

THE GORDON FOUNDATION

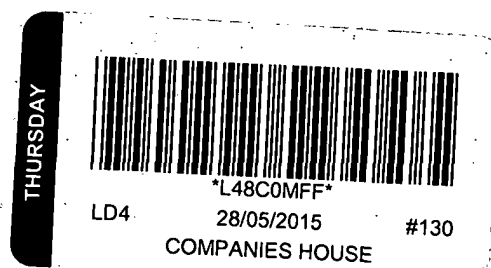
**ANNUAL REPORT
AND
ACCOUNTS**

FOR THE YEAR ENDED

31 AUGUST 2014

Company Number 27272
Charity Number 312092

haysmacintyre
Chartered Accountants
Registered Auditors
London



THE GORDON FOUNDATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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THE GORDON FOUNDATION

REPORT OF THE FOUNDATION TRUSTEES

THE DIRECTORS AND GOVERNING BODY

Foundation Committee (The Board)

Lieutenant General Sir Anthony Pigott KCB CBE MA	Chairman (resigned)	resigned 8 July 2014
General Sir Peter Wall GCB CBE	Chairman (appointed)	appointed 8 July 2014
Mr P F Wynter Bee TD 1, 2, 5	Vice Chairman	
Mr M L Hawkesworth 1, 2, 5	Treasurer	
Lord Lingfield		
Mr N D Brown BA FCA 3		resigned 8 July 2014
Mrs P M Clark 1, 2, 4		resigned 8 July 2014
Mr C R Delacombe FCIS APMI MIMgmt 3		
Ms J W Gordon		resigned 18 January 2014
Mrs S Gruselle		
Mr W Kenrick BSc CEng MICE 1, 2, 3, 5		
Air Marshal Sir Ian Macfadyen KCVO CB OBE		resigned 8 July 2014
Mr M More-Molyneux DL		
Lieutenant Colonel Sir John Smiley Bt 4		
Brigadier D H A Swinburn CBE MA FCMi FCIPD DL 2		
Mr P D Talbot 1, 2, 3		
Mr J A Wilbourn LGSM FIoD 4		resigned 21 October 2014
Mr R Whittington FCA 1, 2, 4, 5		
Mr W Eason MA ASIP FCSI 3		
Mr J Tamsitt		
Ms A MacLennan		appointed 18 January 2014
Dr J Higgs BA(Hons) MA(Kingston) MA(Lond) PhD		appointed 18 January 2014
Mr T Gordon		appointed 18 January 2014
Mrs L Bannister MBCS CFIP CISM P		appointed 8 July 2014
Mr C Lomas		appointed 8 July 2014
Major General John Russell-Jones OBE		appointed 8 July 2014
Air Marshal J Thompson CB FRAeS		appointed 8 July 2014

Head Teacher

Mr A Moss MEd

Foundation and Company Secretary:

Mrs S M Meikle BA

Committee Membership

Member of the Foundation Development Committee = 1

Member of the Joint Finance & General Purposes Committee = 2

Member of the Investment Panel = 3

Member of the Awards Panel = 4

Member of the Nominations Committee = 5

THE GORDON FOUNDATION

REPORT OF THE FOUNDATION TRUSTEES (continued)

ADVISERS

Bankers:

Bank of Scotland
38 Threadneedle Street
London EC2P 2HL

Auditors:

haysmacintyre
26 Red Lion Square
London WC1R 4AG

Investment Managers:

Quilter Cheviot
One Kingsway
London WC2B 6AN

Legal Advisers:

Brown Jacobson LLP
Castle Meadow Road
Nottingham NG2 1BJ

Barlow Robbins LLP
The Oriel
Guildford GU1 3SR

STATUS AND ADMINISTRATION

Registered Office:

The Gordon Foundation
Gordon's School
West End
Woking
Surrey GU24 9PT

THE GORDON FOUNDATION

REPORT OF THE FOUNDATION TRUSTEES (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Gordon Foundation is a company limited by guarantee (company no 27272), its registered office being at Gordon's School, West End, Woking, Surrey GU24 9PT. The company is a charity for educational purposes (registered charity no 32092).

Management of the charity is vested in the Board, who are directors and members for the purposes of the Companies Act and Trustees for the purposes of charity law. In this regard they comply with the requirements of the Charities Act 2011, the Trust Deed and the Charities SORP 2005. Board members are required to retire from office by rotation every third year but are eligible for re-election. The Board has powers at any time to appoint additional members. The day to day running of the Foundation is the responsibility of the Foundation Secretary.

The charity was founded by Royal Charter at the express wish of Queen Victoria as the national memorial to General Gordon who was killed in Khartoum in 1885. The Gordon Foundation owns the freehold land and buildings formerly known as the Gordon Boys' Home and now as Gordon's School.

The majority of the Governors of Gordon's School, a State Boarding School with Academy status, are either Trustees of or are appointed by, The Gordon Foundation.

Governance

The Foundation Committee meets formally twice each year, in January and in July. The Foundation Committee has a number of sub-committees that report to it. These are the Foundation Development Committee, the Nominations Committee and, jointly with the Governors of Gordon's School, the Joint Finance and General Purposes Committee which all meet termly and the Investment Panel and the Awards Panel which both meet twice yearly as well as ad-hoc committees convened when required. A Fundraising Committee to support the Development Office has been approved.

Policies and Procedures Adopted for the Induction and Training of Trustees

Prospective Trustees are invited to Gordon's School prior to their appointment to meet with the Foundation Secretary, Head Teacher and two Trustees. Once appointed, they follow an induction which includes an explanation of their role as Trustee, the company and the relation between The Gordon Foundation and Gordon's School. They are invited to meet staff members in order to familiarise themselves with the School as well as receiving copies of policies and procedures and other relevant documentation.

All Trustees are encouraged to attend professional training courses, take online courses for Trustees and are provided with briefings before at least one meeting each year.

OBJECT AND OBJECTIVES

General

Currently, the main activity of The Gordon Foundation is the support of Gordon's School, a non-selective, co-educational State Boarding School for about 750 day boarding and residential boarding pupils aged 11–18 years. The school changed from voluntary Aided to Academy status on 1 January 2013. Funding from the Education Funding Agency pays the cost of teaching and learning, delivery of the national curriculum and some classroom facilities.

In addition to managing the estate and buildings, The Gordon Foundation provides support services to the school and in particular runs the boarding operation for the day boarding, weekly and full boarding pupils. For families who require financial assistance with the boarding charges, The Gordon Foundation is able to provide bursaries on a means-tested basis.

Gordon's Enterprises Ltd, a subsidiary of The Gordon Foundation, lets the school facilities when not required by the school, the proceeds of which are gifted to The Gordon Foundation, specifically to the bursary funds.

THE GORDON FOUNDATION

REPORT OF THE FOUNDATION TRUSTEES (continued)

OBJECT AND OBJECTIVES (continued)

Object

The object of The Gordon Foundation is to educate or contribute to the education of boys and girls having particular regard to those with a specific boarding or educational need, with a view to preparing them for education or for earning their livelihood, such object being in continuation of the work of the unincorporated institution known as the Gordon Boys' Home, established in July 1885 as the National Memorial to General Gordon.

Objectives

Whilst the main objective of The Gordon Foundation is support for Gordon's School, Trustees increasingly appreciate its wider objectives of encouraging and supporting residential boarding for 'necessitous' young people, improving the public's awareness of the value and benefits of residential boarding and increasing funds available to support residential boarding. In setting these objectives and planning activities, Trustees give careful consideration to the Charity Commission's guidance on Public Benefit.

STRATEGIC REPORT

Key objectives and achievements for the year included:

Reinforcing the Gordon's community	From June 2014 the Director of Development took on the responsibilities of the National Secretary for the Gordonians as well as developing a new Gordonian website and online community. Plans are in place to launch a Friends of Gordon's, open to all parents, former parents, governors and Trustees in support of Gordon's. A new annual Gordon's magazine, <i>Semper Fidelis</i> , was published in December to record and celebrate the previous year's activities of the Gordon's community.
Uphold the National Memorial to General Gordon	A variety of activities demonstrate this objective including participation in the national Heritage Weekend, raising funds for the refurbishment of the statue of General Gordon at the school and starting to develop plans for an onsite archive. Gordon's students and staff hosted a residential week in July for 22 young boys from disadvantaged family backgrounds in partnership with the charity <i>CCHF All About Kids</i> , established in 1884 and with similar objectives to The Gordon Foundation.
Continue the provision of first class boarding for all students through high standards of pastoral care within appropriate accommodation	An extension to Windsor Lodge was completed to provide more girls' 6 th form study rooms and social area as well as self-contained staff accommodation. The Deputy Head Pastoral, Mrs Lewis, who had led the school through three Outstanding Ofsted boarding inspections retired in August and was replaced by Mr Rob Pavis, previously Director of Boarding at another significant State Boarding School who is also resident on site at Gordon's. There will be a full review of boarding accommodation in 2014/15.

THE GORDON FOUNDATION

REPORT OF THE FOUNDATION TRUSTEES (continued)

Be alert to and take advantage of opportunities to promote the Gordon ethos at home and overseas in support of educating disadvantaged children	Partnerships with a number of charitable trusts have been continued in support of specific Gordon's pupils, for which Trustees are most grateful, and new opportunities explored. These include the Royal British Legion Women's Section, Buttle Trust, MNDA Trust and Sir Thomas Carpenter Trust. Gordon's continues to be grateful for the support of The Worshipful Company of Girdlers and their funding a 6th form residential boarder. Accreditation with SpringBoard will be completed by December 2014 as well as agreeing opportunities to work with the Eastside Academy.
Ensure that support services provided by The Gordon Foundation are fit for purpose	Continuing the previous year's review of support services and embedding consequential changes, the focus this year has been on streamlining administrative systems and procedures throughout the organisation as well as a review of domestic services.
Maintain and if possible increase financial support to pupils at Gordon's School	The budget for bursary awards has been increased from £250k to £310k. Income from letting facilities out of term, which has increased through the introduction of children's holiday activities, goes directly to increasing bursary funds, and will be a focus for the next year.
Continue to provide, enhance and improve extra-curricular activities for Gordon's pupils	Participation in Period 7 and Saturday mornings remains high with a wide range of activities; Sixth form pupils have public speaking training and the Gordon's show jumping team had a successful season. The importance of this area of the school is recognised by the appointment of a Director of Co-curricular and Sports at Assistant Head level for September 2014.

Trustees have agreed that the main focus for 2014/15 will be to continue exploring opportunities for developing a family of Gordon's Schools, to improve the school's facilities by working up plans and finance for a Sports Hall, and to explore the market and provision for extending 6th form residential boarding. Supporting and improving changes to educational practice, including continued investment in IT, and extracurricular activities is always a priority along with continually strengthening the governance and risk management of the charity.

The Plan for Gordon's

Discussions have continued exploring opportunities to develop a family of Gordon's Schools. Increasingly, state schools are encouraged to work collaboratively and new funding streams will be sought to underpin this. Trustees support the school's current focus as a strategic partner for research and development in a Teaching School Alliance as well as exploring further opportunities for collaboration with the intention of becoming a Teaching School by 2016-17. Whilst mindful for the need not to significantly increase numbers on the existing site, Trustees will continue to explore opportunities presented by the anticipated population growth in the Bisley area and consequent need for more primary and then secondary places, the continuing rationalisation of the Ministry of Defence's continuity of education allowance scheme as well as the enduring need for high quality education in and around London.

Capital Developments at West End

Discussions on updating the Estates Master Plan for the school campus have continued in consultation with Surrey Heath District Council. Notification was received that English Heritage was considering adding Gordon's to the List of Buildings of Special Architectural or Historic Interest.

It was recognised that the Bordein site was not appropriate for a new girls' day house for which a new location was identified as Louvain with Bordein now converted into staff residential accommodation. Capital works during the year included completion of an extension to Windsor Lodge and the new sports pavilion overlooking the back fields. Trustees were pleased that the school obtained further grants from the Education Funding Agency towards re-roofing part of Augusta House and replacing heating systems in Gravesend, Buckingham, and Augusta Houses. A condition survey was commissioned to review maintenance needs for all buildings over the next 7-10 years.

THE GORDON FOUNDATION

REPORT OF THE FOUNDATION TRUSTEES (continued)

Development Office

The Director of Development and her Assistant had a busy year with a wide range of activity in support of the school, the Foundation and the Gordonians. Relations between the school and Gordonians are increasingly positive, reinforced by the appointment of the Gordonian Chairman ex-officio as a Foundation Trustee and School Governor and the Development Director taking over the duties of the Gordonian's National Secretary. The Development Office ran a successful fundraising campaign which raised over £30k for the refurbishment of the Gordon Camel statue.

Academic Results for the School

Remaining in The Daily Telegraph Top 100 non-selective state schools in England and 3rd in Surrey, results at A2 and AS equalled the previous year. Gordon's was in the top 15% of schools nationally for progress at A level and in the top 5% for progress at GCSE. The number of 6th formers obtaining places at Russell Group or 1994 Group universities remains high and considerably above national average. Detailed below is a table of the results of pupils at KS4 and KS5:

	2009	2010	2011	2012	2013	2014
5+ A*-C	91	96	90	97	97	91
5+ A*-C inc. Eng & Maths	87	91	89	93	86	86
Ebacc	56	64	61	60	56	65
A Level Average points per entry	221	233	233	243	221	226
A level Average points per student	777	921	944	903	797	791

Pupil Activities

Gordon's continues to offer an impressive range of activities, inspirational speakers, lectures and trips, mathematics and science challenges, concerts and plays. An Honours Programme has been developed to assess, record and award students for taking part in any non-compulsory activities which will be launched to Year 7 pupils in September 2014.

A comprehensive programme of extracurricular activities is offered through the Period 7 programme, as well as the Duke of Edinburgh Award Scheme, CCF, music, drama and sports. Gordon's pupils achieved 19 Gold, 21 Silver and 29 Bronze Duke of Edinburgh Scheme Awards during the year and expeditions during the summer holidays extended from canoeing in Norway, to Morocco and to the Indian Himalayas.

Over 150 pupils were enrolled between the three sections of the CCF; Army, Navy and RAF and over 40 cadets took part in the Army Summer Camp in Wales. Despite atrocious weather conditions on Dartmoor, the Gordon's Team successfully completed the 35 mile course of the Ten Tors Challenge and achieved the Bronze Award.

In Music, the Show Choir won the Surrey Show Choir competition and Gordon's was well represented in the Woking Music Festival. LAMDA teaching has been introduced and in the newly launched Arts Award, 35 pupils achieved their Bronze Award. The Pipes and Drums were invited to play at the Commonwealth Observance Day Service in Westminster Abbey in March and to Beat the Retreat at Windsor Castle in June. The range of inter-House competitions has been extensive including sports, music and drama as well as the competitive Drill Competition. Over 440 competitive fixtures were played across 12 sports through the year.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Last year, the Foundation changed its year end to match with the school's conversion to an Academy as Academies are required to prepare annual accounts for each academic year ending 31 August. In order to complete this change, year-end accounts for 17 months were required for that financial year which means that these 12-month accounts are not for a comparable period.

The main sources of funding for the Foundation are through boarding charges and investments. Gordon's continues to be an oversubscribed school operating to maximum capacity with a full waiting list. The fee income received by the Foundation was £5,870,668 (2013: £7,270,179).

THE GORDON FOUNDATION

REPORT OF THE FOUNDATION TRUSTEES (continued)

FINANCIAL REVIEW AND RESULTS FOR THE YEAR (continued)

Investments overall performed strongly over the year due to a forward-looking investment strategy further helped by the improving economic backdrop in recent months. The investment portfolio has decreased by £513,553 to £2,824,600 over the 12 month period (2013: £3,338,153) due to a cash transfer into the Foundation to support the capital expenditure.

Overall, including the overdraft, there was a decrease in cash of £1,643,068 over the year (2013: £326,164). This was mainly due to the spend on the continued investment plan in the school along with additional donations to support the school's activities.

On 1 January 2013, Gordon's School converted to Academy Trust status under the Academies Act 2010 with all operations, assets and liabilities transferred over to the Gordon's School Academy Trust. This transfer was accounted for using the acquisition method resulting in a £389,000 deficit on the Local Government Pension Scheme transferring into the Trust. There have been additional deficits on the scheme since the conversion of £141,000 giving a £530,000 deficit at the end of August 2014. The Foundation has supported the Academy in this deficit by increasing the donation for the year. Further information on the Pension scheme is given in note 12.

RESERVES

The total figure for Unrestricted Reserves as at 31 August 2014 was £7,853,828. Of this figure, £9,212,100 was represented by the Foundation's property and other tangible fixed assets giving negative free reserves of £1,358,272. It is the Foundation Committee's policy to maintain sufficient reserves for the prudent support of the charity's activities and for the future modernisation and development of Gordon's School.

RISK

The major risks to which the charity is exposed have been identified in the Risk Register and systems are considered to mitigate them. These risks are reviewed by the Foundation Committee and the school's Governing Body on an annual basis.

A framework of policies is also established to manage financial risk. These include the establishment and regular review of a Five Year Plan, and a system for approval and monitoring of Annual Budgets within that plan. Policies include a limit on commercial borrowings such that the total cost of interest and repayments shall not exceed 15% of boarding fee income in any one year.

INVESTMENT POLICY

The charity aims to manage the investment portfolio such that investment income is maintained and capital growth is achieved, in real terms. The performance of investments and the investment policy is reviewed regularly by the Investment Panel. The Investment Panel does not impose any constraints that might limit selection of individual investments for social, environmental or ethical reasons.

THANKS

Trustees wish to record formally their sadness for the death of their former Secretary and School Bursar, Colonel Tim Bradwell who had retired in 2012 after 14 years devoted service to Gordon's but died in May 2014, and, for the passing of General Stibbons, formerly Chairman of The Gordon Foundation who had given much to Gordon's and died during the year. In January, Lieutenant General Anthony Pigott advised of his decision to retire as Chairman at the end of the year but that General Sir Peter Wall had agreed to take over. Trustees have been grateful to Anthony Pigott for his time and guidance and look forward to welcoming General Wall's leadership at a formative period in the history of The Gordon Foundation.

THE GORDON FOUNDATION

REPORT OF THE FOUNDATION TRUSTEES (continued)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the charitable company) are responsible for preparing the Report of the Foundation Trustees, incorporating the Strategic Report, and the financial statements in accordance with applicable law regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

So far as each of the Trustees is aware at the time the report is approved:

- There is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

AUDITORS

haysmacintyre have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

The Trustees Report, incorporating the Strategic Report was approved by the Trustees of The Gordon Foundation on 17 January 2015 and signed on its behalf by:



Vice Chairman: Mr P F Wynter Bee TD

Dated: 17 January 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GORDON FOUNDATION

We have audited the financial statements of The Gordon Foundation for the year ended 31 August 2014 which comprise the Consolidated Statement of Financial Activities, the Charity and Group Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company'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 charitable company'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 charitable company 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 auditor

As explained more fully in the Statement of Trustees' Responsibilities set out in the Report of the Foundation, the Trustees (who are also the directors of the charitable company) 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's and group'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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Foundation Trustees, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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


Samantha Coutinho (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square
London WC1R 4AG

14/1/15
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haysmacintyre is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

THE GORDON FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2014

Income and Expenditure Account			Unrestricted Funds £	Other Restricted Funds £	Foundation Special Fund £	Total 2014 £	Total 2013 * £
	Note						
Incoming Resources							
Income from charitable activity:							
Fee income	2		5,870,668	-	-	5,870,668	7,270,179
Funding for the Academy's educational operations			-	4,229,568	-	4,229,568	2,994,505
Voluntary aided School contributions			-	-	-	-	689,336
Income from generated funds:							
Donations			485	-	25,689	26,174	47,487
Trading income			33,557	-	-	33,557	43,503
Other income			552,528	-	-	552,528	553,830
Investment income			89,159	-	13,061	102,220	150,871
Total Incoming Resources			6,546,397	4,229,568	38,750	10,814,715	11,749,711
Resources Expended							
Charitable activity:							
Staff costs			2,926,460	3,428,587	-	6,355,047	5,556,644
Support to Gordon's Voluntary Aided School			-	-	-	-	974,129
Teaching costs			13,470	471,939	-	485,409	290,904
Welfare costs			1,211,975	-	-	1,211,975	1,492,101
Premises costs			1,745,338	474,916	-	2,220,254	3,008,509
Support costs			1,055,401	28,736	-	1,084,137	999,885
Trading costs			2,098	-	-	2,098	3,211
Transfer from local authority on conversion – Pension Deficit			-	-	-	-	389,000
Governance costs			39,344	5,000	-	44,344	28,434
Finance costs			46,243	189	-	46,432	98,757
Total Resources Expended	1		7,040,329	4,409,367	-	11,449,696	12,841,574
Net outgoing resources before transfers			(493,932)	(179,799)	38,750	(634,981)	(1,091,863)
Transfers between funds	1		(179,799)	179,799	-	-	-
Net outgoing resources for the year before investment gains			(673,731)	-	38,750	(634,981)	(1,091,863)
Gains on investments:							
- Realised			47,539	-	(649)	46,890	57,128
- Unrealised			138,465	-	6,990	145,455	262,047
Actuarial losses on defined benefit pension schemes			-	(118,000)	-	(118,000)	(28,000)
Net outgoing resources for the year			(487,727)	(118,000)	45,091	(560,636)	(800,688)
Fund balances brought forward			8,341,555	1,137,477	330,683	9,809,715	10,610,403
Fund balances carried forward			7,853,828	1,019,477	375,774	9,249,079	9,809,715

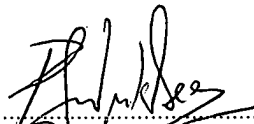
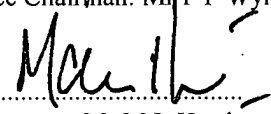
* The period ended 31 August 2013 represented 17 months of activity of The Gordon Foundation and the Gordon Enterprises UK Limited, and 8 months of activity of Gordon School Academy Trust.
All of the charitable company's activities are continuing.
All recognised gains and losses are included in the Statement of Financial Activities.
The accompanying notes form part of these financial statements.

GROUP BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible	4	9,440,776	8,620,538
Investments	5	2,824,600	3,338,153
		<u>12,265,376</u>	<u>11,958,691</u>
CURRENT ASSETS			
Stocks		8,565	8,565
Debtors	6	2,324,537	2,241,859
Cash at bank and in hand		55,736	1,392,379
		<u>2,388,838</u>	<u>3,642,803</u>
CREDITORS: Amounts falling due within one year	7	<u>(3,524,360)</u>	<u>(3,862,951)</u>
NET CURRENT LIABILITIES		<u>(1,135,522)</u>	<u>(220,148)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,129,854</u>	<u>11,738,543</u>
CREDITORS: Amounts falling due after more than one year	8	<u>(1,350,775)</u>	<u>(1,516,828)</u>
NET ASSETS BEFORE PENSION LIABILITY		<u>9,779,079</u>	<u>10,221,715</u>
PENSION SCHEME LIABILITY	12	<u>(530,000)</u>	<u>(412,000)</u>
NET ASSETS		<u><u>9,249,079</u></u>	<u><u>9,809,715</u></u>
FUNDS			
Unrestricted	10	7,853,828	8,341,555
Restricted	11	1,395,251	1,468,160
		<u>9,249,079</u>	<u>9,809,715</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 17 January 2015 and were signed below on its behalf by:


 Vice Chairman: Mr P F Wynter Bee TD)

 Treasurer: Mr M L Hawkesworth)
) Trustees
)
)

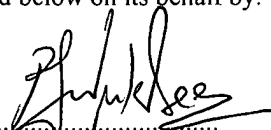
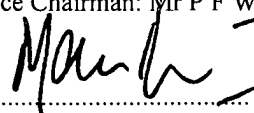
The accompanying notes form part of these financial statements.

CHARITY BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014	2013
		£	£
FIXED ASSETS			
Tangible	4	9,212,100	8,570,370
Investments	5	2,824,600	3,338,153
Investment in subsidiary company		2	2
		<u>12,036,702</u>	<u>11,908,525</u>
CURRENT ASSETS			
Stocks		8,565	8,565
Debtors	6	1,755,069	1,850,444
Cash at bank and in hand		32,126	1,053,477
		<u>1,795,760</u>	<u>2,912,486</u>
CREDITORS: Amounts falling due within one year	7	<u>(3,237,660)</u>	<u>(3,498,755)</u>
NET CURRENT LIABILITIES		<u>(1,441,900)</u>	<u>(586,269)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,594,802</u>	<u>11,322,256</u>
CREDITORS: Amounts falling due after more than one year	8	<u>(1,350,775)</u>	<u>(1,516,828)</u>
NET ASSETS		<u><u>9,244,027</u></u>	<u><u>9,805,428</u></u>
FUNDS			
Unrestricted		7,338,094	7,944,586
Restricted		1,905,933	1,860,842
		<u><u>9,244,027</u></u>	<u><u>9,805,428</u></u>

The financial statements were approved and authorised for issue by the Board of Trustees on 17 January 2015 and were signed below on its behalf by:


 Vice Chairman: Mr P F Wynter Bee TD)

 Treasurer: Mr M L Hawkesworth)
) Trustees
)

The accompanying notes form part of these financial statements.

THE GORDON FOUNDATION

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014	2013
		£	£
Net cash inflow from operations	A	(956,001)	1,055,601
Returns on investments and servicing of finance			
Investment income received		102,220	150,871
Interest paid		(46,432)	(98,757)
Net cash inflow from returns on investments and servicing of finance		55,788	52,114
Capital expenditure			
Purchase of fixed assets		(1,282,698)	(1,181,760)
Proceeds from disposal of fixed assets		-	33,400
Net cash outflow from capital expenditure		(1,282,698)	(1,148,360)
Investing activities			
Purchase of investments		(351,036)	(674,182)
Sale of investments		507,728	663,207
Increase/(decrease) in cash invested with investment managers		549,204	(122,861)
Net cash outflow from investing activities		705,896	(133,836)
Financing			
Loan repayments		(166,053)	(151,683)
Net cash outflow from financing		(166,053)	(151,683)
Decrease in cash	B	<u>(1,643,068)</u>	<u>(326,164)</u>

THE GORDON FOUNDATION

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

A. RECONCILIATION OF NET INCOMING RESOURCES: TO NET CASH INFLOW FROM OPERATING ACTIVITIES		2014 £	2013 £
Net outgoing resources before investment gains		(634,981)	(1,091,863)
Depreciation		462,460	586,806
Increase in stock		-	(10)
Increase in debtors		(82,675)	(2,049,114)
(Decrease)/increase in creditors		(527,017)	3,700,319
Investment income receivable		(102,220)	(150,871)
Interest paid		46,432	98,757
Loss on disposal of fixed assets		-	(10,423)
FRS 17 pension adjustment		(118,000)	(28,000)
Net cash (outflow)/inflow from operations		<u>(956,001)</u>	<u>1,055,601</u>

B. ANALYSIS OF CHANGES IN NET DEBT	At 1 September 2013 £	Cashflows £	Other changes £	At 31 August 2014 £
Cash in hand and at bank including overdraft	<u>1,392,379</u>	<u>(1,643,068)</u>	-	<u>(250,689)</u>
Debt due within 1 year	(151,683)	151,683	(151,683)	(151,683)
Debt due after 1 year	<u>(1,516,828)</u>	<u>14,370</u>	<u>151,683</u>	<u>(1,350,775)</u>
	<u>(1,668,511)</u>	<u>166,053</u>	-	<u>(1,502,458)</u>
	<u>(276,132)</u>	<u>(1,477,015)</u>	-	<u>(1,753,147)</u>

THE GORDON FOUNDATION
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 AUGUST 2014

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" the Charities SORP 2005, with applicable accounting standards and the Companies Act 2006. The particular accounting policies adopted are described below:

a) Basis of Accounting

The financial statements have been prepared under the historical cost basis of accounting as modified by the revaluation of investments. The financial statements of the Group include the results and balances of the Foundation consolidated on a line by line basis with Gordon School Academy Trust and the Gordon Enterprises UK Limited.

The Gordon Foundation's result for the year was a loss of £561,402 (2013: surplus of £536,941). Exemption from presenting the unconsolidated statement of financial activities has been taken under section 408 of the Companies Act 2006.

b) Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets, other than freehold land, on the following methods at rates calculated to write off the assets over their estimated useful lives. The methods and rates are

Freehold land and buildings	-	2%-4% per annum straight line
Machinery and equipment	-	20% per annum straight line
Fixtures and fittings	-	20% per annum straight line
Motor vehicles	-	20% per annum straight line

Buildings erected before the year 2000 are depreciated over 50 years, and newer buildings over 25 years.

c) Incoming Resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the group is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the group being notified of an impending distribution or the legacy being received.

d) Resources Expended:

Expenditure is accounted for on an accruals basis.

Costs of generating funds comprise finance charges associated with interest payable on the Group's borrowings and costs associated with lettings.

Charitable activity costs represent costs directly associated with the provision of education and related support costs. Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the Group's Directors, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

e) Stocks

Stocks are stated at the lower of cost and net realisable value.

f) Investments

Listed investments are stated at market value at the balance sheet date. Realised and unrealised gains/losses on investments are included in the Statement of Financial Activities.

g) Restricted Funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor (see Note 10).

h) Pension Costs

The school contributes to the Teacher's Pension Scheme at rates set by the Scheme Actuary and advised to the School by the Scheme Administrator. The scheme is a multi employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the school. In accordance with FRS17 therefore, the scheme is accounted for as a defined contribution scheme. Contributions are charged to resources expended when they become payable.

The school also contributes to a defined contribution scheme for non-teaching staff. Contributions are charged to resources expended when they become payable.

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

1. RESOURCES EXPENDED

	Staff Costs £	Other £	Depreciation £	2014 Total £	2013 Total £
Charitable activity:					
Staff costs	6,355,047	-	-	6,355,047	5,556,644
Support to Gordon's Voluntary Aided School	-	-	-	-	974,129
Teaching costs	-	485,409	-	485,409	290,904
Transfer pension deficit	-	-	-	-	389,000
Welfare costs	-	1,211,975	-	1,211,975	1,492,101
Premises costs	-	1,757,794	462,460	2,220,254	3,008,509
Support costs	-	1,084,137	-	1,084,137	999,885
Trading costs	-	2,098	-	2,098	3,211
	<u>6,355,047</u>	<u>4,541,413</u>	<u>462,460</u>	<u>11,358,920</u>	<u>12,714,383</u>
Governance costs	-	44,344	-	44,344	28,434
Finance costs	-	46,432	-	46,432	98,757
	<u>6,355,047</u>	<u>4,632,189</u>	<u>462,460</u>	<u>11,449,696</u>	<u>12,841,574</u>

Total resources expended includes:

	2014 £	2013 £
Depreciation	462,460	586,806
Auditors remuneration: - Audit fees	<u>19,850</u>	<u>19,260</u>

2. FEE INCOME

	2014 £	2013 £
Gross fees	6,251,970	7,790,877
Less:		
Bursaries	(265,863)	(323,039)
Staff discounts	(40,704)	(68,212)
Sibling discounts	(74,735)	(129,447)
	<u>5,870,668</u>	<u>7,270,179</u>

3. STAFF COSTS

	2014 £	2013 £
Staff costs during the year were:		
Wages and salaries	5,429,942	4,757,843
Social security costs	438,442	402,277
Other pension costs	486,663	396,524
	<u>6,355,047</u>	<u>5,556,644</u>

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2014

3. STAFF COSTS (continued)

The average number of employees in the year was:

	2014 No	2013 No
Teachers	55	55
Administration (including academic support & maintenance)	150	108
	<u>205</u>	<u>163</u>

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

£60,001 to £70,000	-	2
£70,001 to £80,000	2	1
£80,001 to £90,000	-	1
£100,001 to £110,000	1	1
£120,001 to £130,000	1	-
	<u>4</u>	<u>5</u>

No Trustees received any remuneration or benefits-in-kind during the year (2013: £nil). Three Trustees received reimbursement of expenses in respect of travel and subsistence during the year totalling £2,250 (2013: Three Trustees received reimbursement of expenses totalling £2,812).

Pension contributions of £40,327 (2013: £7,662) were made to personal pension plans in respect of higher paid staff during the year.

4. FIXED ASSETS – GROUP AND CHARITY

	Freehold Land & Buildings £	Machinery & Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total Charity £	Academy Trust £	Total Group £
COST							
At 31 August 2013	11,414,393	500,108	646,386	47,995	12,608,882	50,168	12,659,050
Additions	814,965	242,811	-	-	1,057,776	224,922	1,282,698
	<u>12,229,358</u>	<u>742,919</u>	<u>646,386</u>	<u>47,995</u>	<u>13,666,658</u>	<u>275,090</u>	<u>13,941,748</u>
DEPRECIATION							
At 31 August 2013	2,948,583	461,503	607,793	20,633	4,038,512	-	4,038,512
Charge for the year	406,206	9,840	-	-	416,046	46,414	462,460
	<u>3,354,789</u>	<u>471,343</u>	<u>607,793</u>	<u>20,633</u>	<u>4,454,558</u>	<u>46,414</u>	<u>4,500,972</u>
NET BOOK VALUE							
At 31 August 2014	<u>8,874,569</u>	<u>271,576</u>	<u>38,593</u>	<u>27,362</u>	<u>9,212,100</u>	<u>228,676</u>	<u>9,440,776</u>
At 31 August 2013	<u>8,465,810</u>	<u>38,605</u>	<u>38,593</u>	<u>27,362</u>	<u>8,570,370</u>	<u>50,168</u>	<u>8,620,538</u>

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2014

5. FIXED ASSETS INVESTMENTS – GROUP AND CHARITY

**Total
£**

Balance at 31 August 2013	2,316,847
Additions	351,036
Disposals at opening market value	(460,840)
Unrealised gain during the year	145,455
Balance at 31 August 2014	<u>2,352,498</u>
Cash deposits	<u>472,102</u>
Balance at 31 August 2014	<u>2,824,600</u>

The cost of listed investments was £1,858,990 (2013: £1,896,012)

There were no individual investments which constituted more than 5% of the investment portfolio.

The Foundation holds 100% of the share capital of The Gordon Enterprises UK Limited, whose principal activities are letting the buildings and grounds of the Gordon's School and selling memorabilia. This investment is held at nil value in the financial statements. A summary of the balance sheet and profit and loss account from the audited financial statements is set out below:

	2014 £	2013 £
Turnover	30,753	40,422
Admin costs	(1,114)	(4,273)
Net profit before donation	<u>29,639</u>	<u>36,149</u>
Donation to The Gordon Foundation	(29,639)	(36,149)
Profit and loss account	<u>-</u>	<u>-</u>
Net assets represented by share capital	<u>2</u>	<u>2</u>

6. DEBTORS

	Group 2014 £	Group 2013 £	Charity 2014 £	Charity 2013 £
Fee debtors	1,682,366	1,761,875	1,682,366	1,761,875
Sundry debtors	213,068	257,938	40,912	1,687
Prepayments	7,328	51,724	2,152	50,733
Taxation and social security	421,775	170,322	-	-
Amounts owing from subsidiary	-	-	29,639	36,149
	<u>2,324,537</u>	<u>2,241,859</u>	<u>1,755,069</u>	<u>1,850,444</u>

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2014

7.	CREDITORS: amounts falling due within one year	Group	Group	Charity	Charity
		2014	2013	2014	2013
		£	£	£	£
	Bank loans and overdraft	458,109	151,683	151,683	151,683
	Trade creditors	480,653	814,780	273,081	284,081
	Fees in advance and pupil deposits	2,161,781	2,107,298	2,161,781	2,107,298
	Taxation and social security	186,226	188,164	36,993	37,056
	Other creditors	38,212	53,275	38,212	50,405
	Amount owing to subsidiary	-	-	530,000	562,809
	Accruals	199,379	547,751	45,910	305,423
		<u>3,524,360</u>	<u>3,862,951</u>	<u>3,237,660</u>	<u>3,498,755</u>
8.	CREDITORS: amounts falling due after more than one year	Group and Charity		2014	2013
				£	£
	Bank loans			<u>1,350,775</u>	<u>1,516,828</u>
	Analysis of bank loans:				
	Between one and two years			151,683	151,683
	Between two and five years			455,048	455,048
	After five years			<u>744,044</u>	<u>910,097</u>
				<u>1,350,775</u>	<u>1,516,828</u>
	Due within one year			<u>151,683</u>	<u>151,683</u>
				<u>1,502,458</u>	<u>1,668,511</u>

The loan and overdraft are secured by a legal first charge over freehold land and buildings.

The Foundation has two long term loans. One loan accrues interest at a fixed rate of 5.6%. The other loan attracts a variable interest rate which is dependent upon the LIBOR and is reset quarterly. Both loans are being repaid in annual instalments in the year to January 2024.

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2014

9. UNRESTRICTED FUNDS	Balance 1 April 2013 £	Incoming resources £	Resources expended £	Investment Gains/losses £	Transfers £	Balance 31 August 2014 £
Eyre Fund	56,432	-	-	-	-	56,432
General	8,285,123	6,546,397	(7,040,329)	186,004	(179,799)	7,797,396
	<u>8,341,555</u>	<u>6,546,397</u>	<u>(7,040,329)</u>	<u>186,004</u>	<u>(179,799)</u>	<u>7,853,828</u>
10. RESTRICTED FUNDS						
Gordon Foundation	330,683	38,750	-	6,341	-	375,774
Special fund						
Stepping Forward	300,686	-	-	-	-	300,686
Appeal						
DfCSF Funds	1,248,791	4,229,568	(4,409,367)	-	179,799	1,248,791
Pension reserve	(412,000)	-	-	(118,000)	-	(530,000)
	<u>1,468,160</u>	<u>4,268,318</u>	<u>(4,409,367)</u>	<u>(111,659)</u>	<u>179,799</u>	<u>1,395,251</u>

The Gordon Foundation Special Fund represents the balance of assets transferred by several connected charities on 1 April 1996. Income accruing to the Gordon Foundation Special Fund is transferred to the general reserve.

The Stepping Forward Appeal fund records the income and expenditure relating to an appeal to enhance performing arts facilities at Gordon's School.

The DfCSF fund records income, mostly grant income from the Department for Education (previously the Department for Children, Schools and Families), for the purpose of funding building projects, both capital and revenue, on the estate at West End.

The Eyre Fund represents the balance on an unrestricted donation which is used to help finance music lessons.

11. ALLOCATION OF THE GROUP NET ASSETS

	Investments £	Fixed Assets £	Net Current Liabilities £	Long Term Liabilities £	Total £
Restricted	293,327	1,631,924	-	(530,000)	1,395,251
Unrestricted	2,531,273	7,808,852	(1,135,522)	(1,350,775)	7,853,828
	<u>2,824,600</u>	<u>9,440,776</u>	<u>(1,135,522)</u>	<u>(1,880,775)</u>	<u>9,249,079</u>

12. PENSION AND SIMILAR OBLIGATIONS

The Academy's employees belong to three principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Surrey County Council; and the Salvus Master Trust. The first two schemes are defined-benefit schemes and the Salvus scheme is a defined contribution scheme.

The government has introduced a new law to make it easier for people to save for their retirement. It requires all employers to enrol their eligible workers into a qualifying workplace pension scheme if they are not already in one. Therefore, on 1st May the Gordon Foundation enrolled all eligible employees into the Salvus Master Trust.

The contribution rates of which were:

3.5% contribution for employees

7.0% contribution for employers

Goddard Perry were used as our employee benefit consultant to aid the process.

The pension cost for the LGPS is assessed in accordance with advice of independent qualified actuaries, Hymans Robertson LLP. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Teachers' Pension Scheme Introduction

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

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

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

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.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

12. PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme Changes

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

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 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 up to three and a half years outside of the 10 year protection.

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £106,000, of which employer's contributions totalled £89,000 and employee's contributions totalled £17,000. The agreed contribution rates for future years are 31.70 per cent for employers and between 5.5 and 7.5 per cent for employees.

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year.

	At 31 August 2014	At 31 August 2013
Principal Actuarial Assumption		
Pension increase rate	2.6%	2.8%
Salary increase rate	3.9%	5.1%
Expected return on assets	5.7%	6.0%
Discount rate	3.7%	4.6%

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2014

12. PENSION AND SIMILAR OBLIGATIONS (continued)

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

	At 31 August 2014	At 31 August 2013
<i>Retiring today</i>		
Males		
Females	22.5	21.9
	24.6	24.0
<i>Retiring in 20 years</i>		
Males	24.5	23.9
Females	26.9	25.9

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 £'000	Expected return At 31 August 2013 %	Fair value At 31 August 2013 £'000
Equities	6.3%	371	6.6%	208
Bonds	3.2%	82	3.9%	46
Property	4.5%	24	4.7%	14
Cash	3.3%	5	3.6%	5
Total market value of assets		482		273
Present value of scheme liabilities				
- Funded		(1,012)		(685)
Deficit in the scheme		(530)		(412)

The actual return on scheme assets was £42,000 (2013: £21,000).

Amounts recognised in the Statement of Financial Activities	2014 £'000	2013 £'000
Current service cost (net of employee contributions)	76	42
Total operating charge	76	42
Analysis of pension finance income	2014 £'000	2014 £'000
Expected return on pension scheme assets	(19)	(8)
Interest on pension liabilities	34	18
Pension finance income	15	10

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2014

12. PENSION AND SIMILAR OBLIGATIONS (continued)

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £116,000 loss.

Movements in the present value of defined benefit obligations were as follows	2014 £'000	2013 £'000
Opening Defined Benefit Obligation	685	573
Current service cost	76	42
Interest cost	34	18
Employee contributions	17	11
Actuarial loss	201	41
Estimated Benefits Paid	(1)	-
At 31 August 2014	1,012	685
Movements in the fair value of academy's share of scheme assets		
Opening Fair Value of Employer Assets	273	184
Expected return on assets	19	8
Actuarial gain	85	13
Employer contributions	89	57
Employee contributions	17	11
Estimated Benefits Paid	(1)	-
At 31 August 2014	482	273

The estimated value of employer contributions for the year ending 31 August 2015 is £86,000.

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

	2014 £'000	2013 £'000
Present value of defined benefit obligations	(1,012)	(685)
Fair value of share of scheme assets	482	273
Deficit in the scheme	(530)	(412)