

**Southend High School for  
Boys Academy Trust Limited  
(A Company Limited by Guarantee)**

**Annual Report and Financial  
Statements**

**Year ended 31 August  
2014**

**Company Registration Number:  
07485584 (England and Wales)**

**Southend High School for Boys Academy Trust Limited**  
**Company Limited by Guarantee**  
**Year ended 31 August 2014**

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**Reference and Administrative Details**

Members

Mr P Richards  
Mr A Barrett  
Mr R Maddison  
Mr S Baldwin

Governors

Mr P Richards (Chair)  
Dr M Aggarwal  
Mr S Baldwin\*  
Mr R Campbell-Carr  
Mrs S Currington\*  
Mr D Fairweather  
Mr J Hendry  
Dr P Husselbee  
Mrs D Pocock  
Mrs G Porter  
Mrs F Potter  
Mr A Badger\*  
Mrs S Cheema  
Mrs S O'Ryan\*  
Mrs F Chapman  
Mr R Barber  
Mr B Perryman\* (appointed December 2013)  
Dr R Bevan\* (Headteacher and Accounting Officer)  
Mr P Crow\* (Staff Governor)  
Mr R Olson\* (Staff Governor)  
Mrs R Worth (Staff Governor resigned July 2014)  
Mr G Mather\* (appointed January 2014)

\* members of the Finance & Audit Committee

Senior Leadership Team:

- Headteacher
- Deputy Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Director of Resources

Dr R Bevan  
Mr A Gardner  
Mrs L Smith  
Mrs Cathie Bates  
Mrs R Worth  
Mr S Oxenham

Principal and Registered Office

Prittlewell Chase  
Southend-On-Sea  
Essex  
SS0 0RG

Company Registration Number

07485584 (England and Wales)

**Southend High School for Boys Academy Trust Limited**  
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**Year ended 31 August 2014**

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Independent Auditor

MHA MacIntyre Hudson  
Boundary House  
County Place  
Chelmsford  
Essex  
CM2 0RE

Bankers

Lloyds TSB  
77 High Street  
Southend-On-Sea  
Essex  
SS1 1HT

Solicitors

Paul Robinson Solicitors LLP  
The Old Bank  
470-474 London Road  
Westcliff-On-Sea  
Essex  
SS0 9LD

## **Governors' Report**

The Governors present their Annual Report together with the financial statements and Auditor's Report of the Charitable Company for the period 1 September 2013 to 31 August 2014. The Annual Report serves the purposes of both Trustees' Report, and a Directors' Report under company law.

The Academy Trust operates an Academy for pupils aged 11 to 18 serving a priority area in south east Essex. It has a pupil capacity of 1080 and had a roll of 1131 in the school census on 2 October 2014.

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

#### Constitution

The Academy Trust is a Company limited by guarantee, without share capital, and an exempt charity which was established on 1 February 2011. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. In accordance with the requirements of the Articles of Association, it is the duty of the Members of the Charitable Company to appoint Governors to be responsible for the affairs and management of the Academy Trust. The Charitable Company is known as Southend High for Boys Academy Trust.

In accordance with the Articles of Association, the charitable Company has identified the requirements for the admission of pupils to the Academy Trust, approved by the Secretary of State for Education.

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

#### Members' Liability

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

The Members of the Academy Trust comprise Mr P Richards, Mr S Baldwin and Mr A Barrett all of whom are/were also Governors of the Academy Trust and Mr R Maddison, a former chair of Governors of the school. The Members delegate the running of the Academy Trust to the Governors and have established the form of governance to be adopted.

#### Governors' Indemnities

The DfE recommend that Academies have Academy Governor liability insurance which insures against collective liability of the Governing Body acting in good faith. This insurance is provided by Ecclesiastical Insurance with a limit of indemnity of £5m. Details of the costs can be found in Note 12 to the accounts.

#### Method of Recruitment and Appointment or Election of Governors

The Members of the Academy Trust may directly appoint up to 12 Governors.

The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Principal/Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors. Staff Governors are elected by employees of the Academy Trust. Any election of Staff Governors which is contested is held by secret ballot.

Parent Governors are elected by parents of registered pupils at the Academy Trust. A Parent Governor must be a parent of a pupil at the Academy Trust at the time when he or she is elected. Any election of Parent Governors which is contested is held by secret ballot. Arrangements are made for postal votes. Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body takes such steps as are reasonably practical to secure that every person who is known to them to be parent of a registered pupil at the Academy Trust is informed of the vacancy and that it is required to be filled by election, informed that he or she is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so. The number of Parent Governors required is made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies.

## **Governors' Report (continued)**

Where it is not reasonably practical to appoint a person who is the parent of a registered pupil at the Academy Trust, a person who is the parent of a child of compulsory school age can be appointed.

Members may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed.

The Governors may not co-opt an employee of the Academy Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Principal/Headteacher).

### Policies and Procedures Adopted for the Induction and Training of Governors

All new Governors are recruited and elected on their ability to play an active part in the governance of the Academy. They are provided with all necessary documents that they will need to undertake their role as Governors. They are also referred to the Academies Financial Handbook, Southend High School for Boys Academy's Funding Agreement and various relevant documents. Governors receive regular training sessions at their meetings on various relevant topics.

### Organisational Structure

Southend High School for Boys Academy Trust is governed by a Board of Governors (the Governing Body) constituted under a Memorandum of Association and Articles of Association. The Governing Body is responsible for ensuring that high standards of corporate governance are maintained. It exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academy Trust, addressing such matters as:

- policy development and strategic development;
- ensuring sound management and administration of the Academy Trust;
- ensuring compliance with legal requirements;
- establishing and maintaining effective internal controls;
- the management of all resources;
- the monitoring of performance;
- helping the Academy Trust to be responsive to the needs of parents, carers and the community; and
- assessing and managing risk.

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

The Headteacher is directly responsible for the day to day running of the Academy Trust, and is assisted by a Senior Leadership Team consisting of two Deputy Headteachers, two Assistant Headteachers and a Director of Resources. Together the Senior Leadership Team controls the Academy at an executive level, implementing the policies' laid down by the Governors, reporting back to them and providing evidence, reports and data analysis to the Governing Body meetings, enabling Governors to monitor effectively.

The Academy Trust has appointed a Responsible Officer (RO), who provides independent oversight of the operation of financial management arrangements. The RO undertakes checks to help ensure that the financial responsibilities of the Governing Body are properly discharged.

### Risk Management

The Academy Trust follows an appropriate risk management process that has been formally assessed under FMSIS in two previous inspection visits. The process identifies the types of risk the Academy Trust faces. These risks are scored and prioritised in terms of their potential operational and financial impact and assessed in terms of the likelihood of occurrence and means of identifying the risks are assessed. A risk register is maintained and reviewed periodically.

### Connected Organisations including Related Party Relationships

The Academy Trust is a member of Consortium for Selective Schools in Essex (CSSE) who work to promote the selective schools, share best practice and develop a common approach to policy and selection procedures.

## **Governors' Report (continued)**

There are transactions between the Academy Trust and CSSE in relation to membership fees and payment for work undertaken on behalf of CSSE.

The Headteacher is an Association of Teachers and Lecturers (ATL) Executive Committee member and as such there are transactions between ATL and the school for work undertaken on behalf of ATL.

The Director of Resources is a member of the National Association of School Business Managers (NASBM) and delivers training to the Academy sector on behalf of NASBM and the Education Funding Agency. As such there are transactions in relation to membership fees and payment for work undertaken on behalf of NASBM.

## **Objectives and Activities**

### Objects and Aims

The Academy Trust's object is to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy").

### Objectives, Strategies and Activities

The principal activity of the Charitable Company is the operation of Southend High School for Boys Academy Trust to provide education for pupils, selected by ability between the ages of 11 and 18 with an emphasis on academic progression.

The 'Scheme of Governance' approved by the Secretary of State specifies, amongst other things, the basis for admitting students to the Academy, the provision for pupils with SEN and that the curriculum should be broad and balanced.

The main objectives of the Academy Trust are summarised below:

- To raise the standards of educational achievement of all pupils;
- To ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care;
- To improve the effectiveness of the Academy Trust by keeping the curriculum and organisational structure under continual review;
- To comply with all appropriate statutory and curriculum requirements;
- To conduct business in accordance with the highest standards of integrity, probity and openness.

### Public Benefit

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

## **Achievements and Performance**

At Southend High School for Boys, talent is nurtured and learning is valued. Challenge is welcomed, participation is expected and achievement is prized. This ethos is carried through all that the Academy Trust seeks to achieve and helps maintain a balance between academic performance and other aspects of school life.

As our Project 2013 came to a conclusion we were able to celebrate the best GCSE results the Academy Trust had ever seen. Not resting on our laurels, we ran the Forti 14 initiative which encouraged pupils to do things they had not previously experienced, with a focus on community. Activities included sleeping rough overnight, lifeguarding with the RNLI, climbing Ben Nevis, afternoon tea for the elderly, running a special Olympics event and a marathon walk. All help shape and create rounded, balanced individuals and prepare them for the next part of their journey.

## **Governors' Report (continued)**

Much of the academic year 2013/14 was dominated by funding and the Academy Trust's 3 year financial forecast. The forecast highlighted the challenges ahead driven by topics such as funding formula changes, examination reforms and curriculum changes. This led to the Vitality Plan which sought to close the funding gap through a number of measures. The Academy Trust continues to successfully engage in dialogue with policy makers and it is important to note that in such a challenging and turbulent environment that the Academy Trust continues to thrive.

We remain the most over-subscribed secondary school in the area, and our Open Evenings serve not only as an opportunity for recruitment of new pupils but also as a celebration of the contributions made by every member of the Academy Trust team. Both our Year 6 and 6<sup>th</sup> Form open evenings were a resounding success with the largest number of visitors on record for both events. There is no doubt that the contributions made by pupil helpers, pupil guides, prefects, parent helpers, and a whole range of staff were invaluable in communicating the 'essence' of Southend High School for Boys Academy Trust.

### **Exam Review**

#### **GCSE Results**

It was another remarkable year of GCSE results for the Academy Trust. After seeing results improve every year since 2008, it was an outstanding achievement to obtain the best ever grades in 2014. The results demonstrate the sustained efforts of the pupils, the excellent support they received from their teachers and that pupils thrive at the Academy Trust.

- 70% of all grades awarded were A or A\*
- 31% of all grades awarded achieved the prestigious A\*
- 80% of pupils obtained 5 or more A and A\* grades
- Half the pupils secured 9 or more A and A\* grades; thirty achieved 7 or more A\* grades; and fourteen boys gained more than 10 A\* grades.

#### **A2 and AS Results**

Excellent teaching and a superb working atmosphere helped dedicated students obtain amongst the Academy Trust's best ever grades at A-level and AS-level. The results provide 6<sup>th</sup> Formers with the very best opportunities for university entrance and their future careers.

- At A-level (A2) 75% of grades were B or better and 44% at A or A\*
- 70 prestigious A\* grades were awarded to Year 13 students – one out of every 9 grades obtained
- 19 students achieved 4 or more grade As at A-level
- 56 students from Year 12 have secured 3 or more grade As at AS-level

### **Extra-Curricular Achievements**

The Academy Trust has an enviable record of achievements and some of the key items have been included below.

Once again we gained Fair Trade status for the forthcoming year. Fair Trade status is awarded to schools who meet various goals set by the Fair Trade Foundation, which are changed yearly. This year we had the privilege welcoming Foncho, a Columbian banana farmer, to the school for the day during Fairtrade fortnight.

Apart from the sports activities the Academy Trust had 105 external trips during the year.

The Academy Trust's Intermediate Team were National Athletic Champions and the Junior Team came 2<sup>nd</sup> in the country.



**Governors' Report (continued)**

Our sporting teams had a remarkable year. The Academy Trust has been in County finals in 7 different sports: football, basketball, hockey, cricket, rugby, cross country and badminton:

- |                                            |                                            |
|--------------------------------------------|--------------------------------------------|
| Year 7 football Essex Cup champions        | Year 7 basketball Essex Cup champions      |
| Year 8 football Essex Cup champions        | Year 8 basketball Essex Cup champions      |
| Year 12/13 football Essex Cup runners up   | Year 9 basketball Essex Cup champions      |
|                                            | Year 12/13 basketball Essex Cup runners up |
| Year 7/8 badminton Essex Cup runners up    |                                            |
|                                            | Year 9 hockey Essex Cup runners up         |
| Year 10/11 hockey Essex Plate winners      |                                            |
|                                            | Year 7 cross-country Essex champions       |
| Year 7 Essex Cricket Plate winners         | Year 8 cross-country Essex champions       |
|                                            |                                            |
| Year 8 rugby Essex emerged rugby champions |                                            |

**Other Achievements**

The later part of the year saw another period of intense activity on the Academy Trust's site, due to the success of the ACMF and Salix bids for the urgent roofing works, drainage and heating works. This was the result of work with PCH Associates, the Academy Trust's property consultants, and has seen a number of roof areas recovered, and overhauled, heating repairs and improvements plus a large attenuation tank installed to reduce the risk of flooding.

During the year we have installed WiFi in the centre of the main building in order to provide better facilities for our 6<sup>th</sup> Form Students and staff. We have also migrated our email server to the cloud, providing more storage capacity and greater resilience using Microsoft Office 365.

It had long been a desire to have cashless catering facilities and we were delighted when this was implemented in April. We have worked hard with our catering contractor and hardware supplier to provide the best food offering with the most efficient service, and as a result turnover has increased by £20,000 for the year.

A number of other works were also undertaken such as the refurbishment of the Library, the court yard above the library had a new roof installed by the roofing contractors, creating the Art Studio a gallery space for our 6<sup>th</sup> Form Art Students. The Art Studio was fitted out and the adjoining classroom was refurbished as part of the works under taken by our own Premises Team. A number of the science labs had alterations, all of which led to a much improved facility for the pupils and staff alike.

Going Concern

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

Key Financial Performance Indicators

The Management Accounts contain a page on the Financial Health of the Academy Trust and it also lists four key ratios:

<b>Ratios</b>	<b>2013</b>	<b>2014</b>
Adjusted Current Ratio	1.44	1.67
Adjusted operating position as a % of income	3.95%	2.99%
Staff Costs as a % of Operating Income	82.86%	87.90%
Staff Costs as a % of Total Income	69.83%	68.28%

**Financial Review**

A high percentage of the Academy Trust's income is obtained from the Education Funding Agency (EFA) an agency of the Department for Education (DfE), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

## **Governors' Report (continued)**

During the year ended 31 August 2014, total expenditure of £6,402,091 was fully covered by grant funding from the EFA and other incoming resources. Excluding movements on the restricted fixed asset fund, before transfers between funds and the pension scheme actuarial loss, the Academy Trust recorded an operating surplus of £197,592. This was largely due to the award of capital maintenance grants with £200,521 of future capital commitments.

At 31 August 2014 the net book value of fixed assets was £10,534,858 and movements in tangible fixed assets are shown in Note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The Academy Trust held fund balances at 31 August 2014 of £9,663,164 comprising £9,317,019 of restricted funds (including a pension reserve deficit of £1,288,000) and £346,144 of unrestricted general funds.

The Governors have reviewed the reserves of the Academy Trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the Governors and the aim is to increase reserves over a period of time.

Given the funding changes the Governors have determined that a 3 year forecast will be maintained during the period 2014/15.

### Financial and Risk Management Objectives and Policies

During the period the Governors have received and taken comfort from regular production of a full set of management accounts that include a cash flow forecast and key financial performance ratios such as liquidity. The management accounts have been further developed during the period as knowledge and understanding has improved.

The risk register has also been maintained during the period as internal controls are developed and improved.

### Reserves Policy

Free reserves available for use exclude restricted funds.

The Governors review yearly the value of Academy Trust reserves required to be held, that are not restricted to any particular purpose. We also consider our exposure to the risk of any significant loss of income or unforeseen cost. A significant drop in income is unlikely given the current government commitment to education funding, although other income dropping and unforeseen costs are risks that could crystallise. The levels of reserves held are to mitigate against these risks.

During the year, in light of our strategy and the prevailing economic circumstances, the Governors reviewed the reserves policy and agreed acceptable free reserve ranges of between one and two months aggregated expenditure (£0.5m to £1.0m) for future periods.

Noting that previously restrictions were imposed by the EFA on the amount that could be carried forward, it was not possible to build up reserves in line with other non-educational charities. The Governors have put a strategy in place to build the reserves up over future periods with a target of £0.25m for 2013/14 which was achieved.

The pension reserve is in deficit due to the Academy Trust's share of the LGPS liabilities exceeding its share of the assets. Plans to eliminate the deficit are incorporated into the academies plans as detailed above.

### Investment Policy

The Academy Trust has the power to make investment decisions as it holds cash balances as part of its reserves.

## **Governors' Report (continued)**

Surplus funds are held on deposit and with the relatively low level of cash reserves the Governors have taken the view that having funds locked away for periods of time could prove detrimental.

### Principal Risks and Uncertainties

The Academy Trust has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Academy Trust's assets and reputation.

Based on the School Improvement Plan, the Senior Leadership Team undertakes a comprehensive review of the risks to which the Academy Trust is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy Trust. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Leadership Team will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy Trust.

The risk register is maintained at the Academy Trust level which is reviewed at least annually by the Finance and Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Academy Trust. Not all the factors are within the school's control. Other factors besides those listed below may also adversely affect the Academy Trust.

### **1. Government revenue funding**

The Academy Trust has considerable reliance on continued government funding through the education sector funding bodies. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The Academy Trust is aware of four issues which may impact on future funding:

- The revision to the funding formula by the DfE and increased emphasis on the Pupil Premium
- The government policy changes following the upcoming general election and planned funding reduction in future periods
- Weightings given by the local Schools Forum to the funding factors may change
- The desire to move to a national funding formula

This risk is mitigated in a number of ways:

- The Academy Trust seeks to maintain close external relationships with relevant bodies
- The Academy Trust updates its budget model and 3 year forecast as information arises
- The Director of Resources attends the DfE Schools and Academies Funding Group on a regular basis on behalf of NASBM

### **Government capital funding**

Capital funding is required for maintenance of the Academy Trusts assets, such as overhauling key infrastructure components such as roof spaces and heating systems. It is also required for improvements relating to safeguarding, for example the introduction of access control. Expansion of the Academy Trusts provision also requires capital funding, for example increasing the size of the 6<sup>th</sup> Form.

Capital funding is now a bidding process that each Academy Trust is eligible for, and it should be noted that as the number of academies increases the amount of the funding pot does not automatically increase.

The risk is that funding bids are not successful and that key infrastructure components fail before remedial works can be carried out or that there is a serious safeguarding issue.

## **Governors' Report (continued)**

The risk is mitigated in a number of ways:

- The Academy Trust has retained a specialist firm to assist with bid preparation and project management
- Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the Academy Trust's balance sheet in line with the requirements of FRS 17.

### **Plans for Future Periods**

The detailed plans for the next three years are contained in the School Improvement Plan.

The areas of focus for 2014/15 are:

- Raising the number of A\* achieved at GCSE
- Continue 2020 Vision for development of the 'whole child'
- Improve effective support of stakeholders
- Making best use of pupil data
- Exercise financial constraint and efficiently manage resources
- Support and increase effectiveness of staff

To achieve the desired outcomes specific objectives have been set and they include:

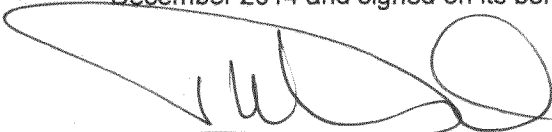
- Implement and monitor use of 9<sup>th</sup> study periods
- Ensuring the consistency with the quality of note taking
- Regularising our 'Pupil information trawl' programme
- Improving tutor time delivery
- Continue to implement the IT Strategy as far as funds permit
- Set up an Income Generation sub committee
- Continue to implement the Accommodation Strategy as far as funds permit
- Submit bids to the Condition Improvement Fund in relation to the urgent works
- Maintain a 3 year forecast to aid decision making
- Promoting 'Open to Learning Conversations'
- Carry out a feasibility study on a new 6<sup>th</sup> Form Block
- Sharing the work of Parent Forums with all stakeholders

### **Auditor**

In so far as the Governors are aware:

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

Governors' report, incorporating a Strategic Report, approved by order of the Governing Body, on 11<sup>th</sup> December 2014 and signed on its behalf by:



**Paul Richards**  
(Chair of Governors)

**Governance Statement**

**Scope of Responsibility**

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Southend High School for Boys Academy Trust and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr P Richards (Chair)	3	3
Dr M Aggarwal	3	3
Mr S Baldwin	3	3
Mr R Campbell-Carr	2	3
Mrs S Currington	3	3
Mr D Fairweather	1	3
Mr J Hendry	3	3
Dr P Husselbee	2	3
Mrs D Pocock	3	3
Mrs G Porter	3	3
Mrs F Potter	2	3
Mr A Badger	3	3
Mr B Perryman (appointed Dec 2013)	2	3
Mrs S Cheema	1	3
Mrs S O'Ryan	3	3
Mrs F Chapman	1	3
Mr R Barber	2	3
Dr R Bevan (Headteacher and Accounting Officer)	3	3
Mr P Crow (Staff Governor)	2	3
Mr R Olson (Staff Governor)	1	3
Mrs R Worth (Staff Governor)	3	3
Mr G Mather (appointed Jan 2014)	2	2

During the period a review of governance was undertaken. Having considered a range of options and reviewed current sector thinking, the Governing Body decided not to change its current governance arrangements, holding to the belief that is proportional and reducing numbers would place a cumbersome burden on individuals to attend meetings as well as diluting the pool of expertise.

Each committee has an Impact Narrative which details the activity, strategy, challenge, impact, external liaison and future issues that have been considered.

A particular challenge brought by the Finance and Audit Committee to the governing body was the 3 year forecast which indicated action needed to be taken to ensure the future financial viability of the Academy

**Governance Statement (continued)**

Trust. This resulted in an extraordinary Full Governing Body meeting being called to consider the possibility and implications of increasing pupil numbers for September 2014.

The Finance and Audit Committee is a sub-committee of the main Governing Body. Its purpose is to advise the Governing Body on financial strategy and policy in relation to financial matters. The Committee receives the annual budget and then recommends its adoption to the Governing Body. Attendance at meetings in the year was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr S Baldwin	4	4
Mrs S Currington	3	4
Mr A Badger	4	4
Mrs S O'Ryan	2	4
Dr R Bevan (Headteacher and Accounting Officer)	4	4
Mr P Crow (Staff Governor)	3	4
Mr R Olson (Staff Governor)	2	4
Mr G Mather (appointed Jan 2014)	3	3
Mr B Perryman (appointed Dec 2013)	3	3

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

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

**Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**The Risk and Control Framework**

The Academy 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 Governing Body;
- regular reviews by the Finance and Audit 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed R Woodcock, a qualified accountant, as Responsible Officer ('RO') who retired in June, and G Mather has been appointed for 2014/15.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the Governing Body, through the Finance and Audit Committee, on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

During the period there were no material control issues arising as a result of the RO's work and all work was carried out in accordance with the EFA's requirements.

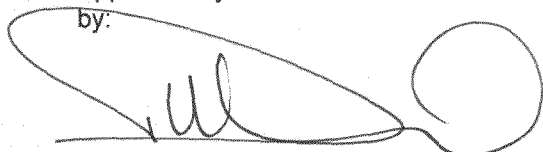
**Review of Effectiveness**

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

- The work of the Responsible Officer;
- The work of the external auditor; and
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Members of the Governing Body on 11<sup>th</sup> December 2014 and signed on its behalf by:



**Paul Richards**  
(Chair of Governors)



**Dr Robin Bevan**  
(Accounting Officer)

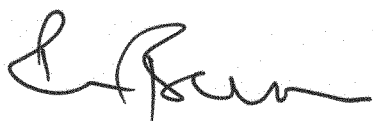


**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Southend High School for Boys Academy Trust I have considered my responsibility to notify the Academy Trust Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the Funding Agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Board of Governors 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 Governors and EFA.



**Dr Robin Bevan**  
Accounting Officer



## **Statement of Governors' Responsibilities**

The Governors (of Southend High School for Boys Academy Trust Limited) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

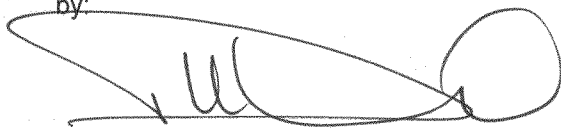
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the Members of the Board of Governors on 11<sup>th</sup> December 2014 and signed on its behalf by:



**Paul Richards**  
Chair of Governors

## **Independent Auditor's Report to the Members of Southend High School for Boys Academy Trust Limited**

We have audited the financial statements of Southend High School for Boys Academy Trust for the year ended 31 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 Academies 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its Members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Academy Governors and auditors**

As explained more fully in the Statement of Governors' Responsibilities, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Academy Governors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements and 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 31 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**Company Limited by Guarantee**

**Year ended 31 August 2014**

**Independent Auditor's Report to the Members of Southend High School  
for Boys Academy Trust Limited (continued)**

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

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

- 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 Governors' remuneration specified by law are not made; and
- we have not received all the information and explanations we require for our audit.



James Gare ACA DchA (Senior Statutory Auditor)

For and on behalf of:

**MHA Macintyre Hudson**

Chartered Accountants & Statutory Auditors

Boundary House

4 County Place

Chelmsford

Essex

CM2 0RE

15/12/14

**Independent Reporting Accountant's Assurance Report on Regularity to Southend High School for Boys Academy Trust Limited and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 12 June 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 Southend High School for Boys Academy Trust during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Southend High School for Boys Academy Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Southend High School for Boys Academy Trust's Funding Agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

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

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

The work undertaken to draw our conclusions includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams; and
- evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquires of the Accounting Officer.

**Conclusion**

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

MHA MacIntyre Hudson

Reporting Accountant

**MHA MacIntyre Hudson**

Chartered Accountants & Statutory Auditors

Boundary House

4 County Place

Chelmsford

Essex

CM2 0RE

15/12/14

**Statement of Financial Activities for the Year Ended 31 August 2014**

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

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
• Voluntary income	2	17,434	-	-	<b>17,434</b>	35,869
• Activities for generating funds	3	305,841	-	-	<b>305,841</b>	295,726
• Investment income	4	10,197	-	-	<b>10,197</b>	721
<i>Incoming resources from charitable activities:</i>						
• Funding for the Academy Trust's educational operations	5	-	5,126,494	739,783	<b>5,866,277</b>	5,514,994
<i>Other incoming resources</i>	6	399,934	-	-	<b>399,934</b>	405,125
<b>Total incoming resources</b>		<b>733,406</b>	<b>5,126,494</b>	<b>739,783</b>	<b>6,599,683</b>	<b>6,252,436</b>
<b>Resources expended</b>						
<i>Charitable activities:</i>						
• Academy's Academy Trust's educational operations	8	-	6,146,482	208,077	<b>6,354,559</b>	5,948,700
<i>Governance costs</i>	9	-	47,532	-	<b>47,532</b>	56,777
<b>Total resources expended</b>	7	<b>-</b>	<b>6,194,014</b>	<b>208,077</b>	<b>6,402,091</b>	<b>6,005,477</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>733,406</b>	<b>(1,067,520)</b>	<b>531,706</b>	<b>197,592</b>	<b>246,959</b>
<b>Gross transfers between funds</b>	17	<b>(665,731)</b>	<b>1,048,682</b>	<b>(382,951)</b>	<b>-</b>	<b>-</b>
<b>Net income / (expenditure) for the year</b>		<b>67,675</b>	<b>(18,838)</b>	<b>148,755</b>	<b>197,592</b>	<b>246,959</b>
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	17, 26	-	84,000	-	<b>84,000</b>	(55,000)
<b>Net movement in funds</b>		<b>67,675</b>	<b>65,162</b>	<b>148,755</b>	<b>281,592</b>	<b>191,959</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2013	17	278,469	(1,283,000)	10,386,103	<b>9,381,572</b>	9,189,613
<b>Total funds carried forward at 31 August 2014</b>		<b>346,144</b>	<b>(1,217,838)</b>	<b>10,534,858</b>	<b>9,663,164</b>	<b>9,381,572</b>

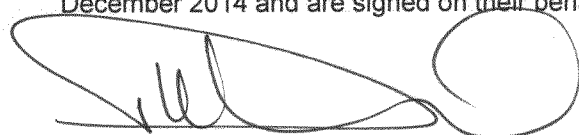
All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

**Balance sheet as at 31 August 2014**

**Company Number**  
**07485584**

		2014	2014	2013	2013
	Note	£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	13		10,534,858		10,386,103
<b>Current Assets</b>					
Debtors	14	591,659		307,506	
Cash at bank and in hand		544,595		600,111	
		<u>1,136,254</u>		<u>907,617</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	<u>(679,948)</u>		<u>(629,148)</u>	
<b>Net current assets</b>			<u>456,306</u>		<u>278,469</u>
<b>Total assets less current liabilities</b>			<u>10,991,164</u>		<u>10,664,572</u>
<b>Creditors: amounts falling due after more than one year</b>					
Long term loan	16		(40,000)		-
Pension scheme liability	26		(1,288,000)		(1,283,000)
<b>Net assets including pension liability</b>			<u>9,663,164</u>		<u>9,381,572</u>
<b>Funds of the Academy:</b>					
<b>Restricted funds</b>					
Fixed asset fund	17		10,534,858		10,386,103
General fund	17		70,162		-
Pension reserve	17		<u>(1,288,000)</u>		<u>(1,283,000)</u>
<b>Total restricted funds</b>			<u>9,317,020</u>		<u>9,103,103</u>
<b>Unrestricted funds</b>					
General fund	17		<u>346,144</u>		<u>278,469</u>
<b>Total unrestricted funds</b>			<u>346,144</u>		<u>278,469</u>
<b>Total funds</b>			<u>9,663,164</u>		<u>9,381,572</u>

The financial statements on pages 20 to 40 were approved by the Governors, and authorised for issue on 11<sup>th</sup> December 2014 and are signed on their behalf by:



**Paul Richards**  
 (Chair of Governors)

**Cash Flow Statement for the Year Ended 31 August 2014**

		2014	2013
	Note	£	£
<b>Net cash inflow from operating activities</b>	21	<b>(448,664)</b>	204,970
Returns on investments and servicing of finance	22	10,197	721
Capital expenditure	23	382,951	(149,585)
<b>(Decrease)/Increase in cash in the period</b>	24	<b><u>(55,516)</u></b>	<u>56,106</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2013		600,111	544,005
<b>Net funds at 31 August 2014</b>		<b><u>544,595</u></b>	<u>600,111</u>



## **Notes to the Financial Statements for the Year Ended 31 August 2014**

### **1. Statement of Accounting Policies**

#### **Basis of Preparation**

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

#### **Going Concern**

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

#### **Incoming Resources**

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

- **Grants receivable**

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

General Annual Grant (GAG) 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 not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

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

**1. Statement of Accounting Policies (continued)**

• **Donated Services and gifts in kind**

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

Upon becoming an Academy Trust in February 2011, the Academy Trust received as a donation for no consideration the school buildings at a Depreciated Replacement Cost valuation of £8,260,000. This valuation was carried out in accordance with the requirements of the RICS Red Book, the Valuation Standards 7<sup>th</sup> Edition and, more particularly, UKVS1 (Valuations for Financial Statements) i.e. the operational buildings are considered to be 'Specialised Property.'

**Resources Expended**

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

• **Costs of generating funds**

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

• **Charitable activities**

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

• **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

**Tangible Fixed Assets**

Individual assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

**1. Statement of Accounting Policies (continued)**

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

Freehold buildings	2% / 2.5% (on buildings with an estimated useful remaining economic life of less than 50 years)
Fixtures, fittings and equipment	10% straight line
ICT equipment	20% straight line
Solar panels	5% straight line
Motor vehicles	25% reducing balance

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

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

**Leased Asset**

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

**Stock**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

**Taxation**

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

**Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**1. Statement of Accounting Policies (continued)**

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

**Fund Accounting**

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

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

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

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

<b>2 Voluntary Income</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other donations	17,434	-	17,434	35,869
	<u>17,434</u>	<u>-</u>	<u>17,434</u>	<u>35,869</u>
<b>3 Activities for Generating Funds</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Hire of Facilities	58,583	-	58,583	54,316
Catering Income	173,521	-	173,521	152,985
Event income	35,216	-	35,216	49,098
Other generated income	38,521	-	38,521	39,327
	<u>305,841</u>	<u>-</u>	<u>305,841</u>	<u>295,726</u>
<b>4 Investment income</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Short term deposits	10,197	-	10,197	721
	<u>10,197</u>	<u>-</u>	<u>10,197</u>	<u>721</u>
<b>5 Funding for Academy's educational operations</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	5,092,244	5,092,244	5,182,809
Start Up Grants	-	-	-	-
Capital Grants	-	739,783	739,783	245,579
Other DfE/EFA grants	-	34,250	34,250	86,606
	<u>-</u>	<u>5,866,277</u>	<u>5,866,277</u>	<u>5,514,994</u>
<b>6 Other incoming resources</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Academy trips	246,503	-	246,503	241,478
Sundry income	153,431	-	153,431	163,647
	<u>399,934</u>	<u>-</u>	<u>399,934</u>	<u>405,125</u>

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

7 Resources expended	Staff Costs	Non Pay Expenditure		Total 2014	Total 2013
		Premises	Other costs		
	£	£	£	£	£
Academy's education operations					
Direct costs	3,688,339	-	647,906	<b>4,336,245</b>	4,259,734
Allocated support costs	818,080	637,051	563,183	<b>2,018,314</b>	1,688,966
	<u>4,506,419</u>	<u>637,051</u>	<u>1,211,089</u>	<b>6,354,559</b>	<u>5,948,700</u>
Governance costs including allocated support costs	-	-	47,532	<b>47,532</b>	56,777
	<u>4,506,419</u>	<u>637,051</u>	<u>1,258,621</u>	<b>6,402,091</b>	<u>6,005,477</u>
<b>Net incoming/outgoing resources for the year include:</b>				<b>2014</b>	<b>2013</b>
				£	£
Operating Leases	-	Plant and machinery		<b>25,867</b>	72,723
Auditors remuneration	-	Audit		<b>7,980</b>	10,350
Depreciation	-	Other services		<b>4,097</b>	2,110
				<u><b>208,078</b></u>	<u>200,512</u>
				<b>246,022</b>	<u>285,695</u>

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately.

	Total £	Individual items above £5,000	
		Amount £	Reason
Gifts made by the Academy Trust	2,072	-	-

The Academy Trust has regards to the propriety and regularity of the use of public funds, and has a policy for gifts and hospitality. Gifts made by the Academy Trust are not made from public funds and do not exceed £50 per member of staff in the year.

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

8 Charitable Activities – Academy’s educational operations	2014	2013
	£	£
<b>Direct costs</b>		
Teaching and education support staff costs	3,688,339	3,601,294
Educational supplies	224,396	236,280
Examination fees	139,434	126,613
Staff development	9,761	21,064
Educational trips	243,523	248,615
Other direct costs	30,792	25,868
	<u>4,336,245</u>	<u>4,259,734</u>
<b>Allocated support costs</b>		
Support staff costs	818,080	769,380
Depreciation	208,077	200,512
Recruitment and support	15,437	21,049
Maintenance of premises and equipment	373,706	60,085
Cleaning	5,298	8,998
Rent, rates and utilities	52,134	49,679
Energy costs	65,708	67,085
Insurance	37,192	32,450
Security and transport	50,591	30,414
Catering	192,656	171,444
Bank interest and charges	2,139	43,564
Technology costs	157,542	171,893
Other support costs	39,754	62,413
	<u>2,018,314</u>	<u>1,688,966</u>
Total direct and support costs	<u>6,354,559</u>	<u>5,948,700</u>
<b>9 Governance costs</b>	2014	2013
	£	£
Legal and professional fees	20,513	25,948
Auditors’ remuneration		
Audit of financial statements	7,980	10,350
Other audit costs	4,047	2,110
Support costs	14,992	18,369
Governors’ reimbursed expenses	-	-
	<u>47,532</u>	<u>56,777</u>

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

10 Staff	2014	2013
<b>a. Staff costs</b>		
	£	£
<i>Staff costs during the period were:</i>		
Wages and salaries	3,623,102	3,535,619
Social security costs	278,352	275,140
Other pension costs	586,088	467,129
	<u>4,487,542</u>	<u>4,257,888</u>
Supply teacher costs	18,877	11,912
Compensation payments	-	27,000
	<u>4,506,419</u>	<u>4,316,800</u>

**b. Staff numbers**

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

	2014 No.	2013 No.
<b>Charitable Activities</b>		
Teachers	65	51
Administration and support	35	37
Management	6	6
	<u>106</u>	<u>94</u>

**c. Higher paid staff**

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

	2014 No.	2013 No.
£60,001 - £70,000	3	2
£100,001 - £110,000	1	1

Three of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, employer's pension contributions for these staff amount to £33,500 (2013: £24,500). The other employee participated in the Local Government Pension Scheme, employer's pension contributions amounted to £7,800 (2013: £3,100)



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

**11 Related Party Transactions – Governors’ Remuneration & Expenses**

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

R Bevan (Headteacher and Accounting Officer):	£135,000 - £140,000 (2013: £90,000 - £95,000)
R Worth (staff Governor):	£60,000 - £65,000 (2013: £50,000 - £55,000)
P Crow (staff Governor):	£55,000- £60,000 (2013: £50,000 - £55,000)
R Olson (staff Governor):	£5,000 - £10,000 (2013: £5,000 - £10,000)

During the year ending 31 August 2014, travel and subsistence expenses totalling £nil (2013: £nil) were reimbursed to Governors.

Other related party transactions involving the Governors are set out in note 27.

**12 Governors’ Insurance**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,246 (2013: £1,883).

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

13 Tangible Fixed Assets	Freehold Land and Buildings £	Solar Panels £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles	Total
<b>Cost</b>						
At 1 September 2013	9,934,942	210,320	411,784	252,285	21,000	<b>10,830,331</b>
Additions	348,687	-	6,450	1,695	-	<b>356,832</b>
Disposals	-	-	-	-	-	-
At 31 August 2014	<u>10,283,629</u>	<u>210,320</u>	<u>418,234</u>	<u>253,980</u>	<u>21,000</u>	<b><u>11,187,163</u></b>
<b>Depreciation</b>						
At 1 September 2013	230,084	12,269	71,502	119,463	10,910	<b>444,228</b>
Charge in year	103,013	10,516	41,343	50,683	2,522	<b>208,077</b>
Disposals	-	-	-	-	-	-
At 31 August 2014	<u>333,097</u>	<u>22,785</u>	<u>112,845</u>	<u>170,146</u>	<u>13,432</u>	<b><u>652,305</u></b>
<b>Net book values</b>						
At 31 August 2014	<u>9,950,532</u>	<u>187,535</u>	<u>305,389</u>	<u>83,834</u>	<u>7,568</u>	<b><u>10,534,858</u></b>
At 31 August 2013	<u>9,704,858</u>	<u>198,050</u>	<u>340,282</u>	<u>132,822</u>	<u>10,090</u>	<b><u>10,386,103</u></b>

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

14 Debtors	2014	2013
	£	£
Trade debtors	6,733	8,670
Prepayments and accrued income	540,000	193,769
Sundry debtors	44,926	105,067
	<u>591,659</u>	<u>307,506</u>

15 Creditors: amount falling due within one year	2014	2013
	£	£
Trade creditors	4,795	288,777
Taxation and social security	150,170	139,141
Other creditors	12,730	637
Accruals and deferred income	512,253	200,593
	<u>679,948</u>	<u>629,148</u>

Deferred Income

	2014
	£
Deferred income at 1 September 2013	14,515
Resources deferred in the year	132,792
Amounts released from previous years	(14,515)
Deferred income at 31 August 2014	<u>132,792</u>

At the balance sheet date the Academy Trust was holding funds received in advance for Language College courses booked and trips booked for the autumn term 2014 and beyond.

16 Creditors: amount falling due after more than one year	2014	2013
	£	£
Salix Loan	40,000	-
	<u>40,000</u>	<u>-</u>

Salix is part of the Academies Capital Maintenance Fund scheme and the Academy Trust was successful in bidding for a grant for heating works. The savings generated from the improvements service the loan. The loan is interest free for a term of 8 years and is repaid in two instalments a year of £2,500 starting in March 2015.

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

17 Funds	Balance at 1 September 2013 £	Incoming resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	5,092,244	(6,105,014)	1,012,770	-
Other DfE/EFA grants	-	34,250	-	(34,250)	-
Other restricted grants	-	-	-	70,162	70,162
Pension reserve	(1,283,000)	-	(89,000)	84,000	(1,288,000)
	<u>(1,283,000)</u>	<u>5,126,494</u>	<u>(6,194,014)</u>	<u>1,132,682</u>	<u>(1,217,838)</u>
<b>Restricted fixed asset fund</b>	<u>10,386,103</u>	<u>739,783</u>	<u>(208,077)</u>	<u>(382,951)</u>	<u>10,534,858</u>
<b>Endowment funds</b>	-	-	-	-	-
<b>Total restricted funds</b>	<u>9,103,103</u>	<u>5,866,277</u>	<u>(6,402,091)</u>	<u>749,730</u>	<u>9,317,019</u>
<b>Unrestricted funds</b>					
Unrestricted funds	278,469	733,406	-	(665,731)	346,144
<b>Total unrestricted funds</b>	<u>278,469</u>	<u>733,406</u>	<u>-</u>	<u>(665,731)</u>	<u>346,144</u>
<b>Total funds</b>	<u>9,381,572</u>	<u>6,599,683</u>	<u>(6,402,091)</u>	<u>84,000</u>	<u>9,663,164</u>

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

*Restricted general funds and other restricted funds*

These relate to the Academy Trust's development and operational activities. Under the Funding Agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

*Restricted fixed asset fund*

These grants relate to capital funding to carry out works of a capital nature.

*Pension reserve*

The pension reserve relates to the Academy Trust's share of the deficit of the Pension Scheme.

The Academy Trust is carrying a net surplus of £416,304 on unrestricted funds plus a £84,000 restricted general funds (excluding pension reserve). The larger surplus is the result of unspent capital grants which will be spent in 2014/15.

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

18 Analysis of net assets between funds	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2014
	£	£	£	£
Tangible fixed assets	-	-	10,534,858	10,534,858
Current assets	386,144	750,110	-	1,136,254
Current liabilities	-	(679,948)	-	(679,948)
Long term loan	(40,000)	-	-	(40,000)
Pension scheme liability	-	(1,288,000)	-	(1,288,000)
<b>Total net assets</b>	<b>346,144</b>	<b>(1,217,838)</b>	<b>10,534,858</b>	<b>9,663,164</b>

19 Capital commitments	2014	2013
	£	£
Contracted for, but not provided for in the financial statement	200,521	204,837
	<b>200,521</b>	<b>204,837</b>

20 Financial commitments

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

	2014	2013
	£	£
<b>Operating leases</b>		
Expiring within one year	593	46,456
Expiring within two and five years	24,875	25,867
	<b>25,468</b>	<b>72,323</b>

21 Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities	2014	2013
	£	£
(Deficit)/surplus on continuing operations after depreciation of assets	197,592	246,959
Depreciation (note 13)	208,077	200,512
Capital grants from DfE and other capital income	(739,783)	(245,579)
Interest receivable (note 4)	(10,197)	(721)
FRS 17 pension cost less contributions payable (note 26)	34,000	20,000
FRS 17 pension finance income (note 26)	55,000	42,000
(Increase)/decrease in debtors	(284,153)	(152,262)
Increase/(decrease) in creditors	90,800	94,061
<b>Net cash inflow from operating activities</b>	<b>(448,664)</b>	<b>204,970</b>

22 Return on investments and servicing of finance	2014	2013
	£	£
Interest received	10,197	721
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>10,197</b>	<b>721</b>

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

23 Capital expenditure and financial investment	2014	2013
	£	£
Purchase of tangible fixed assets	(356,832)	(395,164)
Capital Grants from DfE/EFA	739,783	245,579
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>382,951</b>	<b>(149,586)</b>

24 Analysis of changes in net funds	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash in hand and at bank	600,111	(55,516)	544,595
	<u>600,111</u>	<u>(55,516)</u>	<u>544,595</u>

**25 Members Liabilities**

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.

**26 Pension and Similar Obligations**

The Academy Trusts'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 Essex County Council. Both are defined-benefit schemes.

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

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

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

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

**26 Pension and Similar Obligations (continued)**

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,000 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

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

A copy of the valuation report and supporting documentation is on the Teachers' Pension 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 included: a pension based on career average earnings; an accrual rate of 1/57<sup>th</sup>; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

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

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

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

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

**26 Pension and Similar Obligations (continued)**

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 Trust has taken advantage of the exemption in the FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust 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 Academy Trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £154,000 (2013: £135,000), of which employer's contributions totalled £115,000 (2013: £103,000) and employees' contributions totalled £39,000 (2013: £32,000). The agreed contribution rates for future years are 27.1 per cent for employers and 5.5 to 12.5 per cent for employees.

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

The Academy Trust is committed to making the following payments in addition to its current commitments of £38,914 for the period 1 April 2014 to 31 March 2015 and £38,914 for the period 1 April 2015 to 31 March 2016.

**Principal Actuarial Assumptions**

	<b>At 31 August 2014</b>	<b>At 31 August 2013</b>
Rate of increase in salaries	4.40%	4.70%
Rate of increase for pensions in payment/inflation	2.60%	2.90%
Discount rate for scheme liabilities	3.90%	4.70%
Inflation assumption (CPI)	2.60%	2.90%
Inflation assumption (RPI)	3.40%	3.70%
Commutation of pensions to lump sums	60%	0%

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

	<b>At 31 August 2014</b>	<b>At 31 August 2013</b>
<i>Retiring today</i>		
Males	22.7	22.7
Females	25.1	25.3
<i>Retiring in 20 years</i>		
Males	24.9	24.2
Females	27.4	26.9

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

26 Pension and Similar Obligations (continued)

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £	Expected return at 31 August 2013	Fair value at 31 August 2013 £
Equities	6.10%	429,000	6.60%	321,000
Gilts	3.00%	43,000	3.50%	40,000
Bonds	3.60%	73,000	4.40%	45,000
Property	5.10%	77,000	5.60%	54,000
Cash	2.90%	19,000	0.50%	15,000
Alternative assets	3.60%	26,000	4.40%	20,000
<b>Total market value of assets</b>		<b>667,000</b>		<b>495,000</b>
Present value of scheme liabilities				
- Funded		(1,955,000)		(1,778,000)
<b>Surplus/(deficit) in the scheme</b>		<b>(1,288,000)</b>		<b>(1,283,000)</b>

The expected return on assets is based on the long-term expected investment return for each asset class as at the beginning of the period. The returns on gilts and other bonds are assumed to be the yield and corporate bond yield respectively at the relevant date. The return on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £66,000 (2013: £55,000).

Amounts recognised in the statement of the financial activities

	2014 £	2013 £
Current service cost (net of employee contributions)	149,000	123,000
Benefits paid	60,000	(31,000)
Employer contributions	(115,000)	(103,000)
Total operating charge	<b>(94,000)</b>	<b>(11,000)</b>
<b>Analysis of pension finance income/(costs)</b>		
Expected return on pensions scheme assets	31,000	18,000
Interest on pension liabilities	(86,000)	(60,000)
<b>Pension finance income/(costs)</b>	<b>(55,000)</b>	<b>(42,000)</b>



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

26 Pension and Similar Obligations (continued)

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of the FRS 17 is a £223,000 loss (2013: £307,000 loss).

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

	2014 £	2013 £
<b>At 1 September</b>	<b>1,778,000</b>	<b>1,440,000</b>
Current service costs	149,000	123,000
Interest cost	86,000	60,000
Employee contributions	39,000	32,000
Actuarial (gain)/loss	(37,000)	92,000
Benefits paid	(60,000)	31,000
<b>At 31 August</b>	<b>1,955,000</b>	<b>1,778,000</b>

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

	2014 £	2013 £
<b>At 1 September</b>	<b>495,000</b>	<b>274,000</b>
Expected return on assets	31,000	18,000
Actuarial gain	47,000	37,000
Employer contributions	115,000	103,000
Employee contributions	39,000	32,000
Benefits paid	(60,000)	31,000
<b>At 31 August</b>	<b>667,000</b>	<b>495,000</b>

The estimated value of employer contributions for the year ended 31 August 2015 is £117,000

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

	2014 £	2013 £	2012 £	2011 £
<b>Present value of defined benefit obligations</b>	<b>(1,955,000)</b>	<b>(1,778,000)</b>	<b>(1,440,000)</b>	<b>(1,047,000)</b>
<b>Fair value of share of scheme assets</b>	<b>667,000</b>	<b>495,000</b>	<b>274,000</b>	<b>166,000</b>
<b>Deficit in the scheme</b>	<b>(1,288,000)</b>	<b>(1,283,000)</b>	<b>(1,166,000)</b>	<b>(881,000)</b>
<b>Experience adjustments on share of scheme assets</b>				
Amounts £	47,000	37,000	2,000	(7,000)
<b>Experience adjustments on scheme liabilities:</b>				
Amount £	22,000	-	-	-

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

**27 Related Party Transactions**

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

The Academy Trust is a member of Consortium for Selective Schools in Essex (CSSE) which works to promote the selective schools, share best practice and develop a common approach to policy and selection procedures. There are transactions between the Academy Trust and CSSE in relation to membership fees and payment for work undertaken on behalf of CSSE.

The Principal is an Executive Committee member of the Association of Teachers and Lecturers (ATL). There are transactions between ATL and the Academy Trust for work undertaken on behalf of ATL.

The Director of Resources is a member of the National Association of School Business Managers (NASBM) and delivers training to the Academy sector on behalf of NASBM and the Education Funding Agency. There are transactions in relation to membership fees and payment for work undertaken on behalf of NASBM.

The above interests are disclosed at Governors meetings. There is no participation by any relevant individual in decisions relating to these entities. No benefits were received from any of these arrangements.

**28 Controlling Party**

There is no ultimate controlling party.

**29 Company Limited by Guarantee**

The Academy Trust is a company limited by guarantee and does not have share capital.