

**The Skinners'
Academy**

**Report and Financial
Statements**

31 August 2013

Company Limited by Guarantee
Registration Number 06543682
(England and Wales)

Reports

Reference and administrative information	1
Trustees' report	3
Governance statement	9
Statement of regularity, propriety and compliance	12
Statement of trustees' responsibilities	13
Independent auditor's reports	14

Financial statements

Statement of financial activities	18
Balance sheet	19
Cash flow statement	20
Principal accounting policies	21
Notes to the financial statements	24

Trustees and Governing Body

Robert Farquharson (Chair)
Stephen Belk
James Leslie Charles Clark
Tim Clark
Jayme Johnson
Susannah Kelly
Lucy Clare Lee
Darren Parker
Henry Price
Ian Stoneham
Hugh William Whitbread
Mark Wickham-Jones
The Hon Emmeline Winterbotham

Company Secretary Mark Johnstone

Senior Leadership Team

Principal	Tim Clark
Vice Principal	Zehra Jaffer
Vice Principal	Simon McNaught
Vice Principal, Bursar	Mark Johnstone
Assistant Vice Principal	Abdulla Fathulla
Assistant Vice Principal	David Francis
Assistant Vice Principal	Rex Lewis
Assistant Vice Principal	Emma Hobbs
Assistant Vice Principal	Sarah Redman
Assistant Vice Principal	Patrick Robbins

Registered office

8 Dowgate Hill
London
EC4R 2SP

Academy office

Woodberry Grove
London
N4 1SY

Company registration number 06543682 (England and Wales)

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers

NatWest Plc
3rd Floor
Lough Point
Gladbeck Way
Enfield
EN2 7JA

The trustees of The Skinners' Academy ('the Academy') present their statutory report together with the financial statements of the Academy for the year ended 31 August 2013. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes the directors' report for the purposes of Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out therein and comply with the Academy's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee with no share capital (Company Registration No. 06543682) and an exempt charity. The Academy's memorandum and articles of association are the primary governing documents. Members of the Academy are nominated by the principal sponsor or by the Secretary of State for Education. The articles of association require that there should be at least three trustees, each being a member or a duly authorised representative of a member organisation, or one third of the total number of trustees to be responsible for the statutory and constitutional affairs and the management of the Academy.

Members' liability

Each member of the Academy undertakes to contribute to the assets of the Academy 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.

Trustees

The trustees are also directors of the Academy for the purposes of the Companies Act. The following trustees were in office at 31 August 2013 and served throughout the year except where shown:

Trustee	Appointed/Resigned
Robert Farquharson (Chair)	
The Rt Hon Earl of Malmesbury (Chair)	Resigned 31 August 2013
Stephen Belk	
James Leslie Charles Clark	
Tim Clark	Appointed 1 September 2013
Richard Charles De Boer	Resigned 31 August 2013
Jayne Johnson	
Susannah Kelly	Appointed 11 June 2013
Lucy Clare Lee	
Darren Parker	
Harriet Hadfield	Resigned 18 October 2012
Henry Price	Appointed 18 October 2012
Ian Stoneham (Staff Governor)	Appointed 11 December 2012
Hugh William Whitbread	
Mark Wickham-Jones	

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**Trustees** (continued)

Trustee	Appointed/Resigned
The Hon Emmeline Winterbotham	Appointed 11 June 2013
Jenny Wilkins	Resigned 31 August 2013

No trustee received any remuneration in respect of their duties as trustees from the Academy during the period. Jenny Wilkins was remunerated in her position as Academy Principal.

Mr Tim Clark is remunerated in his position as Principal and Mr Ian Stoneham is remunerated as an employee of the Academy.

Organisational structure

Skinner's Academy is governed by a board of trustees constituted under a memorandum of association and articles of association. The board of trustees 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, addressing such matters as:

- ◆ Policy development and strategic development;
- ◆ Ensuring sound management and administration of the Academy;
- ◆ Ensuring compliance with legal requirements;
- ◆ Establishing and maintaining effective internal controls;
- ◆ The management of all resources;
- ◆ The monitoring of performance;
- ◆ Helping the Academy to be responsive to the needs of parents, carers and the community; and
- ◆ Assessing and managing risk.

A Governing Body (chaired by a member of the board of trustees) responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and strategic development plans meets tri-annually. The governors have delegated components of their responsibility to the Finance and General Purposes Committee.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**Organisational structure** (continued)

The Finance and General Purposes Committee is responsible for all financial and resource management and accounting, all internal and external financial reporting, ensuring an effective internal control environment, legal, premises and outstanding construction issues. This Committee is also responsible for advising on matters relating to monitoring all areas of health and safety to ensure compliance of policy, working practices and environment for all staff, students and visitors to the Academy.

The day to day management is delegated to the Academy Principal who has appointed a Leadership Team which meets on a frequent basis. The Leadership Team consists of:

Tim Clark	-	Principal
Zehra Jaffer	-	Vice Principal
Simon McNaught	-	Vice Principal
Mark Johnstone	-	Vice Principal, Bursar
Abdulla Fathulla	-	Assistant Vice Principal
David Francis	-	Assistant Vice Principal
Rex Lewis	-	Assistant Vice Principal
Emma Hobbs	-	Assistant Vice Principal
Sarah Redman	-	Assistant Vice Principal
Patrick Robbins	-	Assistant Vice Principal

Together the Leadership Team control the Academy at an executive level implementing the policies laid down by the trustees and the Governing Body and reporting back to them and providing evidence, reports and data analysis at the Governing Body meetings, enabling governors to monitor effectively.

Connected organisations

The Academy works closely with its sponsor, The Skinners' Company, the Department for Education (DfE), the Education Funding Agency (EFA), the Local Education Authority and other local organisations.

Risk management

The Academy maintains a risk register which is reviewed by the trustees on a regular basis. This identifies the various types of risk that the Academy is exposed to and monitors the systems in place to mitigate those risks. The following risk areas are included on the register:

- ◆ Physical assets;
- ◆ Business continuity;
- ◆ Financial;
- ◆ Technological;
- ◆ Third part liability;

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

- ◆ Environmental;
- ◆ Legal and compliance;
- ◆ Market and sector;
- ◆ Personnel;
- ◆ Political; and
- ◆ Reputational.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The Academy's objects ("the Objects") are to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to Business, Enterprise and ICT.

Public benefit

When setting the objectives of the Academy for the year, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education.

Equal opportunities

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

The policy of the Academy is to support the recruitment and retention of students and employees with disabilities. Disabled employees are accorded equal opportunities for training, career development and promotion.

ACHIEVEMENTS AND PERFORMANCE

During the Academy's third year of operation, the school remained very popular and admissions at Year 7 continued to be oversubscribed, ensuring that the student population continued to grow in line with forecasts.

Having fulfilled its commitment to those students that transferred to the Academy from the Skinners' Company's School for Girls, who have now completed their Post 16 courses, a review of the Post 16 provision was undertaken during the period. As a result, a decision to suspend admissions to Year 12 was taken, pending transition of the Academy's first Key Stage 4 students to Key stage 5 in September 2015.

ACHIEVEMENTS AND PERFORMANCE (continued)

In the absence of Year 11 students, no GCSE results have been published. As in previous years, the vocational courses at Post 16 continue to provide excellent results.

The Academy was also subject to its first full OFSTED inspection during the year and was confirmed as "Good" in all areas.

Going concern

After making appropriate enquiries, the trustees have 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. Further details regarding the adoption of the going concern basis can be found in the principal accounting policies.

FINANCIAL REVIEW

Financial report for the period

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA and the associated expenditure are shown as restricted funds in the statement of financial activities.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2013, total expenditure of £6,230,663 (2012 - £5,031,742) (excluding the restricted fixed asset fund) was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and the additional loss on the pension scheme) was £764,722 (2012 - £765,088).

At 31 August 2013 the net book value of fixed assets was £26,800,961 (2012 - £27,842,094) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Reserves policy

The Academy held fund balances at 31 August 2013 of £28,655,449 (2012 - £29,210,201) comprising £250,692 of unrestricted general funds and £28,404,757 of restricted funds which includes the pension reserve deficit of £382,000 and fixed assets of £26,800,967.

The trustees have reviewed the reserves of the Academy. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The trustees will keep the level of reserves under review.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

The funding received and to be received for the development of the Academy and all associated capital works are intended to fully cover the costs and therefore the level of reserves is not currently a significant issue. The Academy remains within the Start Up phase, and continues to receive grant funding in that respect. The application of these grants is included in the Academy's medium-term financial planning and the trustees have therefore determined that the appropriate level of reserves, which are not invested in tangible assets, should be reviewed once all start-up funding has been expended.

The deficit on the pension fund relates to the Academy's share of the obligations under the Local Government Pension Scheme (LGPS). Any cash flows as a result of this deficit will occur over a number of years and contributions will be met from future budgets. The position is supported by the Parliamentary Minute that provides for a guarantee by the Department for Education to meet any outstanding LGPS liabilities in the event of an Academy closure. The guarantee came into force on 18 July 2013.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £250,692. The Academy intends to continue monitoring free reserves to ensure they are appropriate.

PLANS FOR FUTURE PERIODS

Key Stage 3 and 4 courses are now well established, and the Academy remains on course to publish its first GCSE results in 2015. As the student population grows, teacher recruitment continues to keep pace, and all costs are included in the financial plans and are regularly reviewed.

Planning focus has now been widened to include the re-launch of Post 16 provision in September 2015, including review of curriculum offers and physical limitations of the building.

AUDITOR

In so far as the trustees are aware:

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

Approved by the trustees and signed on their behalf by:

Trustee

Approved by the trustees on: 10 December 2013

Scope of responsibility

The trustees and governors acknowledge that they have overall responsibility for ensuring that The Skinners' 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 trustees and the Governing Body have delegated the day-to-day responsibility to the Principal, 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 the Academy and the Secretary of State for Education. The Principal 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 statement of trustees' responsibilities. The Governing Body has formally met four times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Number of meetings attended	Out of a possible
Rt Hon Earl of Malmesbury	4	4
S Belk	4	4
JLC Clark	4	4
RC De Boer	2	4
R Farquharson	2	4
J Johnson	3	4
S Kelly	1	1
LC Lee	4	4
D Parker	2	4
H Hadfield (nee Prest)	1	1
H Price	3	4
I Stoneham	3	3
HW Whitbread	3	4
M Wickham-Jones	0	4
The Hon E Winterbotham	1	1
J Wilkins	4	4

Harriet Prest got married during the year and is now Harriet Hadfield. Mrs Hadfield resigned with effect from 18 October 2012. Mrs Kelly and the Hon E Winterbotham were appointed 11 June 2013, at the final meeting of the year.

Attendance at meetings throughout the year has been excellent, with all being quorate. The Academy is currently advertising for a second staff governor in order that teaching and support staff may be represented on the Governing Body.

Governance (continued)

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to take responsibility for all financial and resource management and accounting, all internal and external financial reporting, ensuring an effective internal control environment, legal, premises and outstanding construction issues. This Committee is also responsible for advising on matters relating to monitoring all areas of health and safety to ensure compliance of policy, working practices and environment for all staff, students and visitors to the Academy. During the year, no new members joined the Committee. Attendance at meetings in the year was as follows:

Governor	Number of meetings attended	Out of a possible
R Farquharson	4	5
Rt Hon. Earl of Malmesbury	5	5
JLC Clark	5	5
HW Whitbread	4	5
J Wilkins	5	5

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 the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The trustees and Governing Body have 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 trustees and Governing Body are of the view that there is an ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees and Governing Body.

The 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;

The risk and control framework (continued)

- ◆ regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

The trustees and Governing Body have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Vanessa Hill as Reporting Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the RO reports to the governors on the operation of the systems of control and on the discharge of the trustees' and Governing Body's financial responsibilities.

Review of effectiveness

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

- ◆ the work of the Responsible Officer;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process;
- ◆ the work of the Senior Leadership Team within the Academy 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 General Purposes Committee and ensure continuous improvement of the system is in place.

Approved by order of the trustees and Governing Body and signed on their behalf by:

(Trustee and Chair of Governing Body)

(Principal and Accounting Officer)

Approved on: 10 December 2013

As accounting officer of the Skinners' Academy, I have considered my responsibility to notify the Academy's trustees and Governing Body 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 Academy's trustees and Governing Body 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.

Accounting Officer

Date: 10 December 2013

The trustees (who act as governors of the Academy and are also the directors of the Academy for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Requirements 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 Academy and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom 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 Academy will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy 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 Academy 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 have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the Academy'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 trustees on 10 December 2013 and signed on its behalf by:

Chair of the Governing Body

Independent auditor's report on the financial statements to the members of The Skinners' Academy

We have audited the financial statements of The Skinners' Academy for the year ended 31 August 2013 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies 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 Annual Accounts Direction 2012/13 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

The trustees act as trustees for the charitable activities of The Skinners' Academy and are also the directors of the Academy for the purpose of company law.

As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the Academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the Companies Act 2006; and
- ◆ have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter 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

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.

We have nothing to report in respect of these matters.

Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Independent reporting auditor's assurance report on regularity to The Skinners' Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 19 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Skinners' Academy during the period from 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Skinners' Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Skinners' 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 The Skinners' Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Skinners' Academy's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of The Skinners' Academy's funding agreement with the Secretary of State for Education dated 30 April 2008 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 from 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP
Chartered Accountant
130 Wood Street
London
EC2V 6DL

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

	Notes	Un-restricted funds £	Restricted general funds £	Restricted other funds £	Restricted fixed asset funds £	31 August 2013 total funds £	31 August 2012 total funds £
Incoming resources							
Incoming resources from generated funds							
. Voluntary income	2	—	—	—	—	—	59,472
. Activities for generating funds	3	158,554	—	—	—	158,554	120,989
. Investment income		18,757	—	—	—	18,757	1,677
Incoming resources from charitable activities							
. Funding for the Academy's educational operations	4	—	6,645,757	151,661	—	6,797,418	5,585,725
. Other incoming resources	5	16,966	—	3,690	—	20,656	38,967
Total incoming resources		194,277	6,645,757	155,351	—	6,995,385	5,806,830
Resources expended							
Charitable activities							
. Academy's educational operations	7	123,878	6,009,980	81,259	1,326,474	7,541,591	6,317,611
Governance costs	8	—	15,546	—	—	15,546	19,760
Total resources expended	6	123,878	6,025,526	81,256	1,326,474	7,557,137	6,337,371
Net incoming (outgoing) resources before transfers		70,399	620,231	74,092	(1,326,474)	(561,752)	(530,541)
Gross transfers between funds	16	—	(285,347)	—	285,347	—	—
Net income (expenditure) for the year		70,399	334,884	74,092	(1,041,127)	(561,752)	(530,541)
Other recognised gains and losses							
Actuarial gain (loss) on defined benefit pension schemes	26	—	7,000	—	—	7,000	(165,000)
Net movement in funds		70,399	341,884	74,092	(1,041,127)	(554,752)	(695,541)
Reconciliation of funds							
Fund balances brought forward at 1 September 2012		180,293	1,187,814	—	27,842,094	29,210,201	29,905,742
Fund balances carried forward at 31 August 2013		250,692	1,529,698	74,092	26,800,967	28,655,449	29,210,201

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

The Academy had no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the net movement in funds stated above and its historical cost equivalent.

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed assets	12		26,800,967		27,842,094
Tangible assets					
Current assets					
Debtors	14	44,843		208,279	
Short term deposits		531,646		526,245	
Cash at bank and in hand		2,172,457		1,426,289	
				<u>2,160,813</u>	
Creditors: amounts falling due within one year	15	(512,464)		<u>(424,706)</u>	
Net current assets			2,236,482		1,736,107
Total net assets less current liabilities			29,037,449		<u>29,578,201</u>
Net assets excluding pension scheme liability			29,037,449		29,578,201
Pension scheme liability	26		(382,000)		<u>(368,000)</u>
Net assets including pension scheme liability			28,655,449		<u>29,210,201</u>
Funds of the academy:					
Restricted funds	16				
. Fixed asset funds			26,800,967		27,842,094
. Other restricted funds			74,092		—
. General funds			1,911,698		1,555,814
. Pension reserve			(382,000)		<u>(368,000)</u>
Total restricted funds			28,404,757		<u>29,029,908</u>
Unrestricted funds					
. General funds	16		250,692		<u>180,293</u>
Total unrestricted funds			250,692		<u>180,293</u>
Total funds			28,655,449		<u>29,210,201</u>

Approved by the trustees and signed on their behalf by:

Trustee

Approved on:

Company Limited by Guarantee
Registration Number
06543682 (England and Wales)

	Notes	2013 £	2012 £
Net cash inflow from operating activities	20	1,018,159	860,496
Returns on investments and servicing of finance	21	18,757	1,677
Capital expenditure	22	(285,347)	(22,268)
Management of liquid resources	23	(5,401)	(526,245)
Increase in cash in the year	24	746,168	313,660
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		746,168	313,660
Cash inflow from liquid resources	23	5,401	526,245
Movement in net funds in the period		751,569	839,905
Net funds at 1 September 2012		1,952,534	1,112,629
Net funds at 31 August 2013	24	2,704,103	1,952,534

Basis of accounting

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

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 condition that may cast significant doubt on the ability of the Academy to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be recorded 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. For grants provided to fund fixed assets, this includes the net book value of assets acquired.

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

Gifts in kind

Gifts in kind provided to the Academy are recognised in the statement of financial activities at their value to the Academy, as determined by the Governors, in the year in which they are receivable, and where the benefit is both quantifiable and material and the expenditure would have been incurred from other funds had the goods or services not been donated.

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 reasonable, justifiable and consistent basis for the cost category concerned.

Resources expended (continued)

Charitable activities

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

Governance costs

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

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:

- ◆ Furniture, fittings and equipment - 10% p.a.
- ◆ Buildings - 2% p.a.
- ◆ Motor vehicles - 20%
- ◆ Computers - 33% p.a.

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are 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). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Taxation

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

Fund accounting

The unrestricted general fund represents those monies that are freely available for application towards achieving any charitable purpose that falls within the Academy's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Pension costs

Academy teaching staff are members of a multi-employer defined benefit pension scheme; the Teachers' Pension Scheme. More details of the scheme are given in note 13 to the accounts.

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education. As the Academy is unable to identify its share of the underlying assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the period.

Local government pension scheme

Non teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS) which is managed by the London Borough Hackney Pension Fund. The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets is measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2013.

2 Voluntary income

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Donations	—	—	—	59,472

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Hire of premises	35,103	—	35,103	30,399
Catering income	123,451	—	123,451	90,590
	158,554	—	158,554	120,989

4 Funding for Academy's educational operations

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Capital grant				
. ICT capital grant	—	—	—	24,521
EFA revenue grant				
. General Annual Grant (GAG) (note 1)	—	5,913,602	5,913,602	4,377,763
. 16-18 Bursary fund	—	21,229	21,229	17,290
. Pupil premium	—	180,175	180,175	66,551
. Start Up grants	—	490,651	490,651	915,450
. Other grants	—	40,100	40,100	63,100
	—	6,645,757	6,645,757	5,440,154
Other government grants				
. School standards funds	—	148,213	148,213	121,050
. Comenius grant	—	3,448	3,448	—
	—	151,661	151,661	121,050
	—	6,797,418	6,797,418	5,585,725

5 Other incoming resources

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Contribution to visits	9,096	—	9,096	6,041
Miscellaneous income	7,870	3,690	11,560	32,926
	16,966	3,690	20,656	38,967

6 Resources expended

	Staff costs £	Non pay expenditure		2013 Total funds £	2012 Total funds £
		Premises £	Other costs £		
Academy's educational operations					
. Direct costs	3,726,965	547,616	985,025	5,259,606	4,379,731
. Allocated support costs	717,595	317,723	1,246,667	2,281,985	1,937,880
	4,444,560	865,339	2,231,692	7,541,591	6,317,611
Governance costs including allocated support costs	—	—	15,546	15,546	19,760
	4,444,560	865,339	2,247,238	7,557,137	6,337,371

	2013 funds £	2012 funds £
Net incoming resources for the period include:		
Operating leases	53,354	23,190
Fees payable to auditor:		
. Audit services	9,500	9,750
. Non audit services	6,046	10,010

7 Charitable activities - Academy's educational operations

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Direct costs				
Teaching and educational support staff costs	—	3,726,965	3,726,965	2,854,514
Depreciation	—	1,205,670	1,205,670	1,188,327
Educational supplies	—	266,292	266,292	251,493
Examination fees	—	32,431	32,431	29,490
Educational consultancy	—	22,073	22,073	37,935
Other direct costs	—	9,623	9,623	17,972
	—	5,263,054	5,263,054	4,379,731
Support costs				
Support staff costs	—	717,595	717,595	583,075
Depreciation	—	120,804	120,804	117,302
Recruitment and support	—	226,675	226,675	154,203
Maintenance of premises and equipment	—	317,723	317,723	330,828
Cleaning	—	114,188	114,188	115,090
Rent and rates	—	48,545	48,545	52,255
Insurance	—	46,560	46,560	42,711
Security and transport	—	133,994	133,994	106,669
Catering	123,451	169,844	293,295	224,438
Bank interest and charges (including FRS 17 interest of £9,000)	—	9,933	9,933	8,962
Furniture and equipment	—	42,313	42,313	38,630
Printing, postage and stationery	—	34,243	34,243	23,841
Licences and subscriptions	—	11,731	11,731	33,536
Telephone and broadband	—	56,036	56,036	34,882
Other support costs	427	104,475	104,902	71,458
	123,878	2,154,659	2,278,537	1,937,880

8 Governance costs

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Auditor's remuneration				
. Audit services	—	9,500	9,500	9,750
. Non-audit services	—	6,046	6,046	10,010
	—	15,546	15,546	19,760

9 Staff costs

Staff costs during the period were:

	2013 £	2012 £
Staff costs		
. Wages and salaries	3,287,361	2,679,522
. Social security costs	347,428	229,732
. Other pension costs (including FRS17 credit of £12,000 (2012: £23,000))	449,491	322,987
. Supply teacher costs	360,280	205,348
	4,444,560	3,437,589

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2013 expressed as full time equivalents was as follows:

	2013 Number	2012 Number
Charitable activities		
. Teachers	45	33
. Administration and support	42	35
. Management	10	7

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

	2013 Number	2012 Number
£60,001 - £70,000	3	2
£70,001 - £80,000	2	2
£140,001 - £150,000	1	1
	6	5

Five of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £53,819 (2012 - £39,102). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £15,012 (2012 - £15,012).

10 Governors' remuneration and expenses

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

	2013 £	2012 £
J Wilkins – Principal until 31 August 2013	140k - 145k	140k - 145k
Ian Stoneham – Governor since December 2012	30k – 35k	—

10 Governors' remuneration and expenses (continued)

Ian Stoneham was appointed as Governor in December 2012 and as such only payments since this date have been disclosed.

During the year ended 31 August 2013, no travel and subsistence expenses were reimbursed to governors (2012 – £nil).

Other related party transactions involving the trustees are set out in note 19.

11 Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy 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 £2 million on any one claim and the cost for the period ended 31 August 2013 was £1,100 (2012 - £636).

12 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total funds £
Cost					
At 1 September 2012	27,169,853	1,085,327	1,934,791	43,847	30,233,818
Additions	210,956	35,019	39,372	—	285,347
At 31 August 2013	<u>27,380,809</u>	<u>1,120,346</u>	<u>1,974,163</u>	<u>43,847</u>	<u>30,519,165</u>
Depreciation					
At 1 September 2012	996,228	195,585	1,182,373	17,538	2,391,724
Charge in period	547,616	112,035	658,054	8,769	1,326,474
At 31 August 2013	<u>1,543,844</u>	<u>307,620</u>	<u>1,840,427</u>	<u>26,307</u>	<u>3,718,198</u>
Net book value					
At 31 August 2013	<u>25,836,965</u>	<u>812,726</u>	<u>133,736</u>	<u>17,540</u>	<u>26,800,967</u>
At 31 August 2012	<u>26,173,625</u>	<u>889,742</u>	<u>752,418</u>	<u>26,309</u>	<u>27,842,094</u>

The land which the Academy is sited is currently leased from the London Borough of Hackney and the Skinners' Company at a peppercorn rent.

13 Taxation

The Academy is an exempt charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

14 Debtors

	2013 £	2012 £
Trade debtors	2,000	35,950
Other debtors	29,983	166,029
Prepayments	12,860	6,300
	<u>44,843</u>	<u>208,279</u>

15 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	162,560	121,148
Taxation and social security	86,659	76,015
Accruals and deferred income	245,803	227,400
Other creditors	17,442	143
	512,464	424,706

	2013 £
Deferred income	
Deferred income at 1 September 2012	190,778
Resources in the year	20,607
Amounts released from previous years	(21,729)
Deferred income at 31 August 2013	189,656

16 Funds

	Balance at 1 September 2012 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2013 £
Restricted general funds					
. General Annual Grant (GAG)	517,206	5,913,602	(5,460,312)	(285,347)	685,149
. Start Up grants	942,083	490,651	(343,099)	—	1,089,635
. Other EFA grants	18,365	61,329	(53,729)	—	25,965
. Other government grants	11,609	—	—	—	11,609
. Pupil premium	66,551	180,175	(147,386)	—	99,340
. Pension reserve	(368,000)	—	(21,000)	7,000	(382,000)
	<u>1,187,814</u>	<u>6,645,757</u>	<u>(6,025,526)</u>	<u>(278,347)</u>	<u>1,529,698</u>
Restricted fixed assets fund					
. Gifts in kind	27,015,064	—	(646,430)	—	26,368,634
. Donations	9,000	—	(1,000)	—	8,000
. ICT Capital grant	752,419	—	(644,930)	—	107,489
. Capital expenditure from GAG	65,611	—	(34,114)	285,346	316,844
	<u>27,842,094</u>	<u>—</u>	<u>(1,326,474)</u>	<u>285,347</u>	<u>26,800,967</u>
Other restricted funds					
. Golden hellos	—	3,690	(3,690)	—	—
. Standards Funds	—	148,213	(74,121)	—	74,092
. Commenius Grant	—	3,448	(3,448)	—	—
	<u>—</u>	<u>155,351</u>	<u>(81,256)</u>	<u>—</u>	<u>74,092</u>
Total restricted funds	<u>29,029,908</u>	<u>6,801,108</u>	<u>(7,433,259)</u>	<u>7,000</u>	<u>28,404,757</u>
Unrestricted funds					
. Unrestricted funds	180,293	194,277	(123,878)	—	250,692
Total unrestricted funds	<u>180,293</u>	<u>194,277</u>	<u>(123,878)</u>	<u>—</u>	<u>250,692</u>
Total funds	<u>29,210,201</u>	<u>6,995,385</u>	<u>(7,557,137)</u>	<u>7,000</u>	<u>28,655,449</u>

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

EFA revenue grant fund and other restricted funds

These grants relate to the Academy's development and operational activities.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 1 discloses whether the limit was exceeded.

16 Funds (continued)**Fixed asset fund**

These grants relate to capital funding to carry out works of a capital nature. The transfer between funds relates to purchase of capital items using EFA restricted general funds.

Pension reserve

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

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total 2013 £
Fund balances at 31 August 2013 are represented by:				
Tangible fixed assets	—	—	26,800,967	26,800,967
Current assets	250,692	2,498,254	—	2,748,946
Current liabilities	—	(512,464)	—	(512,464)
Pension scheme liability	—	(382,000)	—	(382,000)
Total net assets	250,692	1,603,790	26,800,967	28,655,449

18 Related party transactions

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

19 Financial commitments**Operating leases**

At 31 August 2013 the Academy had annual commitments under non cancellable operating leases for office equipment as follows:

	2013 £	2012 £
Expiring within one year	12,684	—
Expiring within two and five years inclusive	1,549	52,231

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

	2013 £	2012 £
Net income	(561,752)	(530,541)
Depreciation (note 13)	1,326,474	1,305,629
Capital grants from DfE and other capital income	—	(10,000)
Interest receivable	(18,757)	(1,677)
FRS 17 pension cost less contributions payable (note 27)	12,000	(23,000)
FRS 17 pension finance income (note 27)	9,000	8,000
Decrease in debtors	163,436	41,525
Increase in creditors	87,758	70,560
Net cash inflow from operating activities	1,018,159	860,496

21 Returns on investment and servicing of finance

	2013 £	2012 £
Interest received	18,757	1,677
Net cash inflow from returns on investment and servicing of finance	18,757	1,677

22 Capital expenditure and financial investment

	2013 £	2012 £
Purchase of tangible fixed assets	(285,347)	(32,268)
Capital grants from DfE / EFA	—	10,000
Net cash outflow from capital expenditure and financial investments	(285,347)	(22,268)

23 Management of liquid resources

	At 31 August 2013 £	At 31 August 2012 £
Placing of deposits	(5,401)	(526,245)

24 Analysis of changes in net funds

	At 1 September 2012 £	Cashflows £	At 31 August 2013 £
Cash in hand and at bank	1,426,289	746,168	2,172,457
Short term deposits	526,245	5,401	531,646
	1,952,534	751,569	2,704,103

26 Members Liability

Each member of the Academy undertakes to contribute to the assets of the Academy 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.

27 Pension commitments

The Academy's academic and related staff belong to a defined benefit pension scheme; the Teachers' Pension Scheme England and Wales (TPS).

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

27 Pension commitments (continued)*Teachers' Pension Scheme* (continued)*Valuation of the Teachers' Pension Scheme*

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

27 Pension commitments (continued)***Teachers' Pension Scheme*** (continued)***Teachers' Pension Scheme Changes*** (continued)

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £180,000 (2012 - £147,000), of which employer's contributions totalled £136,000 and employees' contributions totalled £44,000. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

Additional disclosure should be made where the scheme is in deficit and the entity has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels, including the number of years over which it is anticipated that the additional contributions will be paid.

27 Pension commitments (continued)

Local Government Pension Scheme (continued)

	At 31 August 2013	At 31 August 2012
Principal Actuarial Assumptions		
Pension increase rate	2.8%	2.2%
Salary increase rate	5.1%	4.5%
Expected return on assets	5.9%	4.8%
Discount rate	4.6%	4.1%
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:		
<i>Retiring today</i>		
Males	20.9	20.9
Females	23.5	23.5
<i>Retiring in 20 years</i>		
Males	23.0	23.0
Females	25.4	25.4

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £	Expected return at 31 August 2012	Fair value at 31 August 2012 £
Equities	6.6%	694,000	5.6%	445,000
Bonds	3.8%	154,000	3.2%	125,000
Property	4.7%	87,000	3.7%	63,000
Cash	3.6%	29,000	2.8%	63,000
Total market value of assets		964,000		696,000
Present value of scheme liabilities				
. Funded		(1,346,000)		(1,064,000)
Deficit in the scheme		(382,000)		(368,000)

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

27 Pension and similar obligations (continued)**Local Government Pension Scheme (continued)**

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

Amounts recognised in statement of financial activities	2013 £	2012 £
Current service costs (net of employee contributions)	148,000	88,000
Total operating charge	148,000	88,000

Analysis of pension finance costs

Expected return on pension scheme assets	38,000	34,000
Interest on pension liabilities	(47,000)	(42,000)
Pension finance costs	(9,000)	(8,000)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a gain of £102,000.

	2013 £	2012 £
Deficit at 1 September 2012	(368,000)	(218,000)
Current service cost	(148,000)	(88,000)
Employer contributions	136,000	111,000
Net finance interest	(9,000)	(8,000)
Actuarial gains (losses)	7,000	(165,000)
At 31 August 2013	(382,000)	(368,000)

Movements in the present value of defined benefit obligations were as follows:	2013 £	2012 £
Deficit at 1 September 2012	1,064,000	718,000
Current service costs	148,000	88,000
Interest costs	47,000	42,000
Employee contributions	44,000	36,000
Actuarial losses	43,000	180,000
At 31 August 2013	1,346,000	1,064,000

27 Pension and similar obligations (continued)***Local Government Pension Scheme (continued)***

	2013 £	2012 £
Movements in the fair value of academy's share of scheme assets:		
At 1 September 2012	696,000	500,000
Expected return on assets	38,000	34,000
Actuarial loss	50,000	15,000
Employer contributions	136,000	111,000
Employee contributions	44,000	36,000
At 31 August 2013	964,000	696,000

The estimated value of the employer contributions for the year ended 31 August 2014 is £131,000.

The experience adjustments are as follows:

	2013 £	2012 £
Present value of defined benefit obligations	(1,346,000)	(1,064,000)
Fair value of share of scheme assets	964,000	696,000
Deficit in the scheme	(382,000)	(368,000)
Experience adjustments on share of scheme assets	50,000	15,000
Amount		
Experience adjustments on scheme liabilities		
Amount	—	—