

REGISTRAR OF COMPANIES

Cuckoo Hall Academies Trust

Annual Report and Financial Statements

31 August 2013

Company Limited by Guarantee
Registration Number
07355559 (England and Wales)

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Contents

Reports

Reference and administrative information	1
Trustees' report	3
Governance statement	17
Statement of Regularity, propriety and compliance	20
Statement of trustees' responsibilities	21
Independent auditor's report on the financial statements	22
Independent auditor's report on regularity	24

Financial statements

Statement of financial activities	26
Balance sheet	27
Cash flow statement	28
Principal accounting policies	29
Notes to the financial statements	33

Reference and administrative information

Trustees	Mrs A Efthymiou (Chair) Mrs S Ahmet Mr M Charalambous Mrs M Elcock Mr D Gold Mr D Graham Mrs C Kyriacou Mrs B Jordan Mr M Laban Mrs B Lappage Prof A O'Hear Mr P Sowter Mrs P Sowter Mrs A Zinkin
Company Secretary	Mr G Davis
Senior Management Team	
Executive Head Teacher & CEO	Mrs P Sowter
Head Teacher	Mrs S Ahmet – Cuckoo Hall Academy
Head Teacher	Mrs M Elcock – Heron Hall Academy
Head Teacher	Mr M Laban – Kingfisher Hall Primary Academy
Head Teacher	Ms A Edmonds – Woodpecker Hall Primary Academy
Director of Finance & Operations	Mr M Hesketh
Director of Development	Mr S Ward
Registered address	Cuckoo Hall Academy Cuckoo Hall Lane Edmonton London N9 8DR
Company registration number	07355559
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers National Westminster Bank
9 The Town
Enfield
Middlesex
EN2 6LH

Solicitors Stone King LLP
16 St John's Lane
London
EC1M 4BS

Trustees' report Year to 31 August 2013

The trustees of Cuckoo Hall Academies Trust ('the Academy Trust') present their annual report together with the financial statements and the auditor's reports of the charitable company for the year to 31 August 2013

The financial statements have been prepared in accordance with the accounting policies set out on pages 29 to 32 of the attached financial statements and comply with the Academy Trust'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 Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust ("the Trust"). The trustees of Cuckoo Hall Academies Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Cuckoo Hall Academies Trust.

Details of the trustees who served on the board of the Trust are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust.

Principal activities

The Academy Trust's principal activity is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees

The trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following trustees were in office at 31 August 2013 and served throughout the year except where shown

Trustee	Appointed/Resigned
Mrs S Ahmet	Appointed on 18 December 2012
Mr M Charalambous	
Mrs A Efthymiou	
Mrs M Elcock	Appointed on 18 December 2012
Mr D Gold	
Mr D Graham	
Mrs B Jordan	Appointed on 11 September 2012
Mrs C Kyriacou	
Mr M Laban	
Mrs B Lappage	Resigned on 9 May 2013
Mr C Murphy	
Prof A O'Hear	
Ms S Oliver-McGuinness	Resigned on 4 November 2012
Mrs P Sowter	
Mr P Sowter	Appointed on 1 January 2012
Ms E Tooulis	Resigned on 14 November 2012
Mrs A Zinkin	

Method of recruitment and appointment or election of trustees

The Academy Trust shall have the following Trustees as set out in its articles of association and funding agreement

- ◆ up to 7 Trustees who are appointed by members
- ◆ up to 5 Chairs of the Local Governing Bodies
- ◆ up to 5 Head Teachers of the Academies
- ◆ the Chief Executive Officer
- ◆ up to 3 Co-opted Directors
- ◆ additional trustees can be appointed by the Secretary of State

Trustees are appointed for a four year period, except for the Chief Executive Officer/Executive Head Teacher. Any election of the Academy Trust's Directors which is contested shall be held by secret ballot.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of trustees

Trustees of CHAT and Governors on local governing bodies will vary in their experience. However, all need to be clear about their roles and responsibilities. New trustees sign up to the Purpose and Role of the Trustee & Code of Practice which sets out what is expected of a Director or Governor. The training and induction provided for new Trustees includes a tour of the Academies and a chance to meet staff and pupils. Formal training is delivered to Directors and Governors on a range of issues including strategic direction, improvement and accountability. There is also scope for more experienced Governors to be paired with those who are new to the role so that experience can be shared.

Organisational structure

Cuckoo Hall Academy, Woodpecker Hall Primary Academy and Kingfisher Hall Primary Academy are governed by the Cuckoo Hall Academies Trust which delegates functions as appropriate to the individual School Governing Bodies, the governors of whom are appointed by the Academy Trust together with two parental representatives and one staff governor.

The organisational structure of the Academy Trust consists of three levels: the Trustees, School Governors and the Senior Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy, adopting an annual plan and budget for the Academy Trust, monitoring progress in each Academy on a financial and performance basis at a strategic level and calling to account the individual School Governing Bodies and the Cuckoo Hall Academies Trust (CHAT) Senior Management Team for the progress in each Academy. The Trustees are also responsible for the appointment of senior staff in the Academy Trust, but may delegate appointments to the Local Governing Body except for the appointment of the Head Teacher of an Academy and the Executive Head Teacher (Chief Executive Officer).

The individual School Governing Bodies are responsible for monitoring the performance of the Head Teacher and his/her Senior Leadership Team (SLT) on a regular basis.

Following the Governance review led by an external consultancy company, the CHAT Senior Management Team members are the Executive Head Teacher, Head Teachers of each of the Academies, the Director of Finance and Operations, and the Development Director. These managers control the Academy Trust at an executive level implementing the policies laid down by the Trustees and Governors and reporting back to them. As a group, the senior managers are responsible for the authorisation of spending within agreed budgets and for the appointment of staff.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management

The Academy Trust has a formal risk management process in place to assess all risks and is able to implement risk management strategies. The process identifies the types of risk the Academy faces. These risks are scored and prioritised in terms of their operational and financial impact and assessed in terms of the likelihood of occurrence and means of identifying the risks are assessed.

Connected organisations, including related party relationships

There are no related parties which either control or significantly influence the decisions and operations of Cuckoo Hall Academies Trust. As a converter Academy there are no external sponsors.

Transactions with Trustees and Governors are set out in note 26 to the accounts.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the Charitable Company is the operation of Academies to provide a broad and balanced education including English, Mathematics and Science as all-ability inclusive schools.

At present Cuckoo Hall Academies Trust is responsible for the operation of Cuckoo Hall Academy, Woodpecker Hall Primary Academy (which opened in September 2011) and Kingfisher Hall Primary Academy (which opened in September 2012). Cuckoo Hall Academies Trust has also established Heron Hall Academy – a new Secondary free school which was opened in September 2013.

All Academies established by Cuckoo Hall Academies Trust will

- ◆ be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community,
- ◆ undertake regular assessments of pupils' performance,
- ◆ establish an admissions policy and admission arrangements which is in accordance with admissions law, and the DfE Codes of Practice,
- ◆ place an emphasis on the needs of the individual pupils including pupils with special education needs (SEN), both those with and without statements of SEN,
- ◆ not charge in respect of admission to an Academy, and the Academy will only charge pupils where the law allows maintained schools to charge,
- ◆ make provision for the teaching of religious education and for a daily act of collective worship at each Academy.

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

The aims of the Cuckoo Hall Academies Trust are to

- ◆ drive up the quality of education provision and standards to ensure excellent outcomes for all pupils,
- ◆ share resources, expertise and provision across the family of CHAT schools ensuring value for money Academies,
- ◆ be a self-sustaining and self-improving group of schools, with emphasis on relying on school leaders, teachers, support staff and parents to ensure a good quality of education for all, and
- ◆ share our expertise with as many young people and communities as is possible

Objectives, strategies and activities

The Key Priorities for the year are contained in the Cuckoo Hall Academy, Woodpecker Hall Primary Academy, and Kingfisher Hall Primary Academy School Improvement Plans which are available from Mrs P Sowter, who is the Executive Head Teacher and the Accounting Officer

The key objectives for the Cuckoo Hall Academies Trust are to

- ◆ make CHAT Academies the primary school of first choice for parents in the area and fully subscribed,
- ◆ become an employer of choice with considerable competition for vacancies, and
- ◆ ensure the successful establishment of Heron Hall Academy, the new Secondary free school awarded to Cuckoo Hall Academies Trust

Public Benefit

In setting the Academy Trust's objectives and planning its activities, the Board of trustees have given careful consideration to the Charity Commission's general guidance on public benefit

ACHIEVEMENTS AND PERFORMANCE

Review of activities

Cuckoo Hall Academy's pupil attainment at the end of Key Stage 2 (KS2) over the past three years has been significantly above the national picture in 2 out of 3 years. In 2013

A large majority of pupils (71%) made at least 2 levels of progress in Reading, Writing and Mathematics combined. The Floor standard for 2013 was set at 60%

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

The majority of year 6 pupils (80%) made good progress in Reading and Writing in relation to their outcomes at KS1 (at least 2 levels of progress) Out of the 9 pupils (10%) not making 2 levels of progress, 8 pupils made 10 point scores and 1 pupil made 8 point scores (the majority of these children achieved level 4)

The majority (74%) made 2 levels of progress in mathematics between KS1 and KS2 Of the 10% (9 pupils) who did not make 2 or more levels of progress the majority made 10 point score instead of the expected 12 there was no comparative data between KS1 and KS2 for 8 pupils (9%) Four pupils were identified with complex SEN and four pupils were new to the UK

These outcomes at KS2 led to a change in the staffing structure, ensuring that a number of more senior staff are actively involved with the Learning and Teaching across Year 6 Intervention has also begun earlier in the next academic year

By the end of Key Stage 1, the very large majority of pupils in Year 2 made outstanding progress in relation to the outcomes they achieved in Reading, Writing and Mathematics at the end of Reception In Reading, 87% of children made 5 or more sub levels of progress from end of Reception to the end of KS1 Of these, 69% made 6 or more sub levels of progress in Reading In Writing, 79% of children made 5 or more sub levels of progress from end of Reception to the end of KS 1 Of these, 69% made 6 or more sub levels of progress in Writing In Mathematics, 72% of children made or more sub levels of progress from the end of Reception to the end of KS1 Of these, 76% made 6 or more sub levels of progress in Mathematics The outcomes for boys and girls are similar, with the exception of Level 2a+ Writing, where girls outperform boys Pupils with English as an additional language achieved in line with overall outcomes and pupils eligible for Free School Meals achieved very well at Level 2b+ Mathematics and Level 2a+ Reading

Woodpecker Hall Primary Academy undertook Year 1 phonic screening with the following outcomes

- ♦ Of the 60 pupils who took part in the screening check, 9 children (15%) achieved the full mark of 40/40,
- ♦ 55 pupils achieved an overall pass of the phonic screening check at Woodpecker (92%),
- ♦ The achievement of boys and girls at Woodpecker was also fairly similar with 26 boys (87%) and 29 girls (97%) achieving an overall pass with the screening check

As Kingfisher Hall Primary Academy opened in September 2012, statutory testing was not undertaken

ACHIEVEMENTS AND PERFORMANCE (continued)

Going concern

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

Key financial performance indicators

Staffing Ratio

The cost of staffing salaries as a proportion of the total expenditure (excluding capital works) is 75% (2011/12 70%).

Pupil numbers

Pupil numbers continue to rise in line with the plans across the Cuckoo Hall Academies Trust schools. The on-going Cuckoo Hall Academy expansion means the total number of pupils at this school in the year ended 31 August 2013 was 870 (120 in Nursery, Reception and years 1, 2 and 3 and 90 in years 4, 5, and 6). Woodpecker Hall Primary Academy was also full with 120 pupils in Reception and Year 1 and 60 part-time places in the Nursery. Kingfisher Hall Primary Academy had 60 in Reception and 30 part-time places in their Nursery.

Other Key Financial Performance Indicators

The range of key performance indicators that Trustees may like to consider is constantly under review. Trustees consider it essential that they utilise a range of key financial performance indicators that are relevant and applicable to monitoring the performance of the Academy Trust.

Pupil Premium

The Academy Trust acknowledges the responsibility for 'socially disadvantaged' pupils and we are committed to meeting their pastoral, social and academic needs within the academies environment. We are committed to 'Narrowing the Gap' between vulnerable pupils and the pupil premium forms a vital part of that process and CHAT Academies approach the pupil premium through the following principles:

- ♦ ensuring that teaching and learning opportunities meet the needs of all the pupils,
- ♦ ensuring that appropriate provision is made for pupils who belong to vulnerable groups, including ensuring the needs of socially disadvantaged pupils are adequately assessed and addressed,

ACHIEVEMENTS AND PERFORMANCE (continued)

Key financial performance indicators (continued)

Pupil Premium (continued)

- ♦ recognising that not all pupils who receive free school meals will be socially disadvantaged or that not all pupils who are socially disadvantaged are registered or qualify for free school meals,
- ♦ allocating the funding to support any pupil or groups of pupils the Academy Trust has legitimately identified as being socially disadvantaged, and
- ♦ allocating the funding following a needs analysis to identify priority class, groups or individuals. Limited funding and resources mean that not all children receiving free school meals will be in receipt of pupil premium interventions at one time

Provision is made through

- ♦ Enabling pupils' access to education,
- ♦ Enabling pupils' access to the curriculum, and
- ♦ Alternative support and intervention within the Academy environment

This will take the form of the following provision

- ♦ Small group matched level English and Mathematics groups thus overcoming gaps in learning,
- ♦ 1:1 and small group tutorials in English and Mathematics thus improving opportunities for effective teaching and accelerating progress,
- ♦ Additional teaching and learning opportunities provided through learning mentor, counsellor, behaviour support manager, trained TAs and external agencies,
- ♦ Reducing class sizes thus improving learning opportunities,
- ♦ Breakfast and Afterschool Care,
- ♦ After school Booster clubs,
- ♦ After School Clubs including Gifted & Talented provision,
- ♦ Personalised provision tailor made to suit individual need,
- ♦ Speech Language and Communication provision,
- ♦ Behaviour, Emotional and Social Skills provision,

ACHIEVEMENTS AND PERFORMANCE (continued)

Key financial performance indicators (continued)

Pupil Premium (continued)

- ◆ Targeting of able children on Free Schools Meals to achieve National Curriculum level 3 at the end of KS1 or level 5 at the end of KS2,
- ◆ Educational Welfare Officer committed to improve attendance, and
- ◆ Provision will not be aimed specifically at statement children as funding for need is currently in place

Pupil Premium of £282,580 was received in financial year 2012/13 (compared to £128,328 in 2011/12) and this is being used to provide additional support from teaching assistants, learning mentor, behaviour support manager, speech and language specialists, English as an Additional Language support and a counsellor to provide 1:1 and small group tuition

The targeted and strategic use of pupil premium will support us in achieving our vision. All our work through the pupil premium is aimed at accelerating progress and moving children to at least age related expectations or make 2 sub levels of progress each year in English and Mathematics. Evidence from pupils progress meetings shows that there is no overall difference in attainment between FSM and other groups

FINANCIAL REVIEW

Financial report for the year

The financial position of the Academy Trust at the year ended 31 August 2013 is shown on page 26

The vast majority of the Academy Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities

The Academy Trust has also received grants for fixed assets from the DfE for the building costs of Kingfisher Hall Primary Academy. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy Trust's accounting policies

FINANCIAL REVIEW (continued)

Financial and risk management objectives and policies

The Academy Trust has agreed a risk management strategy, a risk register and a risk management plan. These have been discussed by the Trustees and include the financial risks to the school. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

Principal risks and uncertainties

The Academy Trust's principal risks and uncertainties are surrounding the future financing of education and the implications for the Academy Trust. In the current economic climate, we are unable to predict with any certainty the financing of schools, especially with the current proposals to move to a National Funding Formula. Nevertheless with the Academies' cost base, future growth in pupil numbers and additional funding as an Academy Trust we believe we are well placed to meet the financial uncertainties we face in the future. This is our second year as a multi-Academy Trust and we have made significant progress in setting up a structure to operate as a multi-Academy Trust. The Trustees have implemented the recommendations of the external review of Governance undertaken last year, to ensure that there are appropriate structures to meet the needs of the organisation as a multi-Academy Trust and to ensure there is sufficient capacity to meet the needs of the Academy Trust for the opening of the secondary Academy, Heron Hall Academy.

The Trustees have considered strategic risks and uncertainties rather than the detailed operational list. These strategic risks, in addition to the risks identified above, focused on the following areas:

- ◆ Reputational risk arising from the drop in KS2 results in Cuckoo Hall Academy,
- ◆ Increased competition for pupils through the presence of other organisations with a similar ethos and outstanding results and Ofsted,
- ◆ Complexity arising from multi-Academy operations and the attendant capacity issues arising from growing the Primary Academies and running Heron Hall whilst planning the design and move to Ponders End,
- ◆ Recognising that the CHAT philosophy and cultural change journey is not shared by all staff,
- ◆ Skills of Governors and Trustees not aligned to the needs of the organisation,
- ◆ Health and Safety risk, through staff, pupil or third party fatality/injury,
- ◆ Employment law risks through not complying with legislative requirements,
- ◆ Cash flow and budgeting problems,
- ◆ Value for money not being achieved,

FINANCIAL REVIEW (continued)

Principal risks and uncertainties (continued)

- ◆ Financial controls inadequate,
- ◆ Natural disaster, and
- ◆ ICT failure

Trustees identify the likelihood of each risk happening, its impacts, the response to the risk (transfer, tolerate, treat or terminate) and the control procedures in place to meet the risk

Reserves policy

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees expect to see the revenue budget for the coming financial year to be balanced within that year's income and not to utilise any of the previous year's underspend in order to balance the budget. Reserves, from any previous year's underspend, should therefore be utilised to cope with any large unusual level of capital expenditure for urgent health and safety matters. The Trustees have concurred this should be set at £100,000 across the three primary Academies. This level should be revised when the premises for Heron Hall Academy are opened in September 2014. The Academy Trust's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £177,000 (2012: £194,032).

Investment policy

The Academy Trust currently holds no investments. Current accounts held with National Westminster bank hold a maximum of £1,000 and any surplus funds are swept at the end of the banking day to a Business Interest Reserve Account which pays a higher rate of interest. Any identified funds that will not be required for a fixed period of time of at least a year will then be invested in a higher interest bearing account.

PLANS FOR FUTURE PERIODS

The Academy Trust will continue to improve the levels of performance of all its pupils at all levels. Detailed plans for the development of Cuckoo Hall, Woodpecker Hall and Kingfisher Hall Primary Academies are contained within their respective School Improvement Plans.

Major developments planned for future periods are

- ◆ Preparing for Ofsted visits,
- ◆ Preparing for the impact of universal free school meals for all KS1 pupils,
- ◆ Bidding for further provision where local identified need is identified,

PLANS FOR FUTURE PERIODS (continued)

- ◆ Establishment of Heron Hall Academy, a new eight form of entry Secondary free school
This was successfully opened in September 2013 in temporary accommodation and is expected to move to its permanent base at Ponders End in September 2015

The key objectives for Cuckoo Hall Academy are to maintain the existing high standards of performance and are

Attainment & Progress

- ◆ To ensure that overall standards by end of Key Stage 1 and 2 for 2013 are in line with previous years outstanding performance,
- ◆ Continue to improve in the percentage of pupils achieving Level 5 in Writing at end of KS2 (20% or above),
- ◆ By end of Year 1 86%+ will achieve the expected level of 1B in Reading (Phonics Screening Test)

Leadership & Management

- ◆ Ensure continuity of high quality educational provision at Cuckoo Hall Academy during the opening of further free schools ,
- ◆ Strengthen the effectiveness of the SMT leadership function as the CHAT organisation develops,
- ◆ Implement an effective whole school self-evaluation reporting system in line with the most recent Ofsted Framework,
- ◆ Implement the new Standards for Teachers as part of an updated Appraisal and Capability Policy,
- ◆ Ensure that the School Direct funded newly introduced Graduate Teacher Training programme is successfully implemented, and
- ◆ Provide planned leadership training and support for all year group leaders to ensure effective middle leadership across the whole school and to develop future leaders for the benefit of the whole organisation

Quality of Teaching

- ◆ Ensure that all class teachers are able to deliver good lessons, with the aim being that the majority of lessons will become good or outstanding by the end of this academic year, and
- ◆ Ensure that Newly Qualified Teachers (NQT's) are thoroughly trained and supported so that their teaching is at least "good" by the end of the academic year

PLANS FOR FUTURE PERIODS (continued)

Curriculum

- ◆ Establish an implementation plan to introduce core knowledge across the Curriculum for all subjects, and
- ◆ Ensure that all subject leaders are effective in the implementation and monitoring of their subject

Spiritual, Moral, Social, and Cultural Development

- ◆ Ensure that there is focussed monitoring by SLT of all children's engagement in lessons, and
- ◆ Ensure that there are positive relationships throughout the school

Parents and Community

- ◆ Ensure an annual planned programme of events to promote parents' involvement and knowledge of the school, and
- ◆ Improve and strengthen the ways in which the school can evaluate parents' views on a regular basis

As new schools, Woodpecker Hall and Kingfisher Primary Academies have set five year development plans to ensure they reach the standards and levels of performance of Cuckoo Hall Academy

- ◆ achieve significantly higher attainment levels for children at the Early Years Foundation Stage (EYFS), Key Stage 1 and Key Stage 2 than would be expected based on prior attainment,
- ◆ ensure that pupils, or the vast majority of them, leave WHPA well equipped to succeed in secondary education and beyond,
- ◆ provide a wide range of extra-curricular activities that, together with the whole educational experience provided by the Academy, develop pupils' attitudes of self-reliance, personal responsibility, self-discipline and leadership,
- ◆ provide an inclusive approach to learning, recognising the right of every child and young person (irrespective of age, gender, ethnicity or disability) to be included as a valued, respected and equal member of the learning community,
- ◆ enable pupils to participate in shaping the development of the Academy's broad approach to learning, particularly to their own learning,
- ◆ engage with parents and the wider community in the best interests of the pupils and staff at the school, and

PLANS FOR FUTURE PERIODS (continued)

Parents and Community (continued)

- ♦ achieve outstanding grades in Ofsted inspections of overall effectiveness in all categories

Heron Hall Primary Academy has also developed a five year development plan which will be reported on in due course. The emphasis of this plan is again to achieve high standards of performance for its pupils.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

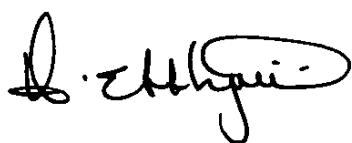
There are no funds held as custodian trustee on behalf of others.

AUDITOR

In so far as the trustees are aware

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

Approved by order of the members of the board of trustees on 16 December 2013 and signed on its behalf by



A Efythmiou
Chair of Trustees

Date 16/12/13

Scope of responsibility

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

The board of trustees 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 Trust and the Secretary of State for Education. The Principal is also responsible for reporting to the board of trustees 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 board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
Mrs S Ahmet	4	5
Mr M Charalambous	2	6
Mrs M Elcock	4	5
Mrs A Efthymiou	6	6
Mr D Gold	5	6
Mr D Graham	3	6
Mrs C Kyriacou	5	6
Mrs B Jordan	5	6
Mr M Laban	4	6
Mrs B Lappage	2	6
Mr C Murphy	2	4
Prof A O'Hear	2	6
Ms S Oliver-McGuinness	0	0
Mr P Sowter	6	6
Mrs P Sowter	6	6
Miss E Tooulis	0	0
Mrs A Zinkin	4	6

The Finance and Premises Committee is a sub-committee of the main board of trustees. Its purpose is to assist the board in ensuring sound management of the Trust's finances and resources, including proper planning and monitoring and ensuring that there is probity. The committee recommended approval of the budgets for 2012-13 for CHAT and its academies and recommended the budget for 2013-14, as well as recommending a process to seek a new external auditor for CHAT.

Governance statement 31 August 2013

Governance (continued)

Attendance at Finance and Premises meetings in the year was as follows

Governor	Meetings attended	Out of a possible
Mrs A Efthymiou	2	4
Mr D Graham	0	2
Mrs B Jordan	4	4
Mr P Sowter	4	4
Mrs A Zinkin	4	4

An Audit Committee will operate from 2013-14 academic year, as a sub-committee of the main board of trustees. Its purpose is to consider matters relating to internal controls, risk management and auditors.

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 Trust'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 Trust 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 board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust'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 board of trustees.

The risk and control framework

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

- ♦ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees,
- ♦ regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,

The risk and control framework (continued)

- ♦ 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 board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed an external firm to undertake a range of checks on the Academy Trust's financial systems. During the year an external organisation visited the Academy Trust on a termly basis to carry out these checks and reported their findings to the Academy Trust. In the future these reports will be presented to and reviewed by the Audit Committee. The reports look at the operation of the systems of control and the discharge of the board of trustees financial responsibilities.

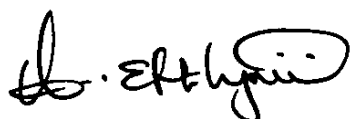
Review of effectiveness

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 external firm reviewing the financial systems,
- ♦ the work of the external auditor,
- ♦ the financial management and governance self-assessment process,
- ♦ the work of the Senior Management Team within the Academy who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has advised the finance committee of the implications of his/her review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees and signed on their behalf by



A Efythmiou
(Chair of Trustees)



P Sowter
(Accounting Officer)

Approved on 16 December 2013

Statement on regularity, propriety and compliance 31 August 2013

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

P. Sowter

P Sowter
Accounting Officer

Date 16-12-13

Statement of trustees' responsibilities 31 August 2013

The trustees (who act as governors of the Academy Trust and are also the directors of the Academy Trust 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 Trust 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

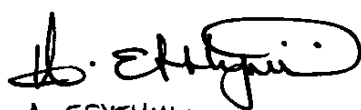
- ♦ select suitable accounting policies and then apply them consistently,
- ♦ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP),
- ♦ make judgments and estimates that are reasonable and prudent,
- ♦ state whether applicable United Kingdom Accounting 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 Trust'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 Trust 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 Trust 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 16 December 2013 and signed on its behalf by


A. EFYTHI
Chair of Trustees

Independent auditor's reports 31 August 2013

Independent auditor's report on the financial statements to the Members of Cuckoo Hall Academies Trust

We have audited the financial statements of Cuckoo Hall Academies Trust 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 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 the charitable company'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 Cuckoo Hall Academies Trust and are also the directors of the charitable company 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 charitable company'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 misstatements or inconsistencies we consider the implications for our report.

Independent auditor's reports 31 August 2013

Opinion

In our opinion

- ♦ the financial statements give a true and fair view of the state of the charitable company'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,
- ♦ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- ♦ the financial statements have been prepared in accordance with the Companies Act 2006, and
- ♦ the financial statements have been prepared in accordance with the Annual Accounts Direction 2012/13 issued by the Education Funding Agency

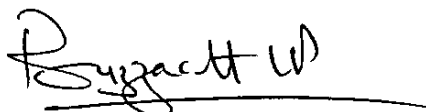
Opinion on other matter prescribed by the Companies Act 2006

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

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



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

18 December 2013

Independent auditor's reports 31 August 2013

Independent reporting auditor's assurance report on regularity to Cuckoo Hall Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 20 September 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 Cuckoo Hall Academies Trust 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 Cuckoo Hall Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Cuckoo Hall Academies Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Cuckoo Hall Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of Cuckoo Hall Academies Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Cuckoo Hall Academies Trust's funding agreement with the Secretary of State for Education dated 19 July 2011 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

Independent auditor's reports 31 August 2013

Approach (continued)

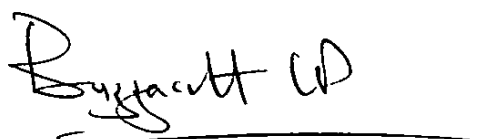
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure

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 Accountants
130 Wood Street
London
EC2V 6DL

18 December 2013

Statement of financial activities (including income and expenditure account and statement of total recognised gains and losses) Year to 31 August 2013

		Unrestricted general fund £'000	Restricted funds		2013 Total funds £'000	2012 Total funds £'000
			General £'000	Fixed assets fund £'000		
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2	4	—	—	4	1,590
Activities for generating funds	3	269	3	—	272	212
Investment income	4	5	—	—	5	3
Incoming resources from charitable activities						
Funding for the academy's educational operations	5	—	6,117	5,495	11,612	8,859
Total incoming resources		278	6,120	5,495	11,893	10,664
Resources expended						
Cost of generating voluntary income		—	—	—	—	—
Charitable activities						
Academy's educational operations	7	295	5,895	294	6,484	5,585
Governance costs	8	—	50	—	50	37
Total resources expended	6	295	5,945	294	6,534	5,662
Net income (expenditure) for the year before transfers						
		(17)	175	5,201	5,359	5,042
Transfers between funds						
		—	(203)	203	—	—
Net income (expenditure) for the year						
		(17)	(28)	5,404	5,359	5,042
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension scheme	25	—	70	—	70	(220)
Net movement in funds		(17)	42	5,404	5,429	4,822
Reconciliation of funds						
Total fund balances brought forward at 1 September 2012		194	(536)	8,464	8,122	3,300
Total fund balances carried forward at 31 August 2013		177	(494)	13,868	13,551	8,122


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

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

Balance sheet 31 August 2013

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Tangible fixed assets	13		13,868		8,464
Current assets					
Debtors	14	1,083		1,153	
Cash at bank and in hand		715		687	
		1,798		1,840	
Liabilities					
Creditors amounts falling due within one year	15	(1,575)		(1,632)	
Net current assets			223		208
Total assets less current liabilities			14,091		8,672
Net assets excluding pension scheme liability			14,091		8,672
Pension scheme liability	25		(540)		(550)
Net assets including pension scheme liability			13,551		8,122
Funds of the Academy					
Restricted income funds					
Fixed assets fund	16	13,868		8,464	
General fund	16	46		14	
Pension reserve		(540)		(550)	
			13,374		7,928
Unrestricted funds					
General fund			177		194
Total funds			13,551		8,122

The financial statements on page 26 to 51 were approved by the trustees, and authorised for issue on 16 December 2013 and are signed on their behalf by



A Efthymiou
Chair

Cuckoo Hall Academies Trust
Company Limited by Guarantee
Registration Number 0735559 (England and Wales)

Cash flow statement Year to 31 August 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow from operating activities	20	226	662
Returns on investment and servicing of finance	21	5	3
Capital expenditure	22	(203)	(415)
Increase (decrease) increase in cash in the year		28	250
Reconciliation of net cash flow to movement in net funds:			
Net funds at 1 September 2012		687	437
Net funds at 31 August 2013		715	687

Principal accounting policies 31 August 2013

Basis of preparation

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

Going concern

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

Incoming resources

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

♦ ***Grants receivable***

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

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

♦ ***Donations***

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

♦ ***Other income***

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

Incoming resources (continued)

♦ ***Donated services and gifts in kind***

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

Resources expended

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

♦ ***Costs of generating funds***

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

♦ ***Charitable activities***

These are costs incurred on the academy trust's educational operations.

♦ ***Governance costs***

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Principal accounting policies 31 August 2013

Tangible fixed assets (continued)

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

- ◆ Freehold and leasehold buildings 50 years
- ◆ Fixtures, fittings and equipment 5 years
- ◆ Motor vehicles 5 years

Depreciation is charged from the month of acquisition

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

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

Leased assets

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

Taxation

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

Pensions benefits

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

Pensions benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund accounting

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

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

Restricted general funds comprise all other grants received from the Education Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, London Borough of Enfield.

Notes to the Financial Statements Year to 31 August 2013

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust 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.

No academies within the trust exceeded the limits during the year ended 31 August 2013.

2 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total funds £'000
Transfer on conversion from the local authority	—	—	—	1,590
Other donations	4	—	4	—
	<u>4</u>	<u>—</u>	<u>4</u>	<u>1,590</u>

3 Activities for Generating Funds

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total funds £'000
Other educational activities				
School trip income	30	—	30	29
Pupil meal income	144	—	144	109
Club income	32	—	32	25
Uniform income	28	—	28	19
Staff meals	15	—	15	8
National College grants	12	—	12	13
Other income	8	3	11	9
	<u>269</u>	<u>3</u>	<u>272</u>	<u>212</u>

4 Investment Income

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total funds £'000
Interest receivable	5	—	5	3

Notes to the Financial Statements Year to 31 August 2013

5 Funding for academy's educational operations

	Cuckoo Hall Academy £	Kingfisher Hall Academy £	Woodpecker Hall Academy £	Heron Hall Academy £	Central Trust £	Total 2013 £
DfE / EFA capital grant						
Devolved Formula Capital allocations	13	—	10	—	—	23
Academy Capital Grants	311	3,399	1,378	384	—	5,472
	<u>324</u>	<u>3,399</u>	<u>1,388</u>	<u>384</u>	<u>—</u>	<u>5,495</u>
DFE / EFA revenue grants						
General Annual Grant	3,640	375	660	—	—	4,675
Start-up grants	—	114	54	—	—	168
Other DFE/EFA grants	342	97	20	300	—	759
	<u>3,982</u>	<u>586</u>	<u>734</u>	<u>300</u>	<u>—</u>	<u>5,602</u>
Other Government grants						
Other Local Authority grants	—	—	—	—	—	—
Early years funding	261	65	130	—	—	456
SEN from LA	59	—	—	—	—	59
Other government grants	—	—	—	—	—	—
	<u>320</u>	<u>65</u>	<u>130</u>	<u>—</u>	<u>—</u>	<u>515</u>
Other grants						
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>4,626</u>	<u>4,050</u>	<u>2,252</u>	<u>684</u>	<u>—</u>	<u>11,612</u>

Notes to the Financial Statements Year to 31 August 2013

6 Resources expended

		Non pay expenditure			
	Staff costs £'000	Premises £'000	Other costs £'000	2013 Total funds £'000	2012 Total funds £'000
Cost of generating funds					
Cost of generating voluntary income	—	—	—	—	—
Charitable activities					
Academy's educational operations					
Direct costs	3,941	169	318	4,428	3,319
Allocated support costs	986	475	595	2,056	2,266
	<u>4,927</u>	<u>644</u>	<u>913</u>	<u>6,484</u>	<u>5,585</u>
Governance costs	—	—	50	50	37
	<u>4,927</u>	<u>644</u>	<u>963</u>	<u>6,534</u>	<u>5,622</u>
Incoming resources for the year include					
Operating leases				—	42
Fees payable to auditor					
Statutory audit					
Current year				10	12
Prior year				10	—
Other services					
Current year				9	17
Prior year				12	—

Notes to the Financial Statements Year to 31 August 2013

7 Charitable activities - academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total funds £'000
Direct costs				
Teaching and educational support staff costs	—	3,941	3,941	2,823
Depreciation	—	169	169	—
Educational supplies	—	127	127	143
Educational visits	31	—	31	32
Staff development	—	54	54	81
Educational consultancy	—	2	2	32
Other direct costs	27	77	104	208
	<u>58</u>	<u>4,370</u>	<u>4,428</u>	<u>3,319</u>
Allocated support costs				
Support staff costs	118	868	986	908
Depreciation	—	125	125	66
Recruitment and support	—	38	38	37
Maintenance of premises and equipment	—	246	246	767
Cleaning	—	15	15	11
Rent and rates	—	33	33	37
Insurance	—	56	56	52
Security and transport	—	34	34	16
Catering	118	7	125	106
Hospitality	—	9	9	7
Bank interest and charges	—	3	3	—
Other support costs	1	385	386	259
	<u>237</u>	<u>1,819</u>	<u>2,056</u>	<u>2,266</u>
	<u>295</u>	<u>6,189</u>	<u>6,484</u>	<u>5,585</u>

8 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total funds £'000
Legal and professional fees	—	9	9	6
Auditor's remuneration				
Audit of financial statements				
Current year	—	10	10	12
Prior year	—	10	10	—
Other services provided by auditor				
Current year	—	9	9	17
Prior year	—	12	12	—
Support staff costs	—	—	—	2
	<u>—</u>	<u>50</u>	<u>50</u>	<u>37</u>

Notes to the Financial Statements Year to 31 August 2013

9 Staff costs

Staff costs during the year were

	2013 Total funds £'000	2012 Total funds £'000
Wages and salaries	3,922	3,006
Social security costs	255	231
Pension costs (including FRS 17 adjustment of £60,000) – (2012 - £nil)	513	388
	4,690	3,625
Supply teacher costs	152	103
Compensation payments	85	3
	4,927	3,731

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

Charitable activities	2013 No	2012 No
Teachers	50	41
Administration and support	87	63
Management	7	6
	144	110

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

	2013 No	2012 No
£60,001 - £70,000	2	1
£80,001 - £90,000	1	1
£130,001 - £140,000	1	1

Three of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013 pension contributions for these staff amounted to £37,478 (2012 - £30,355). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £11,178 (2012 - £11,301).

Notes to the Financial Statements Year to 31 August 2013

10 Trustees' remuneration and expenses

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

	2013 £'000	2012 £
Mrs P Sowter, Executive Head Teacher and Trustee	130 – 135	130 – 135
Mrs S Ahmet, Staff Trustee	60 – 65	—
Mrs M Elcock, Staff Trustee	50 – 55	—
Mr M Laban, Staff Trustee	70 – 75	65 – 70
Mrs B Jordan, Staff Trustee	25 – 30	25 – 30

During the year ended 31 August 2013, there were no expenses reimbursed to trustees in their role as trustees (2012 – £nil).

Other related party transactions involving the trustees are set out in note 26.

11 Central services

The academy trust has provided the following central services to its academies during the year:

- ♦ human resources,
- ♦ financial services,
- ♦ legal services,
- ♦ company secretarial,
- ♦ educational support services, and
- ♦ operational support.

The trust charges for these services on the basis of a combination of head count and pupil numbers.

The actual amounts charged during the year were as follows:

	2013 £'000
Cuckoo Hall Academy	648
Heron Hall Academy	91
Kingfisher Primary Academy	28
Woodpecker Hall Academy	156
	923

Notes to the Financial Statements Year to 31 August 2013

12 Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2013 was £661 (2012 - £600)

13 Tangible fixed assets

	Freehold land and buildings £'000	Leashold land and buildings £'000	Assets under construction £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 September 2012	4,515	15	3,746	315	—	8,591
Additions	1,358	—	3,861	455	24	5,698
Transfers	3,746	—	(3,746)	—	—	—
At 31 August 2013	9,619	15	3,861	770	24	14,289
Depreciation						
At 1 September 2012	122	—	—	5	—	127
Charge for year	169	—	—	120	5	294
At 31 August 2013	291	—	—	125	5	421
Net book values						
At 31 August 2013	9,328	15	3,861	645	19	13,868
At 31 August 2012	4,393	15	3,746	310	—	8,464

For the purposes of these financial statements, the land is deemed to have no commercial value

14 Debtors

	2013 £'000	2012 £'000
Trade debtors	5	—
Other debtors	1,078	1,153
	1,083	1,153

Notes to the Financial Statements Year to 31 August 2013

15 Creditors, amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	1,090	529
Other taxation and social security	95	81
Other creditors	215	300
Accruals and deferred income	175	722
	1,575	1,632
Deferred income		
Deferred Income at 1 September 2012	—	—
Resources deferred in the year	48	—
Deferred Income at 31 August 2013	48	—

Deferred income of £48,000 relates to income received in the year for capital and maintenance work taking place in the year ended 31 August 2014

Notes to the Financial Statements Year to 31 August 2013

16 Funds

	Balance at 1 September 2012 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2013 £'000
EFA revenue grant fund					
General Annual Grant (GAG)	14	4,675	(4,506)	(154)	29
Start Up Grant	—	168	(168)	—	—
Other DfE/EFA grants	—	759	(696)	(49)	14
	14	5,602	(5,370)	(203)	43
 Pension reserve	 (550)	 —	 (60)	 70	 (540)
	(536)	5,602	(5,430)	(133)	(497)
 Other					
Local Authority grants	—	515	(515)	—	—
Other	—	3	—	—	3
	—	518	(515)	—	3
 Restricted fixed assets fund					
DfE/EFA capital grants	3,958	5,495	(161)	—	9,292
Donated fixed assets on conversion	4,383	—	(90)	—	4,293
Capital expenditure from GAG	3	—	(43)	203	163
Capital expenditure from unrestricted funds	120	—	—	—	120
	8,464	5,495	(294)	203	13,868
 Total restricted funds	 7,928	 11,615	 (6,239)	 70	 13,374
 Unrestricted funds					
Unrestricted funds	194	278	(295)	—	177
Total unrestricted funds	194	278	(295)	—	177
 Total funds	 8,122	 11,893	 (6,534)	 70	 13,551

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

16 Funds (continued)

General Annual Grant (GAG)

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy. The academy is allowed to carry forward up to 12% of the current GAG, and of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes (Changes from 2013/14). The deficit carried forward will be funded from other funds receivable by the Trust. GAG was received for Cuckoo Hall, Woodpecker Hall and Kingfisher Primary Academies in 2012/13.

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.

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. Future GAG funding from the EFA is expected to be sufficient to fund the deficit.

The other restricted grants represent incoming resources for the following specific purposes:

Start-up grant – Kingfisher Hall Primary Academy

This was provided as additional GAG funding to cover the diseconomies of scale incurred as a new school and to provide for the procurement of educational materials for the new pupils.

DfE – Kingfisher Hall Primary Academy Project

The DfE has pledged grants for Kingfisher Hall Primary Academy to cover the costs of project management and educational services and lead-in costs to cover the set-up and preparation of the opening of Kingfisher Hall Primary Academy.

DfE – Heron Hall Academy

Heron Hall Academy, our new Secondary Academy that opened September 2013, was provided with start-up funding of £300k. This amount was fully expended on lead-in and start-up costs.

Other DfE/EFA Grants

Pupil Premium of £282,580 was received in financial year 2012/13 (compared to £128,328 in 2011/12) and this is being used to provide additional support from teaching assistants, learning mentor, behaviour support manager, speech and language specialists, English as an Additional Language support and a counsellor to provide 1:1 and small group tuition.

16 Funds (continued)

Academies Capital Maintenance Fund

Funding of £48,000 was provided by the EFA as a result of the Cuckoo Hall Academy bid
This funding is deferred until 2013/14 to coincide with work commencement

Local Authority Grants

This comprises two elements

£456,339 was received during the year for the 15 hours per week early years provision

£59,134 was provided by Enfield LA to help support pupils with statements with special educational needs This provides for additional classroom assistance for learning support

The Inherited Fixed Assets Fund was set up to recognise the tangible assets gifted to the academy upon conversion by the local authority, which represent the school site inherited from the local authority including the freehold land and buildings and all material items of plant and machinery included therein Depreciation charged on those inherited assets is allocated to the fund

The Capital Expenditure from GAG and the Capital Expenditure from Unrestricted Surplus Funds have been set up to recognise the tangible assets purchased using GAG funding or the unrestricted surplus respectively Depreciation charged on these purchased assets is allocated to the funds

Analysis of academies by fund balance

Fund balances at 31 August 2013 were allocated as follows

	£'000
Cuckoo Hall Academy	(22)
Woodpecker Hall Academy	98
Kingfisher Hall Academy	178
Heron Hall Academy	(35)
Central Trust	1
Total before fixed assets and pension reserve	220
Restricted fixed asset fund	13,868
Pension reserve	(540)
Other	3
Total	13,551

Notes to the Financial Statements Year to 31 August 2013

16 Funds (continued)

Analysis of Academies by cost

Expenditure incurred by each academy during the year was as follows

	Teaching and Educational Support Staff Costs £'000	Other Support Staff costs £'000	Educational Supplies £'000	Other Costs (excluding depreciation) £'000	Total £'000
Cuckoo Hall Academy	2,610	395	73	725	3,803
Woodpecker Hall Academy	546	36	25	187	794
Kingfisher Hall Academy	350	31	18	63	462
Heron Hall Academy	105	8	11	74	198
Central Trust	270	516	—	137	923
	3,881	86	127	1,186	6,180

17 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2013 £'000
Fund balances at 31 August 2013 are represented by:				
Tangible fixed assets	—	—	13,868	13,868
Current assets	156	1,642	—	1,642
Current liabilities	—	(1,575)	—	(1,575)
Pension scheme liability	—	(540)	—	(540)
Total net assets	156	(473)	13,868	13,551

18 Capital commitments

	2013 £'000	2012 £'000
Contracted for, but not provided in the financial statements	588	909

Notes to the Financial Statements Year to 31 August 2013

19 Financial commitments

Operating leases

At 31 August 2013, the academy trust had annual commitments under non-cancellable operating leases as follows

	2013 £'000	2012 £'000
Other		
Expiring within one year	—	42
Expiring within two and five years inclusive	—	—
	<u>—</u>	<u>42</u>

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

	2013 £'000	2012 £'000
Net income	5,359	5,042
Donations in kind	—	(1,590)
Depreciation (note 13)	294	66
Capital grants from DfE and other capital income	(5,495)	(3,671)
Interest receivable (note 4)	(5)	(3)
FRS 17 pension cost less contributions payable (note 25)	60	—
FRS 17 pension finance income (note 25)	—	—
Decrease (increase) in debtors	70	(564)
Increase (decrease) in creditors	(57)	1,382
Net cash inflow from operating activities	<u>226</u>	<u>662</u>

21 Returns on investment and servicing of finance

	2013 £'000	2012 £'000
Interest received	5	3
Net cash inflow from returns on investment and servicing of finance	<u>5</u>	<u>3</u>

22 Capital expenditure and financial investment

	2013 £'000	2012 £'000
Capital grants from DfE / EFA	5,495	3,671
Purchase of tangible fixed assets	(5,698)	(4,086)
Net cash (outflow) inflow from capital expenditure and financial investments	<u>(203)</u>	<u>(415)</u>

Notes to the Financial Statements Year to 31 August 2013

23 Analysis of changes in net funds

	At 1 September 2012 £'000	Cashflows £'000	At 31 August 2013 £'000
Cash in hand and at bank	687	28	715

24 Members' Liability

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

25 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

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

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) 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

25 Pension and similar obligations (continued)

Teachers' Pension Scheme

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.

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.

25 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

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.

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.

25 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

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 2013 was £294,000, of which employer's contributions totalled £226,000 and employees' contributions totalled £68,000. The agreed contribution rates for future years are 16.6% for employers and between 5.5% and 7.5% for employees.

Principal Actuarial Assumptions	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	4.6%	4.6%
Rate of increase for pensions in payment / inflation	2.7%	2.1%
Discount rate for scheme liabilities	4.4%	4.0%
Inflation assumption (CPI)	2.7%	2.1%
Commutation of pensions to lump sums	50%	50%

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 2013	At 31 August 2012
<i>Retiring today</i>		
Males	24.0	23.9
Females	26.8	26.7
<i>Retiring in 20 years</i>		
Males	25.7	25.6
Females	28.8	28.7

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 £'000	Expected return at 31 August 2012	Fair value at 31 August 2012 £'000
Equities	7.9%	793	7.5%	571
Government bonds	3.4%	247	2.5%	206
Corporate bonds	4.1%	113	3.2%	104
Property	7.4%	110	7.0%	98
Cash	0.09%	80	1.3%	52
Other assets	7.9%	317	7.5%	239
Total market value of assets		1,660		1,270
Present value of scheme liabilities		(2,200)		(1,820)
(Deficit) in the scheme		(540)		(550)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The actual return on scheme assets was £150,000 (2012 - £110,000)

Amounts recognised in statement of financial activities	2013 £'000	2012 £'000
<i>Current service costs (net of employee contributions)</i>	270	180
Past service costs		
Total operating charge	270	180

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	80	60
Interest on pension liabilities	(80)	(70)
Pension finance (costs)	—	(10)

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 gain of £210,000 (2012 - £280,000)

Movements in the overall deficit were as follows	2013 £'000	2012 £'000
Deficit at 1 September 2012	(550)	(330)
Current service cost	(270)	(180)
Employer contributions	210	180
Net finance interest	—	—
Actuarial gains	70	(220)
Benefits paid	—	—
At 31 August 2013	(540)	(550)

Movements in the present value of defined benefit obligations were as follows	2013 £'000	2012 £'000
Deficit at 1 September 2012	(1,820)	(1,250)
Current service cost	(270)	(180)
Employer contributions	(80)	(70)
Net finance interest	(70)	(60)
Actuarial gains (loss)	—	(270)
Benefits paid	40	10
At 31 August 2013	(2,200)	(1,820)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Movements in the fair value of Academy's share of scheme assets	2013 £'000	2012 £'000
At 1 September 2012	1,270	920
Expected return on assets	80	60
Actuarial gain	70	50
Employer contributions	210	190
Employee contributions	70	60
Benefits paid	(40)	(10)
At 31 August 2013	1,660	1,270

The estimated value of the employer contributions for the year ended 31 August 2014 is £230,000

The history of experience adjustments are as follows

	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	(2,200)	(1,820)	(1,250)
Fair value of share scheme assets	1,660	1,270	920
Deficit on the scheme	(540)	(550)	(330)
Experience adjustments on share of scheme assets			
Amount	70	50	(10)
Experience adjustments on scheme liabilities			
Amount	—	270	70

26 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trustee has 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.

M Charalambous, a governor, has a 50% share in Creative Link Limited with his wife holding the other 50% share.

Transactions totalling £1,420 (2012 - £2,250) with this company took place during the year on an arm's length basis. No amounts were due to or from Creative Link Limited as at 31 August 2013 (2012 - £nil).