the responsibility of the Trustees who are elected and co-opted under the terms set out in the Articles of Association.

The Trustees are Directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation. Up to 14 Trustees may be appointed by the members. Staff Trustees are appointed through an appropriate process such as a staff election and the total number (including the Principal) may not exceed one third of the total number of trustees.

The Principal is treated as being an ex officio trustee. Parent Trustees are elected by parents of registered pupils at the academy and must be a parent of a student at the academy. The academy trust holds an agreement with the Northern Star Umbrella Trust and the Umbrella Trust may appoint trustees by giving written notice to the academy trust, but have not done so and are unlikely to do so in the future given the new relationship with the academy (see section on connected organisations, below). The governors may appoint up to three Co-opted Trustees, but so far have not done so.

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

Training and induction provided for new trustees depends on their existing experience and where necessary, covers training on charity, educational, legal and financial matters. All new trustees are given a tour of the academy, the chance to meet with staff and students and an opportunity to attend Senior Leadership Team meetings. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and governors. As there are normally only two or three new trustees a year, induction tends to be done informally and is tailored specifically to the individual.

***Organisational Structure***

The academy trust structure comprises:

- members;
- governors (trustees/directors);
- the Senior Leadership Team;
- the management team comprising middle leaders (heads of academic departments) or line managers;
- teaching and support staff.

The members oversee the achievement of the Trust's objectives, appoint some of the directors, oversee the annual accounts, annual reports and the performance of the directors and exercise powers reserved to them, such as amending the Articles of the company.

## **Harrogate High School Academy Trust**

### **TRUSTEES' REPORT (continued)**

The governors/trustees/directors are responsible for determining the educational character and mission of the academy, setting general policy, adopting a school development plan and budget, monitoring the academy's academic and financial progress and making major decisions about the direction of the academy, approval of the audited financial statements, capital expenditure and the appointment of the Principal, Vice Principal and Finance Director. The Principal has delegated power to undertake all other functions delegated to the Governing Body.

During this period, the Senior Leadership Team comprised the Principal (who is the trust's Accounting Officer), one Vice Principal, the Finance Director and three Assistant Principals. There were three associate members of the team: the Head of English, the Head of Inclusion and the Head of Humanities. These senior managers control the academy at an executive level implementing the policies laid down by the governors and reporting back to them and are responsible for the day-to-day operation of the academy, in particular organising the teaching staff, facilities and students.

The middle and senior management teams are responsible for managing the staff in their own areas regardless of whether those staff are teachers or support staff. The aim of this integrated management structure is to devolve responsibility and encourage involvement in decision making at all levels as well as to ensure that performance is managed by the most appropriate person.

Senior and middle managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, although appointment boards must always contain a governor or a senior manager. Spending at all levels must also be authorised by the Finance Director.

### ***Connected Organisations Including Related Party Relationships***

In July 2012, the academy trust entered into an agreement with the Northern Star Umbrella Trust - based at Skipton Girls' High School - to raise standards and attainment at Harrogate High School. By May 2013, the targets for improvement in the agreement were exceeded when Harrogate High School achieved an Ofsted rating of 'Good' with 'Outstanding' leadership and management. As a result the agreement is currently being renegotiated to reflect a new relationship between the schools.

In addition to the Northern Star Umbrella Trust, the academy trust is a strategic partner of the Northern Lights Teaching Alliance. The alliance is a joint venture of Skipton Girls' High School Academy Trust and Feversham College, both designated 'teaching schools' by the National College of School Leaders. It exists to ensure the joint delivery of high quality teacher training, leadership development and research and development. Harrogate High School as a strategic partner has agreed to support the alliance in training new entrants to the teaching profession, providing peer-to-peer support, developing leadership potential, providing school-to-school support, brokering the supply of system leaders (such as Specialist Leaders in Education) and engaging in and promoting research and development for the benefit of the alliance.

The school is also host to the Sainsbury's School Games Organiser for the Harrogate School Sports Partnership. Funds for the Harrogate programme are held by the school on behalf of the funding body, Ecorys. (See section on Funds Held as Custodian Trustee on Behalf of Others)

**TRUSTEES' REPORT (continued)**

**Objectives and Activities**

**Objects and aims**

The principal object and activity of the Charitable Company is the operation of Harrogate High School to provide education for pupils of different abilities between the ages of 11 and 19, with an emphasis on sports.

The main objectives of the Academy during the period 1<sup>st</sup> September 2013 to 31<sup>st</sup> August 2014 are summarised below:

**Progress and Attainment**

- Accelerate all students' progress and raise attainment, particularly in English, Mathematics and Science
- Aspirational work with Level 4 and Level 5 children to increase progress of the more able and talented students
- Therefore deliver targets for GCSE A\*-A grades in English, Mathematics and Science for 2014

**Teaching and Learning**

- Improve the proportion of good and outstanding teaching and learning by:
  - sharing existing best practice effectively
  - securing more consistent student engagement in lessons through increasing the pace and challenge in teaching and learning
  - providing opportunities for students to assess and take responsibility for their own learning
  - making the quality of marking and feedback more consistent

**The Sixth Form**

- Secure the strategic direction of the sixth form and improve its outcomes:
  - establishing a clear vision for the sixth form and its leadership
  - integrating it more effectively with the whole school
  - developing the curriculum to better meet the needs and aspirations of students
  - ensuring that monitoring and evaluation of impact of improvement strategies are rigorous
- Improve retention and attendance post-16

**Leadership and Management**

- Develop the quality and effectiveness of middle leaders across the school – developing devolved accountability and responsibility
- Develop sixth form leadership to increase effectiveness and secure quality provision and outcomes
- Ensure the tracking of student progress and achievement is consistent and effective

**The Curriculum**

- Develop an appropriate curriculum and challenge for students in light of new DfE guidance on curriculum changes for 2014
- Develop the curriculum to promote students' communication and numeracy skills
- Develop an accelerated curriculum through vertical learning groupings

**TRUSTEES' REPORT (continued)**

- Evaluate the 'vocational' versus 'GCSE' balance and EBacc subjects in order to improve quality rather than quantity of results

**New Technologies for Learning**

- Work to develop the ICT capacity of the school and to introduce new technologies as a tool to encourage greater student engagement and involvement in learning
- Work jointly with Skipton Girls' High School to utilise its Virtual Learning Environment and learning platforms
- Develop remote sharing of resources

***Objectives, Strategies and Activities***

The academy's main strategy is encompassed in its vision statement which is:

*Learning First...*

*We will work together to raise the achievement of all students, thereby improving their life chances. By 'embedding ambition' in our students we will enable our young people to lead balanced lives as adults, capable of contributing to their community.*

The academy trust's key activities during this reporting period included:

- teaching and learning opportunities for all students to attain appropriate academic qualifications;
- professional development opportunities for all staff;
- developing work skills including placing of students with industrial and commercial partners;
- a programme of sporting and after school enrichment activities for all students;
- a system of after-school enrichment to allow students to undertake independent learning or intervention sessions;
- personalised learning and provision for students with special educational needs;
- a careers advisory service to help students obtain employment or move on to higher education.

***Public Benefit***

The governors have given consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The academy trust provides education to children and young people that

- is balanced and broadly based
- promotes the spiritual, moral, cultural, mental and physical development of students at the school
- prepares students at the school for the opportunities, responsibilities and experiences of later life and aims to maximise their life chances

## Harrogate High School Academy Trust

### TRUSTEES' REPORT (continued)

The academy trust is a non-selective school serving the north side of Harrogate. It is subject to the current statutory arrangements as laid down in the national Admissions Code. Current arrangements for entry to the school are available in the section of the school website dealing with admissions arrangements: <http://www.harrogatehighschool.net/about-us/page.asp?page=admissions>

### *Strategic Report*

#### ***Achievements and Performance***

The number of students on roll at the end of the academic year 2013-14 was 581 which represents a continuing trend of falling rolls, but an increase in Year 7 intake compared with the previous year. The academy will consult in November 2014 on a reduction in its published admission number to reflect the reduced roll in recent years and the capacity of the new school which will replace the existing building entirely in 2016.

Despite the fall in numbers, the performance of the academy and its students' achievement has continued to improve. The school was inspected by Ofsted in May 2013 and is now judged to be "Outstanding" for Leadership and Management and "Good" in all other categories. The school has been awarded *Investors in Pupils* status and has been awarded the *Inclusion Quality Mark* at Level 3 (the highest possible level) and the *Dyslexia Quality Mark*.

In terms of the attainment gap between disadvantaged students and their peers, this has been narrowed by 22% in English and 14% in Maths since 2012. In 2014 71% of disadvantaged pupils achieved expected progress in English compared with 71% of other pupils and 63% of disadvantaged pupils achieved expected progress in Maths compared with 73% of other pupils.

To ensure that standards are continually raised the academy:

- operates a programme of continuing professional development and appraisal for all staff including observation of lessons;
- undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A-level to assess the progress made;
- provides personalised, differentiated teaching and learning;
- operates a system of individual student tracking and reporting to enable targeted early intervention for those students failing to make adequate progress;
- continues to work with strong partner organisations.

#### **Curriculum**

At Key Stage 3 (Years 7 & 8), students followed a broad and balanced curriculum focused upon providing learning and enjoyment as a foundation for Key Stage 4.

All students studied:

- English
- Mathematics
- Science

**TRUSTEES' REPORT (continued)**

- Design Technology
- Information Technology
- Modern Language (Spanish or French)
- History
- Geography
- Art & Design
- Music
- Physical Education (including Swimming)
- Religious Education

Citizenship, Careers Education, Enterprise and Personal, Social and Health Education themes were taught through subjects, Vertical Mentor Group time and through a programme of special learning days.

At Key Stage 4 (Years 9 to 11) the academy provided a 'stage not age' curriculum which allowed some students to take GCSE exams in Years 9 and 10 and then move on to pursue additional qualifications. All students studied towards qualifications in:

- English
- Mathematics
- Science
- Physical Education (including Dance option)
- Information Technology
- Religious Education & Citizenship

Students also chose from a variety of optional courses. The academy offered a range of qualifications including GCSE, BTEC Firsts, NVQ Level 1 and Level 2 and Modern Apprenticeships (in partnership with Harrogate College).

Students were also involved in a number of charity and community activities including:

- Fundraising within school and in the community for
  - Children's Cancer and Leukaemia Group
  - Sport Relief
  - Macmillan Cancer Support
  - MS Society
- Hosting the Tour de France 'Tour Makers' for the district and attending the team presentation ceremony
- Organising social events in school for other students
- Hosting *Young Enterprise* training and competing successfully in the *Young Enterprise* competition
- Super Learning event for local primary school children
- Competing successfully in North Yorkshire Police Crime Beat competition

In addition to academic achievements and performance, the academy trust has also had a successful year in relation to building and facilities development. The school is in the Yorkshire Batch of schools due to be completely rebuilt in 2015/16 under the Priority Schools Building Programme. Alongside this major redevelopment, the Harrogate Spa Tennis Centre has received planning permission and is due to be built on the school site to provide tennis coaching and first-class facilities for the students and members of the community.

TRUSTEES' REPORT (continued)

Key Performance Indicators

Year 11 Targets and Results

	Results 2012	Results 2013	FFTD (Rank 25)	School Target 2014	Results 2014	Difference 2013/2014 results
5 A*-C	98.6%	99.3%	NA	NA	NA	NA
5 A*-C inc Eng&Maths*	NA	NA	54%	60%	56%	NA
A*-C Eng&Maths	56.4%	54.0%	NA	NA	60%	+6%
English Baccalaureate	11%	8%	NA	NA	14%	+6%
2 A*-C Science	84%	66%	59%	62%	22%	-44%
1 Modern Foreign Language	21%	19%	NA	NA	25%	+6%
1 Humanities	27%	36%	NA	NA	32%	-4%
English A*-C	64%	58%	62%	68%	66%	+8%
English 3 Levels Progress	66%	64%	64%	68%	71%	+7%
English >3 Levels Progress	21%	22%	25%	29%	23%	+1%
Maths A*-C	66%	69%	64%	70%	72%	+3%
Maths 3 Levels Progress	66%	70%	60%	70%	69%	-1%
Maths>3 Levels Progress	17%	27%	22%	29%	29%	+2%

Sixth Form Targets and Results

<b>A*-A PASS RATE AT A2 (A-LEVEL)</b>	<b>49% (23% ABOVE NATIONAL AVERAGE)</b>
<b>A2 (A-LEVEL) GRADES AT A*-B</b>	<b>57% (5% ABOVE NATIONAL AVERAGE)</b>
<b>A2 (A-LEVEL) GRADES AT A*-E</b>	<b>98% (SAME AS NATIONAL AVERAGE)</b>

TRUSTEES' REPORT (continued)

Attendance Targets and Results

	ACTUAL 2013	SCHOOL TARGET 2014	ACTUAL 2014
ATTENDANCE	94.1%	95%	95.3%
PERSISTENT ABSENCE	5.43% (@85%)	4.5% (@85%)	4.1%

Future Targets

	School Target 2015	Diff from FFTD Rank 25	Diff from HHS actual 2014
<b>Headline targets</b>			
5 A*-C (New measure)	60%	+7%	+4%
A*-C in English and Maths	62%	+9%	+2%
<b>Subject targets</b>			
English A*-C	68%	+5%	+2%
English 3 levels of progress	72%	+8%	+1%
English more than 3 levels of progress	30%	+5%	+7%
English A*-A	13%	+3%	+2%
<b>Maths</b>			
Maths A*-C	72%	+10%	-
Maths 3 levels of progress	72%	+13%	+3%
Maths more than 3 levels of progress	30%	+10%	+2%
Maths A*-A	16%	+6%	-
<b>Science</b>			
Science x 2 A*-C (GCSE entries only)	60%	+2%	+18%
Science x 1 A*-C (All students)	80%		+15%
Science 3 levels of progress	70%	+15%	+9%
Science more than 3 levels of progress	33%	+18%	-
Science x 1 A*-A	15%		+1%
Science x 2 A*-A	13%	+3%	+6%

**TRUSTEES' REPORT (continued)**

Sport A*-C	<b>100%</b>	+46%	-
English Baccalaureate	<b>25%</b>		+11%
<b>Attendance targets</b>			
Attendance	<b>97%</b>		+1.7%
Persistent Absence	<b>4.5%</b>		+0.4%

*\* Prior attainment data for this year group is 65% TA and 35% SATs test scores.*

**Financial Performance Indicators**

A funding formula that is almost entirely pupil-led has further increased the emphasis on the importance of recruiting students. Year 7 intake for 2013 was forecast on the percentage of Year 6 pupils from each feeder primary (as at January 2012) admitted to the academy in September 2012. This percentage was applied to actual numbers of Year 5 students to give a forecast intake of 54 pupils for September 2013. The academy actually admitted 66 pupils. This increase is most likely attributable to additional marketing.

The key performance indicator for the academy trust's financial performance in the reporting period was the delivery of a balanced budget (or a year-end surplus) which was achieved. Given the fall in rolls and the introduction of a pupil-led funding formula, the GAG income has fallen during the reporting period and this was managed through efficient deployment of staff, effective management of resources and other efficiency savings.

**Going Concern**

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

**Financial Review**

These financial statements reflect a 12 month accounting period from 1<sup>st</sup> September 2013 to 31<sup>st</sup> August 2014. The majority of income received is obtained from the Educational Funding Agency (EFA) in the form of recurrent General Annual Grant (GAG) funding, the use of which is restricted for the day to day running of the academy trust. Total grants received from the EFA are set out in the statement of financial activities.

During the year the academy trust received £4,128,000 of income, of which £3,546,000 was GAG funding. Other grants and income amounted to £582,000.

Expenditure for the year totalled £4,014,000 (excluding depreciation), including £2,965,000 of staff related costs supporting the day to day running of the academy trust.

**TRUSTEES' REPORT (continued)**

In aggregate, during the year, total income over total expenditure led to a surplus position of £114,000, excluding depreciation and movements in the pension fund.

The Local Government Pension Scheme (LGPS) liability stands at £1,462,000 as at the 31<sup>st</sup> August 2014, an increase of £245,000 from the amount at conversion. This is detailed in note 25 to the financial statements.

As at the 31<sup>st</sup> August 2014 the net book value of fixed assets after depreciation is £9,190,000 as shown in note 12 of the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy trust.

The academy trust's Finance and Governance Manual is reviewed and approved by governors and details the framework, policies and procedures for financial management in accordance with the Academies Financial Handbook. This includes the financial responsibilities of the trustees, the Principal, the Finance Director, the Bursar and other members of staff; the scheme of delegation and systems of control. It is supported by the following additional policies: Budget Management, Charging and Remissions, Management and Investment of Cash Reserves, Risk, Whistle blowing and Fraud. Governors have appointed a Responsible Officer, who is not a member of the Finance and Personnel Committee, to undertake a programme of internal checks on financial controls and to report to meetings of the Finance and Personnel Committee and the Board.

**Reserves and Investment Policy**

The academy trust aims to continue building up reserves for the future and has clear plans for how this will be used to benefit students. The Finance and Personnel Committee is responsible for overseeing the investment of any surplus cash and reviews the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be equivalent to two months' salary costs plus one month's expenditure, approximately £580,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £846,000 which is more than is needed at present.

Cash assets will only be invested in interest bearing accounts with the institutions on a list assessed and approved by North Yorkshire County Council for its own treasury management arrangements. Investments are limited to those where the capital is not put at risk and cash is not tied up any longer than is necessary, ensuring that early access charges are avoided should there be a need to transfer cash to the current account to address a short term cash flow problem.

In order to spread risk, cash will in the future be invested with more than one institution with a maximum of £250,000 invested in each unlinked institution.

The Finance and Personnel Committee will review at least annually the stability of the institutions used as well as interest rates compared with other investment opportunities.

**TRUSTEES' REPORT (continued)**

The Academy held revenue fund balances at the 31st August 2014 of £846,000 comprising £225,000 of restricted funds and £621,000 unrestricted general funds. In addition to this the pension reserve shows a deficit of £1,462,000. Further details of the carry forward balances on each fund can be found in note 15 to the accounts.

***Principal Risks and Uncertainties***

The governors during this reporting period identified the following principal risks and uncertainties:

*Strategic and reputational risks*

The risks for the continuing viability of the academy trust largely relate to student numbers. A continued fall in student admissions is a threat to the future of the school. Both of these risks have been managed by the school leadership and staff who have striven over the past five years to improve the quality of provision and therefore achievement of students. Governors are confident that this, together with the 'good' Ofsted rating, a sustained public relations campaign, the new school build and local housing development, will reverse the recent admissions trend.

*Financial Risk*

The academy trust is operating in a period of considerable financial uncertainty with regard to both public funding and student numbers and there is a significant risk that funds will be too low for managing the school, particularly in its current premises which are too large and very costly to run. Curriculum-led financial planning is used to ensure that the school maintains the breadth and quality of provision and efficiency savings have been introduced. Cash reserves have been accrued and invested ready to offset the effect of rising pupil numbers in the future. The new school building, due to open in 2016, will be cheaper and more efficient to run.

The Finance Manual addresses all other financial risks and ensures that systems, policies and procedures are in place to manage the risks associated with financial mismanagement and/or compliance failures. Governors continue to review these and ensure that they continue to mitigate these risks.

***Financial and Risk Management Objectives and Policies***

The academy trust's activities expose it primarily to cash flow risk. The Governing Body continually monitors cash flows to ensure the academy trust has sufficient funds available to meet debts as they fall due. The Governing Body maintains significant cash reserves at all times and its investment policy ensures that cash is readily available from invested reserves where required.

The Governing Body acknowledges the defined benefit scheme deficit which is set out at Note 25 to the accounts. It considers that the academy trust is able to meet its known contribution commitments for the foreseeable future.

***Plans for Future Periods***

The academy trust's main aims and objectives for the future are to

- maintain the improvements in teaching and learning and move towards becoming an outstanding school
- continue to build upon the partnership arrangement with Skipton Girls' High School

**TRUSTEES' REPORT (continued)**

- continue to raise achievement and student progress
- manage the Government's changes to the exam systems in such a way that students' learning and achievement is not compromised
- maintain the breadth and quality of future work in the context of diminishing budgets
- work with the Education Funding Agency to build a school that is fit for purpose and efficient while developing improved sports facilities
- increase recruitment up to the new agreed published admission number and into all year groups including Sixth Form.

Targets for income and expenditure form a part of the four-year budget forecast and the academy's plans to ensure continuing financial viability in a climate of reducing funding. The income and expenditure targets this year have been met and a surplus of funds accrued to carry forward to future years. This surplus is earmarked for revenue funding during the period of time before the new school is completed (2014-2016) when the pupil-led funding needs to also fund a building that is far too large (capacity 1570) for the number of students (fewer than 600). Some of the surplus is also earmarked for funding new IT and furniture for the new building.

***Funds Held as Custodian Trustee on Behalf of Others***

The Academy holds funds for a School Games programme. The Academy distributes the funds on behalf of the partnership. At the period end the Academy held funds of £104,384 which are included in Other Creditors.

***Auditor***

Insofar as the trustees are aware:

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

The members resolved at their Annual General Meeting on 10<sup>th</sup> December 2013 to reappoint the auditors, Colman, Whittaker and Roscow for a further twelve-month period.

Approved by order of the board of trustees on 9.12.14.....and signed on its behalf by:



**Ian Curtis**  
**Chair of Trustees**

## **GOVERNANCE STATEMENT**

### **Scope of responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Harrogate High School Academy Trust has an effective and appropriate system of controlling financial and other risks. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform to 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 Harrogate High School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

### **Governance**

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

<b>Trustee</b>	<b>Meetings attended (out of a possible 6)</b>
I Curtis (Chair)	5
J Lane (Vice Chair)	5
A Bayston (Principal)	6
J Adams	5
M Campey	5
T Charlish	5
M-A de Courcey-Bayley	5
T McWilliams	6
K Naylor	6
G Potts	5
R Thomas	5
D Watson	5
G Winter	5

There have been no changes to the composition of the board of trustees during this reporting period.

A self-review of governance in relation to anti-fraud controls was undertaken in March 2014 and the governance arrangements found to be adequate and as recommended/required by the DfE.

The finance and personnel committee is a sub-committee of the main board of trustees and is also the audit committee. Its purpose is to:

- assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.
- make appropriate comments and recommendations on such matters to the governing body on a regular basis.
- consider issues relating to the staffing structure of the Academy and the pay and conditions of staff.
- provide assurance over the suitability of, and compliance with, the Academy's financial systems and controls.

**GOVERNANCE STATEMENT (continued)**

Major issues are referred to the full governing body for ratification. Particular attention this year was given to a confidential item and to budget forecasting and managing resources over the next four-year period in a climate of falling rolls, pupil-led funding and an overall reduction in funding per pupil.

Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended (out of a possible 6)</b>
I Curtis (Chair)	5
J Lane (Vice Chair)	4
A Bayston (Principal)	6
T Charlish	4
M-A de Courcey-Bayley	6
K Naylor	6
R Thomas	5
D Watson	4

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Harrogate High School Academy Trust for the period 1<sup>st</sup> September 2013 to 31<sup>st</sup> August 2014 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Trustees have 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 Trustees are 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 year ended 31<sup>st</sup> August 2014, and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**The Risk and Control Framework**

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

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

**GOVERNANCE STATEMENT (continued)**

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Veritau Ltd. of 50 South Parade, Northallerton, DL7 8SL as Responsible Officer ('RO') and as internal auditors to perform additional checks.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The RO reports to the Governing Body on the operation of the systems of control and on the discharge of the trustees' financial responsibilities. During the year the academy trust received one full RO visit with all the required checks as well as monthly advice and guidance on a range of issues such as prevention of fraud, security and information governance.

**Review of Effectiveness**

As Accounting Officer, the Principal 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 in conjunction with the appointed auditors;
- the work of the external auditor;
- 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 results of their review of the system of internal control by the finance and personnel committee and, if appropriate, a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on the .....<sup>9.12.14</sup>..... and signed on its behalf by:



.....  
**Ian Curtis**  
**Chair of Trustees**



.....  
**Andrew Bayston**  
**Accounting Officer**

**Harrogate High School Academy Trust**

***Statement on Regularity, Propriety and Compliance***

As Accounting Officer of Harrogate High School Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



**Andrew Bayston**  
**Accounting Officer**

Date: 12.12.14

**Statement of Trustees' Responsibilities**

The trustees (who act as governors of Harrogate High School Academy Trust are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction published by the Education Funding Agency.

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the trustees are required to:

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

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.

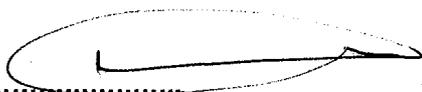
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the trustees are aware:

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

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

Approved by order of the Board of Trustees on the ..... 9.12.14 ..... and signed on its behalf by:



.....  
**Ian Curtis**  
**Chair of Trustees**

**Independent Auditor's Report to the Members of Harrogate High School Academy Trust**

We have audited the financial statements of Harrogate High School Academy Trust for the year ended 31<sup>st</sup> August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the Academy Trust'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 trust'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 Trust 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 auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 21, the trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy Trust'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' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at the 31<sup>st</sup> August 2014, 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
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

*(continued)*

**Harrogate High School Academy Trust**

**Independent Auditor's Report to the Members of Harrogate High School Academy Trust (continued)**

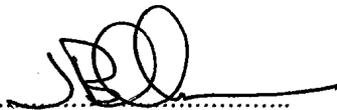
**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report including the Strategic 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:

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



.....  
**Mr J Bellamy FCA (Senior Statutory Auditor)**  
For and on behalf of Colman Whittaker and Roscow  
Statutory Auditor  
The Close  
Queen Square  
Lancaster  
LA1 1RS

Date: ..... 16-12-24 .....

## **Harrogate High School Academy Trust**

### **Independent Reporting Accountant's Assurance Report on Regularity to Harrogate High School Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 19<sup>th</sup> August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Harrogate High School Academy Trust during the year 1<sup>st</sup> September 2013 to the 31<sup>st</sup> August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### ***Respective responsibilities of Harrogate High School Academy Trust's Accounting Officer and the reporting accountant***

The Accounting Officer is responsible, under the requirements of Harrogate High School Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from the 1<sup>st</sup> September 2013 (updated October 2013), for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from the 1<sup>st</sup> September 2013 to the 31<sup>st</sup> August 2014 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 to 2014 issued by 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 our conclusions includes:

*(continued)*

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

- Obtaining evidence including those tests relevant to the circumstances of the academy as prescribed in Section 10.4 of the Academies Accounts Direction 2013 to 2014 issued by the EFA in May 2014; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

**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 year from the 1<sup>st</sup> September 2013 to the 31<sup>st</sup> August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....  
**Mr J Bellamy FCA (Senior Statutory Auditor)**  
For and on behalf of Colman Whittaker and Roscow  
Statutory Auditor  
The Close  
Queen Square  
Lancaster  
LA1 1RS

Date: .....16-12-14.....

## Harrogate High School Academy Trust

### Statement of Financial Activities for the year ended 31<sup>st</sup> August 2014 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	<b>Total 2014 £000</b>	<b>Total 2013 £000</b>
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	-	12	11	23	19
Transfer from local authority on conversion		-	-	-	-	9,824
Activities for generating funds	3	270	1	-	271	216
Investment income	4	1	-	-	1	1
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	-	3,816	17	3,833	5,387
<b>Total incoming resources</b>		<b>271</b>	<b>3,829</b>	<b>28</b>	<b>4,128</b>	<b>15,447</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income		-	13	-	13	20
Costs of activities for generating funds		270	1	-	271	161
<i>Charitable activities:</i>						
Academy's educational operations	7	-	3,718	78	3,796	5,293
Governance costs/Audit fees	8	-	12	-	12	26
<b>Total resources expended</b>	6	<b>270</b>	<b>3,744</b>	<b>78</b>	<b>4,092</b>	<b>5,500</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>1</b>	<b>85</b>	<b>(50)</b>	<b>36</b>	<b>9,947</b>
Gross transfers between funds	15	-	10	(10)	-	-
<b>Net income/(expenditure) for the year</b>		<b>1</b>	<b>95</b>	<b>(60)</b>	<b>36</b>	<b>9,947</b>
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	15, 25	-	(192)	-	(192)	(1,217)
<b>Net movement in funds</b>		<b>1</b>	<b>(97)</b>	<b>(60)</b>	<b>(156)</b>	<b>8,730</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 <sup>st</sup> September 2013	15	529	(1,049)	9,250	8,730	-
<b>Funds carried forward at 31<sup>st</sup> August 2014</b>		<b>530</b>	<b>(1,146)</b>	<b>9,190</b>	<b>8,574</b>	<b>8,730</b>

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.

**Harrogate High School Academy Trust**

**Balance sheet as at 31<sup>st</sup> August 2014**

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
<b>Fixed assets</b>					
Tangible assets	12		9,190		9,250
<b>Current assets</b>					
Debtors	13	144		114	
Cash at bank and in hand		<u>1,032</u>		<u>1,165</u>	
		1,176		1,279	
<b>Liabilities</b>					
<b>Creditors:</b> Amounts falling due within one year	14	<u>(330)</u>		<u>(582)</u>	
<b>Net current assets</b>			<u>846</u>		<u>697</u>
Total assets less current liabilities			10,036		9,947
Pension scheme liability	25		(1,462)		(1,217)
<b>Net assets including pension liability</b>			<u>8,574</u>		<u>8,730</u>
<b>Funds of the academy:</b>					
<b>Restricted funds</b>					
Fixed asset fund(s)	15		9,190		9,250
General fund(s)	15		316		168
Pension reserve	15		<u>(1,462)</u>		<u>(1,217)</u>
<b>Total restricted funds</b>			8,044		8,201
<b>Unrestricted income funds</b>					
General fund(s)	15		530		529
<b>Total funds</b>			<u>8,574</u>		<u>8,730</u>

The financial statements on pages 26 to 45 were approved by the trustees, and authorised for issue on the 21.12.14 and are signed on their behalf by:

  
**Ian Curtis**  
**Chair of Trustees**

Company Limited by Guarantee  
 Registration Number 08074099

## Harrogate High School Academy Trust

### Cash Flow Statement for the year ended 31<sup>st</sup> August 2014

	Notes	2014 £000	2013 £000
<b>Net cash inflow from operating activities</b>	19	(144)	1,148
Returns on investments and servicing of finance	20	1	1
Capital expenditure	21	10	16
<b>(Decrease)/Increase in cash in the year</b>	22	<u>(133)</u>	<u>1,165</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 <sup>st</sup> September 2013		1,165	-
<b>Net funds at 31<sup>st</sup> August 2014</b>		<u>1,032</u>	<u>1,165</u>

**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014**

**1 Accounting Policies**

**Basis of Preparation**

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

**Going Concern**

The 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 Academy to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

**Incoming Resources**

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

- **Grants receivable**

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

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

- **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 are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy's accounting policies.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

1 Accounting Policies (continued)

**Resources Expended**

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

**Tangible Fixed Assets**

Assets costing £5,000 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's depreciation policy.

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

Long leasehold buildings	Over 125 years straight line
Motor vehicles	Over 5 years straight line

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.

**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)**

**1 Accounting Policies (continued)**

**Leased Assets**

Rentals under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the statement of financial activities on a straight line basis over the period of the lease.

**Taxation**

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

**Pensions Benefits**

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

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

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

**Fund Accounting**

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

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

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

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

**2 Voluntary Income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2014 £000</b>	<b>Total 2013 £000</b>
Trips and other non public funds	-	14	14	10
Other donations	-	9	9	9
	<u>-</u>	<u>23</u>	<u>23</u>	<u>19</u>

**3 Activities for Generating Funds**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2014 £000</b>	<b>Total 2013 £000</b>
Hire of facilities	216	-	216	188
Sale of educational goods and services	-	-	-	2
Supplies of staff	54	-	54	25
Contribution towards insurance	-	1	1	1
	<u>270</u>	<u>1</u>	<u>271</u>	<u>216</u>

**4 Investment Income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2014 £000</b>	<b>Total 2013 £000</b>
Short term deposits	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

**5 Funding for Academy's Educational Operations**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2014 £000</b>	<b>Total 2013 £000</b>
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	3,546	3,546	5,035
Start Up Grants	-	-	-	25
Capital Grants	-	17	17	16
Other DfE/EFA grants	-	176	176	138
	<u>-</u>	<u>3,739</u>	<u>3,739</u>	<u>5,214</u>
<b>Other Government grants</b>				
Local authority grants	-	44	44	109
Other government grants	-	50	50	64
	<u>-</u>	<u>94</u>	<u>94</u>	<u>173</u>
	<u>-</u>	<u>3,833</u>	<u>3,833</u>	<u>5,387</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

6 Resources Expended

	Staff Costs £000	Non Pay Expenditure		Total 2014 £000	Total 2013 £000
		Premises £000	Other Costs £000		
Costs of generating voluntary income	8	-	5	13	20
Costs of activities for generating funds Academy's educational operations	106	153	12	271	161
Direct costs	2,460	63	339	2,862	3,796
Allocated support costs	391	387	156	934	1,497
	<u>2,965</u>	<u>603</u>	<u>512</u>	<u>4,080</u>	<u>5,474</u>
Governance costs/Audit fees	-	-	12	12	26
	<u>2,965</u>	<u>603</u>	<u>524</u>	<u>4,092</u>	<u>5,500</u>

The method used for the apportionment of support costs is disclosed in the accounting policies.

**2014**  
**£000**                      **2013**  
**£000**

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

Operating leases

Plant and Machinery	<u>4</u>	<u>4</u>
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No transactions have taken place under Section 2.4.33 of the 2013 Academies Financial Handbook which require additional disclosure.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

7 Charitable Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
<b>Direct costs – educational operations</b>				
Teaching and educational support staff costs	-	2,460	2,460	3,314
Depreciation	-	63	63	75
Technology costs	-	79	79	48
Educational supplies	-	125	125	222
Examination fees	-	126	126	114
Staff development	-	9	9	23
	<u>-</u>	<u>2,862</u>	<u>2,862</u>	<u>3,796</u>
<b>Support costs – educational operations</b>				
Support staff costs	-	391	391	547
Depreciation	-	15	15	19
Recruitment and support	-	7	7	9
Maintenance of premises and equipment	-	91	91	146
Cleaning	-	132	132	255
Rent and rates	-	33	33	47
Energy costs	-	68	68	185
Insurance	-	48	48	56
Security and transport	-	13	13	22
Catering	-	35	35	50
16-19 Bursary	-	19	19	22
Other support costs	-	82	82	139
	<u>-</u>	<u>934</u>	<u>934</u>	<u>1,497</u>
Total direct and support costs	<u>-</u>	<u>3,796</u>	<u>3,796</u>	<u>5,293</u>

8 Governance Costs/Audit fees

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Legal and professional fees	-	1	1	15
Auditor's remuneration				
• Audit of financial statements	-	4	4	4
• Accountancy and other services	-	7	7	7
	<u>-</u>	<u>12</u>	<u>12</u>	<u>26</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

9 Staff

(a) Staff costs

	2014 £000	2013 £000
Staff costs during the period were:		
Wages and salaries	2,379	3,235
Social security costs	170	225
Pension costs	392	435
	<u>2,941</u>	<u>3,895</u>
Supply staff costs	22	60
Staff restructuring costs	2	-
	<u>2,965</u>	<u>3,955</u>

(b) Staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £1,925 (2013: £nil).

(c) Staff numbers

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

	2014 Number	2014 Full-time equivalent	2013 Number	2013 Full-time equivalent
<b>Charitable Activities</b>				
Teachers	41	34	44	40
Administration and support	61	44	60	50
Management	6	6	7	7
	<u>108</u>	<u>84</u>	<u>111</u>	<u>97</u>

(d) Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2014 No.	2013 No.
£60,001 - £70,000	1	-
£90,001 - £100,000	1	1
	<u>2</u>	<u>1</u>

The above employees participated in the Teacher's Pension Scheme. During the year ended 31<sup>st</sup> August 2014 employer's pension contributions for these staff amounted to £22,286 (2013: £13,105).

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

**10 Related Party Transactions - Trustees' Remuneration and Expenses**

The Principal and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustees' remuneration was as follows:

A Bayston (Principal and Trustee):	£95,000 - £100,000	(2013: £90,000 - £95,000)
T McWilliams (staff Trustee):	£20,000 - £25,000	(2013: £20,000 - £25,000)
K Naylor (staff Trustee):	£40,000 - £45,000	(2013: £40,000 - £45,000)
G Potts (staff trustee):	£40,000 - £45,000	(2013: £35,000 - £40,000)

During the year ended 31<sup>st</sup> August 2014, no travel and subsistence expenses were reimbursed to Trustees (2013 - £nil). Related party transactions involving the trustees are set out in note 26.

**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 provides cover up to £5,000,000 on any one claim and the cost for the year ended 31<sup>st</sup> August 2014 was £1,035 (2013: £1,053). The cost of this insurance is included in the total insurance cost.

**12 Tangible Fixed Assets**

	Leasehold Land and Buildings £000	Motor Vehicles £000	<b>Total £000</b>
<b>Cost</b>			
At 1 <sup>st</sup> September 2013	9,344	-	<b>9,344</b>
Additions	-	18	<b>18</b>
Disposals	-	-	-
At 31 <sup>st</sup> August 2014	<u>9,344</u>	<u>18</u>	<b><u>9,362</u></b>
<b>Depreciation</b>			
At 1 <sup>st</sup> September 2013	94	-	<b>94</b>
Charged in year	75	3	<b>78</b>
Disposals	-	-	-
At 31 <sup>st</sup> August 2014	<u>169</u>	<u>3</u>	<b><u>172</u></b>
<b>Net book values</b>			
At 31 <sup>st</sup> August 2014	<u>9,175</u>	<u>15</u>	<b><u>9,190</u></b>
At 31 <sup>st</sup> August 2013	<u>9,250</u>	-	<b><u>9,250</u></b>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

13 Debtors

	2014 £000	2013 £000
VAT recoverable	33	53
Other debtors	57	11
Prepayments and accrued income	54	50
	<u>144</u>	<u>114</u>

14 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	86	278
Taxation and social security	47	55
Other creditors	149	122
Accruals and deferred income	48	127
	<u>330</u>	<u>582</u>

15 Funds

	Balance at 1 <sup>st</sup> September 2013 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 <sup>st</sup> August 2014 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	162	3,546	(3,408)	10	310
Other DfE/EFA grants	-	176	(176)	-	-
Local authority grants	-	44	(44)	-	-
Other government grants	-	50	(50)	-	-
Other restricted funds	6	13	(13)	-	6
	<u>168</u>	<u>3,829</u>	<u>(3,691)</u>	<u>10</u>	<u>316</u>
Pension reserve	(1,217)	-	(53)	(192)	(1,462)
	<u>(1,049)</u>	<u>3,829</u>	<u>(3,744)</u>	<u>(182)</u>	<u>(1,146)</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	-	17	-	(17)	-
Fixed asset disposal	-	11	-	(11)	-
Capital expenditure from GAG	-	-	(3)	18	15
Assets on conversion	9,250	-	(75)	-	9,175
	<u>9,250</u>	<u>28</u>	<u>(78)</u>	<u>(10)</u>	<u>9,190</u>
<b>Total restricted funds</b>	<u>8,201</u>	<u>3,857</u>	<u>(3,822)</u>	<u>(192)</u>	<u>8,044</u>
<b>Unrestricted funds</b>					
Unrestricted funds	529	271	(270)	-	530
<b>Total unrestricted funds</b>	<u>529</u>	<u>271</u>	<u>(270)</u>	<u>-</u>	<u>530</u>
<b>Total funds</b>	<u>8,730</u>	<u>4,128</u>	<u>(4,092)</u>	<u>(192)</u>	<u>8,574</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

15 Funds (continued)

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31<sup>st</sup> August 2014. At the period end the carry forward of GAG funding was £310,000

Other DfE/EFA grants includes monies received outside of GAG funding for example the Pupil Premium. These funds have been spent in full by the 31<sup>st</sup> August 2014.

Local Authority grants represent amounts payable to the Academy predominantly from North Yorkshire County Council. A large percentage of these funds relate specifically to Special Educational Needs (SEN) funding. As at the 31<sup>st</sup> August 2014 these funds had been spent in full.

Other government grants relate to the Sports School Partnership and were fully spent by 31<sup>st</sup> August 2014.

Other restricted funds include monies from trips and non public funds. During the period the trips and non public funds had no excess expenditure over income. At the period end £6,000 remained unspent and is carried forward to the next accounting period.

DfE/EFA capital grants represent capital monies received during the year from the EFA. These monies had all been spent in the period.

Assets on conversion represent the transfer of leasehold assets valued at £9,344,000 per a valuation by Mouchel, property valuers, into the Academy Trust on conversion to academy status depreciated over a 125 year period.

Unrestricted funds represents funds generated via activities such as from lettings, catering and bank interest receivable. This fund also includes the surplus on conversion to academy status in 2012 of £473,000. The surplus on this fund at the period end was £530,000 and these funds can be used at the discretion of the Governors to meet the charitable objectives of the Academy Trust.

16 Analysis of net assets between funds

Fund balances at 31<sup>st</sup> August 2014 are represented by:

	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Funds £000</b>	<b>Total Funds £000</b>
Tangible fixed assets	-	-	9,190	9,190
Current assets	530	646	-	1,176
Current liabilities	-	(330)	-	(330)
Pension scheme liability	-	(1,462)	-	(1,462)
<b>Total net assets</b>	<b>530</b>	<b>(1,146)</b>	<b>9,190</b>	<b>8,574</b>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

17 Capital commitments

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

18 Financial commitments

Operating leases

At 31<sup>st</sup> August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £000	2013 £000
<b>Land and buildings</b>	-	-
<b>Other</b>		
Expiring within one year	-	-
Expiring within two and five years inclusive	3	4
Expiring in over five years	-	-
	<u>3</u>	<u>4</u>

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

	2014 £000	2013 £000
Net income	36	9,947
Depreciation (note 12)	78	94
Assets on conversion	-	(9,344)
Capital grants from DfE/EFA and other capital income	(28)	(16)
Interest receivable (note 4)	(1)	(1)
FRS 17 pension cost less contributions payable (note 25)	1	-
FRS 17 pension finance income (note 25)	52	-
Increase in debtors	(30)	(114)
Decrease in creditors	(252)	582
<b>Net cash inflow from operating activities</b>	<u>(144)</u>	<u>1,148</u>

20 Returns on investments and servicing of finance

	2014 £000	2013 £000
Interest received	1	1
<b>Net cash inflow from returns on investment and servicing of finance</b>	<u>1</u>	<u>1</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

**21 Capital expenditure and financial investment**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Purchase of tangible fixed assets	(18)	(9,344)
Capital grants from DfE/EFA	17	16
Capital funding received from others	11	-
Assets on conversion	-	9,344
<b>Net cash outflow from capital expenditure and financial investment</b>	<u>10</u>	<u>16</u>

**22 Analysis of changes in net funds**

	At 1 <sup>st</sup> September 2013 £000	Cash flows £000	At 31 <sup>st</sup> August 2014 £000
Cash in hand and at bank	<u>1,165</u>	<u>(133)</u>	<u>1,032</u>
	1,165	(133)	1,032

**23 Contingent Liabilities**

During the year of the funding agreement, in the event of the sale or disposal by other means of any leasehold building the Academy Trust is required to either re-invest the proceeds or to repay the Secretary of State for Education or Charities Commission the proceeds of the sale or disposal as these two bodies would jointly have an interest in the proceeds of any sale.

**24 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.

**25 Pension and similar obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31<sup>st</sup> March 2012 and of the LGPS 31<sup>st</sup> March 2013.

Contributions amounting to £45,006 (2013: £41,138) were payable to the schemes at 31<sup>st</sup> August 2014 and are included within creditors.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

**25 Pension 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) and, from 1<sup>st</sup> April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1<sup>st</sup> January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

**Valuation of the Teachers' Pension Scheme**

The latest actuarial valuation of the TPS was carried out as at 31<sup>st</sup> March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9<sup>th</sup> June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1<sup>st</sup> April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

**Teachers' Pension Scheme Changes**

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

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

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

25 Pension and similar obligations (continued)

Teachers' Pension Scheme Changes (continued)

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1<sup>st</sup> April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

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

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1<sup>st</sup> April 2014. Communications are being rolled out and the reformatted scheme will commence on 1<sup>st</sup> April 2015.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31<sup>st</sup> August 2014 was £172,000, of which employer's contributions totalled £132,000 and employees' contributions totalled £40,000. The agreed contribution rates for future years are 13.6% for employers and the rate for the employees remains dependent on the salary of the employee.

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 the 18<sup>th</sup> July 2013.

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

Principal Actuarial Assumptions	At 31 <sup>st</sup> August 2014	At 31 <sup>st</sup> August 2013
Rate of increase in salaries	3.7%	4.15%
Rate of increase for pensions in payment / inflation	2.2%	2.4%
Discount rate for scheme liabilities	4.0%	4.6%
Inflation assumption (CPI)	2.2%	2.4%
Commutation of pensions to lump sums	50%	50%

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	At 31 <sup>st</sup> August 2014	At 31 <sup>st</sup> August 2013
<i>Retiring today</i>		
Males	23.0	22.6
Females	25.5	25.3
<i>Retiring in 20 years</i>		
Males	25.3	24.4
Females	27.8	27.2

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

	Expected return at 31 <sup>st</sup> August 2014	Fair value at 31 <sup>st</sup> August 2014 £000	Expected return at 31 <sup>st</sup> August 2013	Fair value at 31 <sup>st</sup> August 2013 £000
Equities	7.0%	212	7.0%	142
Government Bonds	2.9%	39	3.4%	20
Other Bonds	3.8%	47	4.4%	25
Property	6.2%	20	5.7%	8
Cash	0.5%	2	0.5%	5
Other	7.0%	30	7.0%	18
<b>Total market value of assets</b>		350		218
Present value of scheme liabilities				
- Funded		(1,812)		(1,435)
<b>Deficit in the scheme</b>		(1,462)		(1,217)

The actual return on scheme assets was £37,000 (2013: £21,000).

Amounts recognised in the statement of financial activities

	2014 £000	2013 £000
Current service cost (net of employee contributions)	133	150
Past service cost	-	-
Total operating charge	133	150

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	18	6
Interest on pension liabilities	(70)	(67)
<b>Pension finance costs</b>	<u>(52)</u>	<u>(61)</u>

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £238,000 loss (2013: £46,000 loss).

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

	2014 £000	2013 £000
<b>At 1<sup>st</sup> September</b>	1,435	-
Current service cost	133	150
Interest cost	70	67
Employee contributions	40	49
Actuarial loss	140	60
Benefits paid	(6)	6
Business combinations	-	1,103
<b>At 31<sup>st</sup> August</b>	<u>1,812</u>	<u>1,435</u>

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

	2014 £000	2013 £000
<b>At 1<sup>st</sup> September</b>	218	-
Expected return on assets	18	6
Actuarial (loss)/gain	(52)	14
Employer contributions	132	143
Employee contributions	40	49
Benefits paid	(6)	6
<b>At 31<sup>st</sup> August</b>	<u>350</u>	<u>218</u>

The estimated value of employer contributions for the year ended 31<sup>st</sup> August 2015 is £142,000

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2014 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2014 £000	2013 £000
Present value of defined benefit obligations	(1,812)	(1,435)
Fair value of share of scheme assets	350	218
Deficit in the scheme	<u>(1,462)</u>	<u>(1,217)</u>
Experience adjustments on share of scheme assets	(52)	14
Experience adjustments on scheme liabilities:	<u>(101)</u>	-

26 Related Party Transactions

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

No transactions with Trustees were undertaken during the course of the year ended 31<sup>st</sup> August 2014.