

Alcester Academy
(a company limited by guarantee)

Annual Report and Financial Statements
for the year ended 31 August 2014

Company Registration Number 07700251

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Members

Mr M Dean
Mr D Bailey, (appointed as a member 9th December 2014)
Mr A Granger, (appointed as a member 9th December 2014)
Mrs S Foster, (appointed as a member 9th December 2014)
Mrs G Forman, (appointed as a member 9th December 2014)

Trustees

Ms J Brooks, Head Teacher and Accounting Officer (resigned 30th September 2013).
Mr P Hyde Head Teacher and Accounting Officer (appointed 30th September 2013)
Miss K Buckthorp
Mr M Dean, Chair
Mrs G Forman
Mrs S Foster
Mr M Gittus
Mr A Granger
Mrs C Hodgetts
Mrs B Johnson – resigned 8th July 2014
Mr J Madge – resigned 8th July 2014
Mrs J Dunbar
Mrs H Black
Mr L Hall
Mrs F Williams
Mrs A Lewis – resigned 30th January 2014
Mr A Dean, Responsible Officer
Mr D Bailey
Mrs C Leeson
Miss L Palmer – resigned 30th August 2014

Company registered number

07700251

Registered office

Gerard Road, Alcester, Warwickshire, B49 6QQ

Company secretary

Mrs L Kirby

Senior Leadership Team

Mr P Hyde, Head Teacher
Mrs S Mellors, Deputy Head
Miss S Bayliss – Assistant Head
Mr C Groom – Assistant Head
Miss K Buckthorp – Assistant Head

Auditors

Smith Cooper Limited, 158 Edmund Street, Birmingham, B3 2HB

Bankers

Lloyds TSB Bank plc, 4 The Cross, Worcester, WR1 3PY

Solicitors

Browne Jacobson LLP, 44 Castle Gate, Nottingham, NG1 7BJ

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the Financial Statements and Auditors reports of the Charitable Company for the year ending 31 August 2014.

The Trustees confirm that the annual report and financial statements of the Academy comply with current statutory requirements, the requirements of the Academy's Accounts Direction 2014 and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, Governance and Management

Constitution

The Academy is a charitable company limited by guarantee which was constituted under a Memorandum of Association dated 11th July 2011.

The principal object of the Academy is:-

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum and
- b) to promote for the benefit of individuals living in South Warwickshire and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department for Education.

The members of the company are the signatories to the Memorandum, any person appointed by the Secretary of State, the chairman of the Trustees, and any person appointed under Article 16.

Member 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.

Organisation structure

The strategic management of the Academy is the responsibility of the Trustees who are elected and co opted under the terms of the Articles of Association. The governing body comprises:-

- Up to 1 Trustee appointed under article 50
- Up to 1 LA Trustee if appointed under article 51
- 7 Parent Trustees appointed under articles 53-58
- Up to 3 staff Trustees appointed under article 58a, not including the Head Teacher
- Up to 6 Community Trustees, appointed under article 58b
- Any additional Trustees, if appointed, under articles 62,62a or 68a
- The Head Teacher by virtue of office
- Any further Trustees, if appointed under articles 63 or 68a

The Academy may also have any co-opted Trustees appointed under article 59.

Annual Report and Financial Statements for the year ended 31 August 2014

The board of Trustees meet eight times a year. The Finance and Audit Committee are a sub-group who meet six times a year, and if necessary on special occasions. The other permanent sub-committees are Standards and Behaviour and Safety. Also, there is an HR sub-committee who meet each half term and when necessary.

Most members of the Board of Trustees are on one of the standing committees and the Head Teacher and chairman are ex-officio members of all Committees.

Terms of reference exist for each committee and are reviewed annually.

Trustees

The following were in office.

Committee membership at 31st August

Miss K Buckthorp	B+S
Mr M Dean	Ex officio on all committees
Mrs G Forman	F+A, HR
Mrs S Foster	Standards Chair, HR
Mr M Gittus	F+A
Mr A Granger	F+A Chair
Mrs C Hodgetts	B+S
Mrs J Dunbar (link DSEN & CP)	Standards
Mr L Hall	Standards
Mrs H Black	F+A
Mrs F Williams	HR, B+S
Mr A Dean	B+S Chair
Mr D Bailey	F+A
Mrs C Leeson	Standards
Mr P Hyde	Ex officio on all committees

(DSEN: Designated Special Educational Needs, CP: Child Protection)

Committees

F+A - Finance and Audit, Standards, B+S- Behaviour and Safety, HR - Human Resources.

The day to day running of the Academy is delegated to the Head teacher, supported by the Senior Leadership Team (SLT).

Policies and procedures adopted for the induction and training of Trustees

Key considerations for appointment of Trustees include personal experience, professional and specialist skills. New Trustees undertake induction to the workings of the Academy. Training is offered to all Trustees and is provided through a number of sources. Trustees, with the exception of the Head Teacher, are appointed for a four year term. At the end of this period they can offer themselves either for re-appointment or re-election as appropriate.

Trustees' remuneration

No member of the board of Trustees received any remuneration in respect of their trustee duties during the year ended 31 August 2014. Mr Hyde, Miss Buckthorp, Mr Hall and Mrs Black are remunerated as employees of Alcester Academy.

Trustees' indemnities

The structure of the Academy consists of a Board of Trustees (who act as the trustees for the charitable activities of Alcester Academy) and who are also the directors of the Academy for the purposes of the company. The Academy has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

Annual Report and Financial Statements for the year ended 31 August 2014

Decision making

The Board of Trustees has overall responsibility for the Academy. They ensure that grants from the EfA are used only for the purposes intended and that funds from sponsors are correctly recorded and used. They also approve the Academy's Strategic Plan and Annual Budget. They are responsible for the appointment of the Head Teacher. The Board of Trustees also empowers a number of sub-committees to carry out their responsibilities for governance, approval, monitoring and reporting in a number of specific areas e.g. The Finance and Audit Committee.

The operational running of the Academy is the responsibility of the Head Teacher and his Senior Leadership Team (SLT). The Head sits on all Trustee Committees, he is responsible to the Board of Trustees and reports to them regularly.

Objectives and Activities

Objects and Aims

The Academy Trust's principal activities are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing an academy offering a broad and balanced curriculum.

Public Benefit

The Trust will promote for the benefit of inhabitants of Alcester and the surrounding area the provision of facilities for education, recreation or other leisure time occupation of individuals particularly, but not exclusively, young people.

The Academy Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties and its supplementary guidance on education.

Objectives, Strategies and Activities

The Trust's objective for the year ending 31 August 2014 was to establish an environment where all staff and pupils strive to be the best that they can be.

The main academic objectives of the Academy are to raise standards of learning and improve outcomes by

Developing Leadership - Alcester Academy aims to maintain effective leaders across the Academy who demonstrate a commitment to raising pupil aspirations, maintaining the highest standards and constantly strive for improvement for all staff and pupils.

Student Achievement - Almost all students, including those with SEN, make rapid and sustained progress across the curriculum. Students are able to apply a wide range of skills including literacy, numeracy and communication. This means they are very well prepared for the next stages in learning, training or employment.

Behaviour and Safety - Students will display high levels of engagement, courtesy, collaboration and co-operation at all times. Attitudes to learning are excellent and punctuality and attendance is above average for similar academies.

Teaching and Learning -- To develop teaching across the Academy that is never less than consistently good. This is underpinned by staff having the highest expectations of all students resulting in students that learn very well in all areas and develop as resilient, confident and independent learners.

- To provide value for money for the funds expended
- To conduct all business in accordance with the highest standards of integrity, probity and openness

Strategic Report

Risk Management arrangements

The Board of Trustees are responsible for the management of the risks faced by the Academy. The Academy has in place a formal risk management process to assess risks. The risk register is reported to the Board of Trustees at least annually so that they can be satisfied that there are systems in place to remove or mitigate any exposure to those risks.

A formal review of the risk management process is undertaken on an annual basis and key controls in place include:

- Formal agendas for all committee activity
- Terms of reference for all governing body and delegated committees under the direction of the governing body.
- Pecuniary interests of Trustees reviewed at each meeting
- Comprehensive budgeting and management reporting
- Established organisational structure and clear lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for the protection of the vulnerable

The Trustees intend to carry out their next review in June 2015. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Achievements and Performance including Key Performance Indicators

The performance of the Academy is monitored against the aims and objectives. This is carried out initially by the Head teacher and the SLT, but at a higher level monitoring and governance is exercised by the Trustee sub-committees and the Board of Trustees'.

There are a number of performance measures and key performance indicators are used in the school and they form an important part of the management reporting framework. They are used to enable the SLT and various trustee sub-committees to actively monitor performance and take corrective action.

They mainly cover the pupils, teaching staff and the schools finances;

Academic indicators for example track the exam attainment of the pupils within the school and also against external league tables; the progress of the pupils, particularly those with AEN (Additional educational needs) and those for whom Pupil Premium is received; also the number of students leavers on the NEET register (Not in employment, education or training).

Teaching staff have performance appraisals linked to pupil performance with relevant objectives and targets.

Financial indicators include budget targets, income and costs per pupil, the pupil to teacher ratio, and the staff cost and supports cost overhead ratios.

Review of Academic Activities:

The academy has sustained its performance for 2013-14 at 60% of students achieving 5A*-C including English and Maths. This is in spite of increased rigour and changes to grade boundaries, including the restructuring of the English qualification to remove speaking and listening. Our performance at 5A*-C shows that 73% of students achieve this benchmark. Through considered curriculum changes we have maintained our performance for this indicator at above the National Average even though there have been considerable changes to the eligibility of qualifications to count in this measure.

Wider measures show an improvement in progress for all students. Our value added has improved as have our capped average points score. We do still have a progress gap for disadvantaged pupils, but this is narrower than it was for 2012-13 and reflects the early profile of this cohort of students. Internal data shows that this gap is further narrowing and in 2016 we are predicting to have no progress gap for this subgroup.

The academy recognises the importance of preparing students for the next phase of their education. We offer a broad careers programme as well as a highly focused programme for those at risk of not securing a place in education, employment or training. As a direct consequence of this the academy secured progression into the next phase of education for all but two students; we believe that these two students are attending college, but

Annual Report and Financial Statements for the year ended 31 August 2014

due to moving out of area, tracking is difficult. Our NEETs figure is below 2% and this is significantly below the county average.

Looking ahead, the changes to the senior leadership structure of the academy are now having a positive impact upon all areas of the academy. We have well developed and robust systems; not least our newly developed pastoral system. We value pastoral care and believe that providing additional support to vulnerable students will lead to every child fulfilling their academic potential.

Academic improvement priorities

Whole school improvement priorities for the year 2014-15 have been identified as:

Achievement:

Raise attainment in non-core subjects and further improve attainment in Core subjects such that attainment in all subjects is at or above National Averages

Secure good progress for all learners.

Narrow the gap between Pupil Premium and non-Pupil Premium students.

Improve the attainment of AEN students such that they achieve progress in line with non-AEN students.

Develop a highly effective, data driven intervention programme for all students not making expected progress

Inspire students of all abilities to aim high and secure transition into post 16 education/training.

Teaching and Learning:

Further improve the quality of Teaching and Learning such that lessons are never less than good.

Develop a culture where every member of the teaching staff is engaged in coaching.

Improve the quality of home learning completed by all students

Secure the provision for AEN (Additional Educational Needs) students through IEP (Individual Education Plan) implementation and TA (Teaching Assistant) deployment in lessons

Behaviour and Attendance:

Further improve behaviour through the promotion of independence within lessons

Develop a culture of success through reward

Develop students understanding of the need to be safe online, including cyber bullying

Develop a programme of Super Learning Days and Tutor Activities that positively promote high moral values throughout the academy

Develop student leadership and student voice

Leadership and Management:

Continue to promote the 'outward face' of the academy

Adapt to national changes in developing a curriculum that is cost effective and caters for the needs of students of all abilities

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Equal Opportunities

The trustees recognise that equal opportunities are an integral part of good practice within the workplace. The Academy has established equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. The average number of employees at Alcester Academy during the accounting period was 86. Alcester Academy recruits widely and encourages applications from all for any vacancy that exists in the Academy and is aware of the requirements placed upon it by both the Equality Act 2010 and the Disability Equality Duty in the Disability Discrimination Act.

Employee Consultation

Arrangements to provide information and consult employees on matters affecting them are in place principally through regular staff meetings. In addition, 'Staff Voice', a body which includes representatives from all main elements of the staff base, meets every half term to discuss various matters in relation to the Academy, and feedback from this meeting is presented to the Board of Trustees.

Review of Financial Activities:

Movement on reserves

The Statement of Financial Activities (page 19) and Note 14 Funds (page 31) show the movements on funds. The Funds are the Restricted General Fund (which includes the General reserve and the Pension reserve), the Fixed assets fund or reserve and the Unrestricted General Fund.

The general reserve in which the educational activities are accounted shows an income of £3,657,000 and expenditure of £3,264,000 hence a net surplus of £394,000 for the year; and has a cumulative balance of £1,033,000. This balance will be used to finance the academy over the coming years when pupil numbers are expected to decline further and before recovering.

The unrestricted reserve is where fund raising and non-educational activities are accounted. This has a surplus of £5,000 and a carry forward balance of £11,000, mainly as a result of interest earned on bank deposits, as fund raising activity has remained low during the year. This unrestricted reserve can be used for any purpose.

The fixed asset reserve is where the capital activities of the academy are accounted. The movement represents capital grant income, capital purchases and depreciation of fixed assets. The net movements for the year were a £643,000 surplus with a carry forward surplus of £7,935,000. This surplus is £926,000 higher than the net Asset value. This represents the amount of the EFA grant awarded for the renewal of the roof.

Finally, the pension reserve represents the value of the Local Government Pension Scheme (LGPS) which is in deficit. In the year, the deficit increased significantly by £307,000 and the reserve now has a negative balance of £1,015,000. The academy has no influence over the pension reserve which is subject to an annual independent actuarial valuation.

Financial Performance

Overall, the academy has done well this year to achieve a surplus of £394,000 on the general reserve. This is despite an 11% reduction in income, due to falling pupil numbers. The Academy has been able to reduce its cost base successfully during the year through staff restructuring, a reduction in maintenance work and bought in supplies. The level of energy costs was lower than previous years due to the reclaiming of Climate Change levy charges and the milder weather. Next year's Grant income is budgeted to fall by a further 14% but the Academy still aims to breakeven.

Reserves Policy

The Academy's reserves policy is to maintain the General reserve at a sufficient level to sustain operations during the years when EFA grant funding may not be sufficient to cover annual costs. The Unrestricted reserve is to be used for financing any potential commercial opportunities.

Investment Policy

The Academy's policy is to ensure funds that are not immediately required to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. Presently approximately 50% of the Academies reserves are held on fixed interest bank deposits for terms between 3 and 12 months. The Academy does not consider the investment of surplus funds as a primary activity, rather as an act of good stewardship as and when circumstances allow.

Financial monitoring

The principal financial management policies adopted continue to be regular financial reviews, of income and expenditure through the analysis of actuals, budgets, forecasts and plans. These are conducted regularly with the Head teacher and at the Finance and Audit Committee meetings.

Financial Plans for the future

The Academy has a five year Strategic Plan in place. This Plan is based on achieving a number of academic and financial targets. The Academy's site capital requirements are continuously reviewed and in July 2014 the Academy learnt that it had been awarded a significant 2014/15 Capital Maintenance Fund grant of £926,000 for the replacement of most of the existing flat roofs. The replacement work which will take place during the second quarter of 2015 will extend the useful life of the school buildings.

Also there is a Staff Development programme in place to ensure the teaching staff are well supported and assisted to enable them to achieve good academic results.

Funds Held on Behalf of Others

The Academy operates School Fund accounting records for the purpose of managing income and expenditure for trips, activities and other events undertaken for students. The School Fund income and expenditure and creditor balances are included in the year end accounts of the Academy for the period ending 31 August 2014.

Principal Risks and Uncertainties

The Academy has a Risk Management Policy, a risk register and risk review process. The objective is to, where it is considered necessary put in place measures of control and mitigation in order to effectively manage risk.

The principal risk facing the Academy is the medium term demand for the Academy's services. There are falling pupil numbers in South Warwickshire and hence a drop in the grant funding. This risk is being managed through the implementation of a five year rolling financial plan, which involves regular monitoring and forecasting. The overall aim of which is to build up reserves to enable the Academy to sustain itself until pupil numbers recover. Associated with the principle risk are the secondary risks which would harm the medium term demand such as an unfavourable Ofsted report, competition for pupils from other local schools and other competing demands for EfA and Local Authority funding.

In addition there are the usual risks of accidents and natural disasters and the need to maintain standards across the Academy. Control measures are in place to address all the above risks and to continue to monitor the internal and external environment for new potential risk.

Provision of information to Auditors

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

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

Auditors

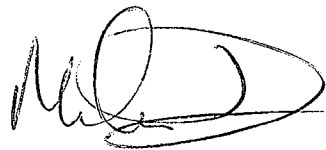
With effect from 1 April 2014 Smith Cooper LLP, the academy's auditor, transferred its business to Smith Cooper Limited. The Trustees consent to treating the appointment of Smith Cooper LLP as extending to Smith Cooper Limited with effect from 1 April 2014.

The auditors, Smith Cooper Limited, have indicated their willingness to continue in office. The Trustees will propose a motion re-appointing the auditors at a meeting of the members of the company.

The Trustees report incorporating a strategic report was approved by order of the board of trustees and the company directors on 9th December 2014 and signed on its behalf by:



Paul Hyde, Head Teacher
Trustee and Accounting Officer



M Dean
Chair of Trustees

GOVERNANCE STATEMENT

Scope and responsibilities

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

The governing body has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Alcester Academy and the Secretary of State for Education. The Accounting Officer 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 Trustees' report and in the Trustees' responsibilities statement. The governing body has formally met 8 times during the year. Attendance at meetings of the governing body was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Hyde, Head Teacher	8	8
Miss K Buckthorp	7	8
Mr M Dean, Chair	8	8
Mrs G Forman	7	8
Mrs S Foster	4	8
Mr M Gittus	1	8
Mr A Granger	8	8
Mrs C Hodgetts	6	8
Mrs B Johnson	6	7
Mr J Madge	-	7
Mrs J Dunbar	4	8
Mrs H Black	7	8
Mr L Hall	2	8
Mrs F Williams	5	8
Mrs A Lewis	2	3
Mr D Bailey	6	8
Mrs C Leeson	4	8
Miss L Palmer	3	7
Mr A Dean	6	8

The Finance and Audit Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the board of trustees, by enabling more detailed consideration to be given to the best means of fulfilling the board of trustees responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

Attendance at F & A meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs G Forman	5	6
Mr A Granger	4	6
Mr A Dean	4	6
Mrs H Black	6	6
Miss K Buckthorp	1	2
Mrs B Johnson	0	2
Mrs F Williams	2	2
Miss L Palmer	0	2
Mr P Hyde	3	3

In September 2013 the Ofsted inspection included a review of governance. A further Trustee initiated review is planned to take place in 2014/15.

The Purpose of the system of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Alcester Academy for the year ended 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 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 ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the 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 guidelines.
- delegation of authority and segregation of duties.

Andrew Dean, a Chartered Accountant, continues to act as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The governing body appointed internal auditors to perform these checks and report to the RO. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

The Academy has a set of operational policies and procedures in place which are kept up to date.

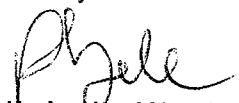
Review of Effectiveness

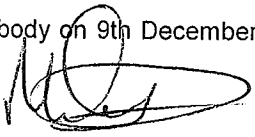
As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the work of an external financial consultant
- the finance sections ongoing internal control checks;
- the work of the managers within the Academy who have management control responsibilities

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 9th December 2014 and signed on their behalf, by:


Paul Hyde, Head Teacher
Trustee and Accounting Officer


M Dean
Chair of Trustees

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Alcester Academy I have considered my responsibility to notify the Academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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 board of trustees are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook.

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



**Paul Hyde, Head Teacher
Accounting Officer**

9th December 2014

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

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

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

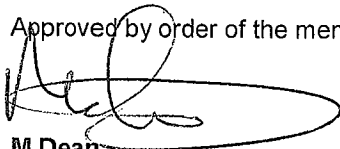
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the governing body on 9th December 2014 and signed on its behalf by:



M Dean
Chair of Trustees

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
TO THE BOARD OF TRUSTEES OF ALCESTER ACADEMY**

We have audited the financial statements of Alcester Academy for the year ended 31st August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective Responsibilities of Trustees and Auditors

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

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

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 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 matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Adrian Jones

Adrian Jones (Senior statutory auditor)

for and on behalf of

Smith Cooper Limited

Chartered Accountants
Statutory Auditors

158 Edmund Street
Birmingham
B3 2HB

Date:
16th December 2014

INDEPENDENT REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY TO ALCESTER ACADEMY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 4th September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013-2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Alcester Academy during the year 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 Alcester Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Alcester Academy 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 Alcester Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Alcester Academy's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Alcester Academy's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1st 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 year 1st 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's income and expenditure.

The work undertaken to draw our conclusion includes:

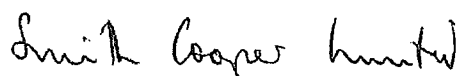
- consideration on a sample basis of whether all activities of the Academy are in keeping with the Academy's framework and charitable objectives;
- confirmation on a sample basis, that expenditure does not contravene the funding agreement;
- understanding the internal control framework and testing on a sample basis the regularity and propriety of purchases;
- a review of minutes of applicable committee meetings;
- a review of internal audit reports;

Annual Report and Financial Statements for the year ended 31 August 2014

- testing on a sample basis, that the use of credit cards and expense claims adheres to the Academy's internal control principles; were not used to procure items for personal benefit and that there were no improper transactions;
- reviewing records for indications of transactions with related parties and consideration as to whether any such transactions are in accordance with the Financial Handbook
- testing to ensure that extra-contractual payments to staff have been made in accordance with the Financial Handbook;
- enquiries of the trustees and testing where appropriate, as to the existence of any borrowing agreements, leases or land and building transactions to ensure that they were in line with the funding agreement and Financial Handbook;
- a review to ensure any debt write offs over 1% of total income or £45,000 (whichever is smaller) have been approved by the Secretary of State.

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 1st September 2013 to 31st August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Adrian Jones

for and on behalf of

Smith Cooper Limited

Reporting Accountants

158 Edmund Street
Birmingham
B3 2HB

Date:

16th December 2014

Annual Report and Financial Statements for the year ended 31 August 2014

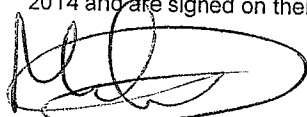
Statement of Financial Activities for the Year Ended 31 August 2014 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses).		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2014	Total 2013
	Note	£000	£000	£000	£000	£000
Incoming Resources						
<i>Incoming resources from generated funds:</i>						
Investment income	2	4	-	-	4	2
<i>Incoming resources from charitable activities:</i>						
Funding for academy educational operations	3	-	3,610	950	4,560	4,106
Other incoming resources	4	2	47	-	49	96
Total incoming resources		6	3,657	950	4,613	4,204
Resources expended						
<i>Cost of generating funds:</i>						
<i>Charitable activities:</i>						
Academy's educational trust operations	6	1	3,308	306	3,615	4,151
Governance costs	7	-	23	-	23	21
Total resources expended	5	1	3,331	306	3,638	4,172
Net incoming / (outgoing) resources before transfers		5	326	644	975	32
Gross transfers between funds	14	-	1	(1)	-	-
Net income/(expenditure) for the year		5	327	643	975	32
Other recognised gains and losses						
Actuarial gains / (losses) on defined benefit pension	22	-	(240)	-	(240)	32
Net movement in funds		5	87	643	735	64
Reconciliation of funds						
Total funds brought forward at 1st September 2013		6	(69)	7,292	7,229	7,165
Total funds carried forward at 31 August 2014		11	18	7,935	7,964	7,229

All the academy's activities derive from continuing operations during the above two financial periods.

Annual Report and Financial Statements for the year ended 31 August 2014

Balance Sheet as at 31 August 2014		2014	2014	2013	2013
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		7,009		7,291
Current assets					
Debtors	12	911		43	
Cash at bank and in hand		1,267		763	
		<u>2,178</u>		<u>806</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	(208)		(160)	
Net current assets			<u>1,970</u>		<u>646</u>
Total assets less current liabilities			<u>8,979</u>		<u>7,937</u>
Net assets excluding pension liability					
Pension scheme liability	22		8,979		7,937
			(1,015)		(708)
Net assets including pension liability			<u>7,964</u>		<u>7,229</u>
Funds of the academy:					
Restricted income funds					
Fixed asset fund	14		7,935		7,292
General fund	14		1,033		639
Pension reserve	14		(1,015)		(708)
Total restricted fund			<u>7,953</u>		<u>7,223</u>
Unrestricted income funds					
General fund	14		11		6
Total unrestricted funds			<u>11</u>		<u>6</u>
Total funds			<u>7,964</u>		<u>7,229</u>

The financial statements on pages 19 to 38 were approved by the Trustees, and authorised for issue on 9th December 2014 and are signed on their behalf by:



Mike Dean
Chair of Trustees

Cash Flow Statement for the Year Ended 31 August 2014

	Note	2014	2013
		£000	£000
Net cash inflow from operating activities	17	(426)	119
Returns on investments and servicing of finance	18	4	2
Capital expenditure and financial investment	19	926	(24)
Increase in cash in the year	20	504	97
Reconciliation of net cash flow to movement in net funds :			
Net funds at 1 September 2013		763	666
Net funds at 31 August 2014		1,267	763

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

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 2013-2014 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 trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

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

- **Grants receivable**
Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.
- **Sponsorship Income**
Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.
- **Donations**
Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- **Other income**
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.
- **Donated Services and gifts in kind**
The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's policies.

Resources Expended

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

- **Costs of generating funds**
These are those costs incurred in attracting voluntary income and 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.

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

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Assets bought together as a set are capitalised as a group.

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

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

Long leasehold buildings	4%
Building Improvements	10%
Fixtures, fittings and equipment	20%
ICT equipment	20%

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 Assets

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

Stock

No items are held as stock.

Taxation

The academy trust is considered to pass the test 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 costs 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 22, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Annual Report and Financial Statements for the year ended 31 August 2014

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds and include grants from the Education Funding Agency, sponsors and other funders.

2 Investment Income

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2014	Total 2013
	£000	£000	£000	£000	£000
Short term deposits	4	-	-	4	2
	4	-	-	4	2

3 Funding for academy's educational operations

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2014	Total 2013
	£000	£000	£000	£000	£000
DFE / EFA revenue grants					
General Annual Grant (GAG)	-	3,469	-	3,469	3,639
Capital Grants	-	-	950	950	207
Other DfE / EFA grants	-	118	-	118	69
	-	3,587	950	4,537	3,915
Other Government grants					
Local authority grants – SEN	-	6	-	6	91
Other grants	-	17	-	17	100
	-	23	-	23	191
Total Funding	-	3,610	950	4,560	4,106

Annual Report and Financial Statements for the year ended 31 August 2014

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

4 Other incoming resources

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2014	Total 2013
	£000	£000	£000	£000	£000
School Fund		47		47	95
Lettings	2	-	-	2	1
	2	47	-	49	96

5 Resources Expended

	Staff Costs	Premises costs	Other Costs	Total 2014	Total 2013
	£000	£000	£000	£000	£000
Costs of activities for generating funds	-	-	-	-	-
Academy's educational operations :					
Direct costs	2,337	306	144	2,787	3,169
Allocated support costs	374	250	204	828	982
Governance costs incl. allocated support costs	1	-	22	23	21
Other resources expended – transfer on conversion	-	-	-	-	-
	2,712	556	370	3,638	4,172

Incoming/outgoing resources for the year include:

	2014	2013
	£000	£000
Operating leases - equipment	7	6

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

6 Charitable Activities – Academy's educational operations

	Total 2014	Total 2013
	£000	£000
Direct costs		
Teaching staff	1,849	2,250
Educational support staff	488	427
Depreciation	306	285
Educational supplies	85	110
Examination fees	44	69
Staff development	5	16
Educational consultancy	10	12
	2,787	3,169
Allocated support costs		
Support staff	374	362
Recruitment	11	10
Maintenance of premises and equipment	64	89
Maintenance of grounds	14	16
Utilities	43	71
Rates	18	18
Cleaning and caretaking	68	56
ICT	76	55
Insurance	43	85
Bank interest and charges	1	-
Other support costs	116	220
	828	982
	3,615	4,151

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

7 Governance costs

	Total 2014	Total 2013
	£000	£000
Legal and professional fees	13	10
Auditor's remuneration :		
Audit of financial statements	7	7
Other Audit costs	2	2
Support staff costs	1	2
Other costs	-	-
	23	21

8 Staff costs

Staff costs during the period were :

	Total 2014	Total 2013
	£000	£000
Wages and salaries	2,100	2,315
Social security costs	144	166
Pension costs	374	358
	2,618	2,839
Supply teacher costs	63	137
Staff restructuring costs	31	63
	2,712	3,039

The average number of persons (including Senior Leadership Team) employed by the academy during the year expressed as Full Time Equivalents (FTEs) was as follows:

	2014 No. FTEs	2013 No. FTEs
Teachers	36.5	37.9
Classroom support	5.5	6.0
Administration support	23.4	23.9
Management	3.0	3.0
	68.4	70.8

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

The number of employees whose emoluments, excluding pension payments, fell within the following bands was as follows:

	2014	2013
	No.	No.
£60,001 - £70,000	1	3
£70,001 - £80,000	1	-
£80,001- £90,000	0	1

The above employees participated in the Teachers' Pension Scheme. During the year to 31 August 2014 pension contributions for these staff amounted to £19,000. (2013: £52,000).

9 Related Party Transactions -Trustees remuneration and expenses

The Head teacher and other staff trustees only receive remuneration in respect of the services they provide as members of the academy's staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of the trustees' remuneration (including pension payments) when matched to their periods of office, were as follows:

J Brooks, ex Head teacher	£5,001-10,000	(2013: £90,001-£95,000)
P Hyde, Head teacher	£75,001-80,000	
K Buckthorp	£55,001-60,000	(2013: £55,001-60,000)
L Hall	£40,001-45,000	(2013: £40,000-45,000)
H Black	£25,001-30,000	(2013: £25,001-30,000)

During the year ended 31 August 2014, the amount of travel and subsistence expenses reimbursed to Trustees was £81.20. (2013: NIL)

10 Trustees' and Officers' Insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim. The cost of insurance for the year ended 31 August 2014 was included in amalgamated fee of £46,000 (2013: £49,000). The year's insurance fee also covers employers, public and building insurances.

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

11 Tangible Fixed Assets

	Leasehold Land	Leasehold Buildings	Building Improvements, Furniture and Equipment	Computer Equipment	Total
	£000	£000	£000	£000	£000
Cost					
At 1 September 2013	1,120	6,367	315	45	7,847
Additions	-	-	19	5	24
Disposals	-	-	-	-	-
At 31 August 2014	1,120	6,367	334	50	7,871
Depreciation					
At 1 September 2013	-	506	32	18	556
Charged in year	-	257	40	9	306
Disposals	-	-	-	-	-
At 31 August 2014	-	763	72	27	862
Net book values					
At 31 August 2014	1,120	5,604	262	23	7,009
At 31 August 2013	1,120	5,861	283	27	7,291

12 Debtors

	2014	2013
	£000	£000
Trade debtors	18	2
VAT recoverable	32	25
Other debtors	833	-
Prepayments and accrued income	28	16
	911	43

Other Debtors is the remaining value of the EFA Capital maintenance grant of £926,000 yet to be received by the Academy.

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

13 Creditors: amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	110	24
Taxation and social security	44	48
Accruals and deferred income	54	88
	<u>208</u>	<u>160</u>

Deferred income

	2014	2013
	£000	£000
Balance brought forward	30	-
Resources deferred in the year	31	30
Amounts released from previous years	(30)	-
Deferred income at 31 August 2014	<u>31</u>	<u>30</u>

Deferred income at 31 August 2014 relates to Pupil Premium £26,000 and EFA insurance income £5,000 (2013: £30,000).

Annual Report and Financial Statements for the year ended 31 August 2014

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

14 Funds

	Balance at 1 September 2013	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2014
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	326	3,469	(3,076)	1	720
Other DfE/EFA grants	-	118	(118)	-	-
Other government grants – SEN	258	23	(23)	-	258
Other	55	47	(47)	-	55
Pension reserve	(708)	-	(67)	(240)	(1,015)
	(69)	3,657	(3,331)	(239)	18
Restricted fixed asset funds					
DfE/EFA capital grants	226	950	-	-	1,176
Capital expenditure from GAG	46	-	-	(1)	45
Transfer on conversion to academy	7,020	-	(306)	-	6,714
	7,292	950	(306)	(1)	7,935
Total restricted funds	7,223	4,607	(3,637)	(240)	7,953
Unrestricted funds					
Unrestricted funds	6	6	(1)	-	11
Total unrestricted funds	6	6	-	-	11
Total funds	7,229	4,613	(3,638)	(240)	7,964

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

- (i) General Annual Grant is used for the educational operations of the academy. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on GAG that could be carried forward at 31 August 2014.
- (ii) Other DfE and local government grants are used for the specific purposes intended
- (iii) Other restricted general funds include Town Trust, Examinations and payments towards trips
- (iv) The Pension reserve is the surplus / deficit in the Local Government Pension Scheme
- (v) Fixed assets funds includes fixed assets transferred on conversion, capital grants, Additions and Depreciation
- (vi) Unrestricted funds includes surpluses from activities for generating funds (Catering and Hire of facilities), surpluses transferred on conversion (cash) and voluntary donations to be spent at the discretion of the Trustees.

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

15 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	7,009	7,009
Current assets	11	1,334	833	2,178
Current liabilities	-	(301)	93	(208)
Pension scheme liability	-	(1,015)	-	(1,015)
Total net assets	11	18	7,935	7,964

16 Financial commitments

Operating Leases

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

	2014	2013
	£000	£000
Other:		
Expiring within one year	-	-
Expiring within two and five years inclusive	12	16
Expiring in over five years	-	-
	12	16

Future Commitments

There is a capital commitment with AA Projects for the Academy roof replacement at a value of £926,000. This is full funded by an Academies Capital Maintenance Fund grant awarded in July 2014.

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

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

	2014	2013
	£000	£000
Net income	975	32
Depreciation	306	285
Capital grants from DfE and other capital income	(950)	(247)
Interest receivable (note 2)	(4)	-
FRS 17 pension operating charge loss on curtailment	12	(2)
FRS 17 pension operating charge less contributions payable (note 22)	30	21
FRS 17 pension net finance cost (note 22)	25	24
(Increase) / decrease in debtors	(868)	(17)
Increase in creditors	48	23
Net cash inflow from Operating Activities	(426)	119

18 Returns on investments and servicing of finance

	2014	2013
	£000	£000
Interest received	4	2
Net cash inflow from returns on investment and servicing of finance	4	2

19 Capital expenditure and financial investment

	2014	2013
	£000	£000
Purchase of tangible fixed assets	(24)	(271)
Capital grants from DfE / EFA	950	247
Net cash (outflow)/inflow from capital expenditure and financial investment	926	(24)

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

20 Analysis of changes in net funds

	Balance at 1 September 2013	Cash flows	Balance at 31 August 2014
	£000	£000	£000
Cash in hand and at bank	763	504	1,267
	763	504	1,267

21 Members liability

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

22 Pension and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Warwickshire 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 relates to the period to the 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.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme ('TPS') is statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pension Regulations 2010 and, from 1 April 2014, by the Teacher's 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 in contract, although they are able to opt out of the TPS.

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' Pension 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)

22 Pensions and similar obligations (continued)

Valuation of the Teacher 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 (Valuation and Employer Cost Cap) Direction 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultations are:

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

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

A copy of the valuation report and supporting documentation is on the Teacher's Pension website <https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>.

Teacher 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 of Education published proposals for the design of a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits build up before 1st 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 1st 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's contributions. At the spending review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

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

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

Annual Report and Financial Statements for the year ended 31 August 2014

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

22 Pensions and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £113,000 (2013: £112,000), of which employer's contributions totalled £86,000 (2013: £84,000) and employees' contributions totalled £27,000 (2013: £28,000). The agreed contribution rates for future years are 18.5% for employers and between 5.5% and 12.5% for employees dependent upon the full time equivalent pay.

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

Principal Actuarial Assumptions

	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	4.5%	5.1%
Rate of increase for pensions in payment / inflation	2.7%	2.8%
Discount rate for scheme liabilities	3.7%	4.6%
Inflation assumption (CPI)	2.7%	2.8%
Commutation of pensions to lump sums (pre April 2008)	50.0%	50.0%
Commutation of pensions to lump sums (post April 2008)	75.0%	50.0%

Salary increases are assumed to be 1% per annum until March 2015, reverting to the long term assumption thereafter.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement are:

	At 31 August 2014	At 31 August 2013
Retiring today :		
Males	22.4	21.9
Females	24.4	23.6
Retiring in 20 years :		
Males	24.3	22.8
Females	26.6	25.9

The sensitivity regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	13%	238
1 year increase in members life expectancy	3%	54
0.5% increase in Salary Increase Rate	6%	117
0.5% increase in the Pension Increase Rate	6%	114

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

	Expected return at 31 August 2014	Fair value at 31 August 2014	Expected return at 31 August 2013	Fair value at 31 August 2013
		£000		£000
Equities	6.3%	529	6.6%	474
Bonds	3.4%	164	3.9%	153
Property	4.5%	78	4.7%	63
Cash	3.3%	8	3.6%	7
Total market value of assets		779		697
Present value of scheme liabilities :				
Funded		(1,794)		(1,405)
Surplus / (deficit) in the scheme		(1,015)		(708)

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

22 Pensions and similar obligations (continued)

The actual return on scheme assets was £94,000 (2013: £94,000)

Amounts recognised in the statement of financial activities:

	2014	2013
	£000	£000
Current service cost (net of employee contributions)	116	105
Past service cost	-	-
Loss on curtailment	12	-
Total operating charge	128	105
Expected return on pensions scheme assets	(43)	(27)
Interest on pension liabilities	68	51
Pension finance cost	25	24

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 FRS 17 is a loss of £363,000 (2013: £123,000).

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

	2014	2013
	£000	£000
At 1 September	1,405	1,185
Current service cost	116	105
Interest cost	68	51
Employee contributions	27	28
Actuarial loss	173	36
Loss on curtailment	12	-
Estimated benefits paid	(7)	-
At 31 August	1,794	1,405

Annual Report and Financial Statements for the year ended 31 August 2014

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

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

	2014	2013
	£000	£000
At 1 September		
Expected return on assets	697	490
Actuarial gain / (loss)	43	27
Employer contributions	(67)	68
Employee contributions	86	84
Estimated benefits paid	27	28
	(7)	-
At 31 August	779	697

The estimated value of employer contributions for the year ended 31 August 2015 is £96,000 (2014:£77,000).

The history of experience adjustments since incorporation is as follows:

	2014	2013	2012
	£000	£000	£000
Present value of defined benefit obligations	(1,794)	(1,405)	(1,185)
Fair value of share of scheme assets	779	697	490
Deficit in the scheme	(1,015)	(708)	(695)

Experience adjustments on share of scheme assets:

Amount £000	(67)	68	13
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Experience adjustments on scheme liabilities:

Amount £000	(173)	(36)	(168)
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23 Related party transactions

Other than the disclosures in note 9, no other related party transactions took place in the period of account.