

Company Registration No 07552058 (England and Wales)

**TOWERS SCHOOL ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

SATURDAY



\*A2NPL8T7\*

A06

21/12/2013

#204

COMPANIES HOUSE

# **TOWERS SCHOOL ACADEMY TRUST**

## **CONTENTS**

---

	<b>Page</b>
Reference and administrative details	1 - 2
Governors' report	3 - 7
Governance statement	8 - 10
Statement on regularity, propriety and compliance	11
Statement of Governors' responsibilities	12
Independent auditor's report on the accounts	13 - 14
Independent auditor's report on regularity	15 - 16
Statement of financial activities	17
Balance sheet	18
Cash flow statement	19
Notes to the accounts	20 - 39

---

# TOWERS SCHOOL ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### Governors

R Hawes (Chairman (until 10 July 2013 then Vice Chairman)) \*  
B Elliott (Vice Chairman) \*  
R Weaver (Vice Chairman (until 10 July 2013 then Chairman))  
G Ralph (Headteacher) \*  
W Barham (Staff Governor)  
J Cragg (Parent Governor) (Appointed 1 December 2012) \*  
V Croft (Staff Governor) (Appointed 1 December 2012) \*  
N Fawcett  
P Feacey \*  
N Fowler (Parent Governor)  
L Garcia (Appointed 1 December 2012)  
E Gore (Parent Governor) \*  
M Haskell (Appointed 1 March 2013)  
R Hobbs  
P Lockhart (Resigned 16 April 2013)  
N Mather (Staff Governor) (Appointed 1 December 2012) \*  
S Petts (Parent Governor) \*

\* Members of the Finance and General Purposes Committee

### Senior management team

G Ralph	- Headteacher
J Davey	- Deputy Headteacher
D Leddington	- Deputy Headteacher
C Brett	- Assistant Headteacher
W Carroll	- Assistant Headteacher
J Cleary	- Assistant Headteacher
Y Freeman	- School Business Director
R Gaygan	- Assistant Headteacher
A Mahomed	- Assistant Headteacher
V Reed	- Assistant Headteacher
T McVey	- Assistant Headteacher
C St Ville	- Assistant Headteacher
D Swan	- Assistant Headteacher
A Weedon	- Assistant Headteacher

### Company Secretary

Y Freeman

### Company registration number

07552058 (England and Wales)

### Registered office

Faversham Road  
Kennington  
Ashford  
Kent  
TN24 9AL  
United Kingdom

# **TOWERS SCHOOL ACADEMY TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

---

### **Independent auditor**

Baxter & Co  
Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

### **Bankers**

National Westminster Bank  
20 High Street  
Ashford  
Kent  
TN24 8SH

# **TOWERS SCHOOL ACADEMY TRUST**

## **GOVERNORS' REPORT**

***FOR THE YEAR ENDED 31 AUGUST 2013***

---

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period from 1 September 2012 to 31 August 2013

### **Structure, governance and management**

#### Constitution

The trustees of Towers School Academy Trust are also the directors of the charitable company for the purposes of company law and they are the governors of the Academy

The charitable company is known as Towers School and Sixth Form Centre

Details of the trustees who served during the year are included in the Reference and Administrative Details included at the front of these accounts

#### 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 or within one year if they cease to be a member

#### Principal activities

The principal activity of the company is the operation of a state-funded Academy, Towers School Academy Trust, providing a state education for students aged 11 to 19

#### Method of recruitment and appointment or election of Governors

In accordance with the articles, the trustees of the charitable company are the governors. They are appointed as follows,

- a) seven governors appointed by the Governors,
- b) three staff governors elected by the staff,
- c) five parent governors elected by parents,
- d) the Headteacher is an ex-officio governor,
- e) further governors may be appointed by the Secretary of State

In respect of those appointed by the governors, ((a), above) when a vacancy arises, the governors seek to make an appointment that would maximise the relevant skills and experience on the board as a whole

#### Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new governors will depend on their existing experience. Where necessary, induction will provide training in charity, educational, legal and financial matters. All governors are provided with the information needed (including policies, minutes, budgets, etc) to undertake their role as governors. The Academy also purchases the Governor Training Scheme run by the local authority.

#### Organisational structure

The Board of Governors, the majority of whom are non-executive, comprises those persons appointed under the Articles of Association. The Board meets at least three times a year and has several committees, including a Finance Committee, Health & Safety and Buildings, Curriculum, Staffing, Complaints and Complaints Appeals Committees. All of these Committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members.

Governors delegate specific responsibilities to its Committees, the activities of which are reported to and discussed at full Governing Body Meetings. Day to day management of the Academy is undertaken by the Headteacher, supported by the Senior Management Team.

# **TOWERS SCHOOL ACADEMY TRUST**

## **GOVERNORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2013**

---

### Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to academic performance/finances/safeguarding/personnel/ health and safety/ land and buildings/offsite activities and work experience. The governors have implemented a number of systems to assess risks that the Academy faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement on Internal Control.

The risk management process has been codified in a risk register implemented by the Senior Management Team and overseen by Governors.

### Connected organisations and related party relationships

The Academy has two connected organisations - Highworth Grammar School for Girls and Brockhill Park Secondary School. All three schools form our chain of academies but are not federated and do not share governors.

There are two Related Party Relationships, one being Towers Tiny Tots, which encompasses a full day care nursery, a pre-school, an after-school club and a holiday play scheme. The headteacher, a deputy headteacher and two of the assistant headteachers are directors and the school business director is company secretary of Towers Tiny Tots. None of these people receive financial remuneration from Towers Tiny Tots other than the company secretary who is reimbursed for out-of-pocket expenses by Towers Tiny Tots.

The second is the Towers School Voluntary Fund Charitable Trust which is a related party by virtue of the fact that it enhances the education of the students of Towers School and Sixth Form Centre by, for example, facilitating the provision of journeys, day trips and activities, and some governors of the academy are trustees of the Voluntary Fund. The Charitable Trust invites donations towards its charitable activities from parents, carers and third parties. This in turn enables the school itself to maximise the use of its own resources. Funds are transferred from the Towers School Voluntary Charitable Trust bank account to the academy's main bank account to enable payment to be made for journeys, day trips and activities.

### **Objectives and activities**

#### Objects and aims

The principal object of the company is the advancement of education in the United Kingdom.

It achieves this object principally through the operation of Towers School Academy Trust, the aim being to provide the highest possible standard of education and pastoral care, maximising the life-chances of its students.

#### Objectives, strategies and activities

The main objectives during the year were -

- To raise student attainment and meet targets set by the school
- To follow an action plan to take the school to an Ofsted grading of 'Good'

#### Public benefit

In setting the objectives and planning the associated activities, governors have given careful consideration to the Charity Commission's general guidance on public benefit.

# **TOWERS SCHOOL ACADEMY TRUST**

## **GOVERNORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2013***

---

### **Achievements and performance**

For the fourth year running, the school has exceeded government threshold targets for GCSE with 46% gaining 5 A\* - C (EN/MA)

At 'A' Level the overall pass rate was 97%, with 62% gaining A\* - C grades. 40 students progressed to higher education at university level. Level 3 BTEC subjects were particularly successful and are a great strength of the school.

The rugby and football academies teams were in the top 3 of the county leagues. Across the school, sports teams performed well and made significant contributions in the Ashford schools Olympic competitions. Strong links were forged with primary schools with staff and young sports leaders managing many events. We have also had significant success with our Cheerleaders who became national junior champions and who performed at a number of village fetes in the summer terms.

A considerable number of repairs and renewals were carried out both internally and externally and a number of fire and security issues were also addressed.

The school repeated its successful outdoor adventure programmes at Swattenden and Bewl Water in Kent, Skern Lodge in Devon and the Kent Schools' Mountain Centre in Snowdonia.

During the year, the students raised in excess of £2,000 for charities nominated by each of the Learning Communities. The Interact Club raised over £1,000 for their chosen charities.

### **Going concern**

After making appropriate enquiries, the Board of Governors 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.

# **TOWERS SCHOOL ACADEMY TRUST**

## **GOVERNORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2013**

---

### **Key Financial Performance Indicators**

In common with schools nationally, Towers School Academy Trust faces declining budgets. In addition, there is a falling roll situation for three years. The Trustees commit to a) not setting deficit budgets, and b) maintaining staffing at less than 80% of total budget.

In addition, the three key financial performance indicators set by the Trustees (Governors) for the previous financial year continue to be our priority:

- Maintaining year-end surplus budgets
- Exercising 'Value for Money' principles in all financial decisions
- Ensuring probity in all expenditure

The principal performance measures are non-financial. These largely relate to the school's core business, which is learning and achievement.

### **Financial Review**

At 31st August 2013 the net book value of fixed assets was £16,997k (2012 £17,050k) and details are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The academy held fund balances at 31 August 2013 of £16,587k (2012 £16,580k) comprising a fixed asset fund of £17,179k (2012 £17,050k), a deficit on the FRS 17 LGPS fund of £(1,395k), (2012 £(1,295k)), restricted general funds of £657k (2012 £727k) and an unrestricted fund of £146k (2012 £98k).

The fixed asset fund comprises two elements, the first being unavailable for spending, representing as it does the net book value of fixed assets already acquired of £16,997k (2012 £17,050k). The second element is available for spending on specific capital projects, representing the unspent balance of capital grants of £182k (2012 nil).

The pension fund deficit is due to be repaid over the long term, in accordance with advice given by scheme actuaries. Note 18 to the accounts gives further analysis of the funds held at 31 August 2013.

### Principal risks and uncertainties

The principal financial risk faced by the company is that ongoing pressure on funding results in a risk that deficits may be experienced. The budgeting and reporting process, including scrutiny by the governors of actual financial performance, mitigates the risk.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), governors consider the associated risk in this area to be minimal.

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

### Financial and risk management objectives and policies

Most of the company's income is obtained from the DfE (via the Education Funding Agency) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.



# TOWERS SCHOOL ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

---

### Reserves policy

The principal policy on reserves is that accumulation of unspent GAG balances should not breach any limits thereon set out in the Funding agreement. The level of reserves should never be in deficit.

Each year the Governors review the resource requirements and grant and other income that is forecast for the coming year and an annual budget is formulated and approved.

### Investment policy and powers

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

### Plans for the future

The principal task facing the company is to achieve the best educational standards it can for the students of the school.

More specifically, over the next twelve months we plan to

- Exceed the government threshold of 50% 5 A\* - C (EN/MA) and achieve our goal of 53% A\*-C (EN/MA)
- Achieve an Ofsted rating of 'Good' for overall effectiveness of the school
- Restructure the Senior Leadership Team to ensure the most effective use of leadership and management skills within the school in order to best serve the needs of the students
- Continue to re-configure the curriculum to meet the needs of the national curriculum and examination qualifications
- Complete the construction of the new SEN building funded by the EFA
- Upgrade our IT facilities
- Increase the fund established for the refurbishment of the astro turf pitch

### Auditor

In so far as the Governors are aware

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

A resolution proposing that Baxter & Co be reappointed as auditor of the charitable company will be put to the members.

Approved by order of the Board of Governors on 11 December 2013 and signed on its behalf by



R Weaver  
Chairman

# TOWERS SCHOOL ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2013**

---

### Scope of responsibility

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

The Board of Governors have delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Towers School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included supplements that described in the above Governors' (Trustees') Report and in the Statement of Trustees' Responsibilities. The Full Governing Body/Board of Trustees has formally met 4 times during the year.

Attendance during the year at meetings of the board was as follows:

Governors	Meetings attended	Out of possible
R Hawes (Chairman (until 10 July 2013 then Vice Chairman))	4	4
B Elliott (Vice Chairman)	4	4
R Weaver (Vice Chairman (until 10 July 2013 then Chairman))	3	4
G Ralph (Headteacher)	4	4
W Barham (Staff Governor)	4	4
J Cragg (Parent Governor) (Appointed 1 December 2012)	3	3
V Croft (Staff Governor) (Appointed 1 December 2012)	3	3
N Fawcett	4	4
P Feacey	4	4
N Fowler (Parent Governor)	4	4
L Garcia (Appointed 1 December 2012)	3	4
E Gore (Parent Governor)	4	4
M Haskell (Appointed 1 March 2013)	2	4
R Hobbs	4	4
P Lockhart (Resigned 16 April 2013)	2	3
N Mather (Staff Governor) (Appointed 1 December 2012)	3	3
S Petts (Parent Governor)	4	4

The academy does not have an Audit Committee - the functions thereof being undertaken by the Finance and General Purposes Committee.

During the year, the Vice Chairman has temporarily assumed the role of Chairman and the Chairman has temporarily assumed the role of Vice Chairman due to personal reasons.

There have been no changes to the composition of the Board or either of the above Committees.

# TOWERS SCHOOL ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2013**

The Finance and General Purposes Committee is a sub-committee of the Full Governing Body/Board of Trustees. Its purpose is to

- Assist the decision making of the Governing Body by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity
- Make appropriate comments on such matters to the Governing Body on a regular basis

Attendance at meetings in the year was as follows

Governors	Meetings attended	Out of possible
R Hawes (Chairman (until 10 July 2013 then Vice Chairman))	3	3
B Elliott (Vice Chairman)	3	3
G Ralph (Headteacher)	3	3
J Cragg (Parent Governor) (Appointed 1 December 2012)	2	2
V Croft (Staff Governor) (Appointed 1 December 2012)	2	2
P Feacey	0	3
E Gore (Parent Governor)	3	3
N Mather (Staff Governor) (Appointed 1 December 2012)	2	2
S Petts (Parent Governor)	0	3

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Towers School Academy Trust for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

The Board of Governors 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 Governors 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 period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of Governors.

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

# TOWERS SCHOOL ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2013**

---

The academy has appointed a Responsible Officer (RO) who carries out internal audit duties twice during an academic year. He then reports back to the Finance Committee, the Full Governing Body, the Headteacher and the external auditors.

During the RO's visits over the past year he has inspected the accounts twice. On every occasion he has found the finance staff to be completely cooperative with his requests by researching their well organised records. He has reported no material issues and when an improvement is recommended, appropriate corrective action is implemented.

### Review of effectiveness

As accounting officer the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

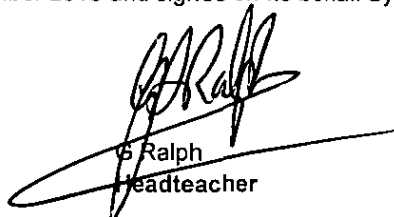
- the work of the Responsible Officer,
- the work of the External Auditor,
- the financial management and governance self-assessment process,
- the work of the Executive Managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Governors on 11 December 2013 and signed on its behalf by



R Weaver  
Chairman



S Ralph  
Headteacher

# **TOWERS SCHOOL ACADEMY TRUST**

## **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2013**

---

As accounting officer of Towers School Academy Trust I have considered my responsibility to notify the academy trust Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the academy trust and 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's Board of Governors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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

Approved on 11 December 2013 and signed by

  
G. Ralph  
Accounting Officer

# TOWERS SCHOOL ACADEMY TRUST

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

---

The Governors (who act as trustees for Towers School Academy Trust and are also the directors of Towers School Academy Trust for the purposes of company law) are responsible for preparing the Governors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the Governors to prepare accounts for each financial year. Under company law the Governors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the Governors are required to

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

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

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

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

Approved by order of the Board of Governors on 11 December 2013 and signed on its behalf by



R Weaver  
Chairman

# **TOWERS SCHOOL ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF TOWERS SCHOOL ACADEMY TRUST**

---

We have audited the accounts of Towers School Academy Trust for the year ended 31 August 2013 set out on pages 17 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the EFA.

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

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

As explained more fully in the Governors' Responsibilities Statement set out on page 12, the Governors, who are also the directors of Towers School Academy Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

#### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 Governors, and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on accounts**

In our opinion the accounts

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,

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006, and

have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

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

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

# **TOWERS SCHOOL ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF TOWERS SCHOOL ACADEMY TRUST**

---

#### **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 accounts are not in agreement with the accounting records and returns, or
- certain disclosures of Governors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

**D J Walsh FCCA (Senior Statutory Auditor)**  
**for and on behalf of Baxter & Co**

**Chartered Certified Accountants**  
**Statutory Auditor**  
Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

Dated 20 December 2013



# **TOWERS SCHOOL ACADEMY TRUST**

## **INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO TOWERS SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

---

In accordance with the terms of our engagement letter dated 02 November 2012 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 Towers School Academy Trust during the period 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 Towers School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Towers School Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Towers School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed

### **Respective responsibilities of Towers School Academy Trust's accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of Towers School Academy Trust's funding agreement with the Secretary of State for Education dated 25 March 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 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

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

- Review of payments to staff,

- Review of payments to suppliers and other third parties,

- Review of grant and other income streams,

- Discussions with finance staff,

- Consideration of academy responses to a regularity questionnaire we provided and consideration of matters arising there from

# **TOWERS SCHOOL ACADEMY TRUST**

## **INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO TOWERS SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)**

---

### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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

**D J Walsh FCCA (Senior Statutory Auditor)**  
**for and on behalf of Baxter & Co**

**Chartered Certified Accountants**  
**Statutory Auditor**  
Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

Dated 20 December 2013

# TOWERS SCHOOL ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds £'000	Restricted funds £'000	Fixed Asset fund £'000	Total 2013 £'000	Total 2012 £'000
<b>Incoming resources</b>	<b>Notes</b>					
<i>Resources from generated funds</i>						
- Voluntary income	2	-	107	-	107	43
- Inherited on conversion		-	-	-	-	16,107
- Activities for generating funds	3	38	3	-	41	57
- Investment income	4	12	-	-	12	14
<i>Resources from charitable activities</i>						
- Funding for educational operations	5	-	8,827	292	9,119	13,573
<b>Total incoming resources</b>		<b>50</b>	<b>8,937</b>	<b>292</b>	<b>9,279</b>	<b>29,794</b>
<b>Resources expended</b>						
<i>Costs of generating funds</i>						
- Relating to voluntary income	6	-	39	-	39	946
- Fundraising trading	6	2	46	-	48	5
<i>Charitable activities</i>						
- Educational operations	7	-	8,651	374	9,025	11,732
Governance costs	8	-	101	-	101	167
<b>Total resources expended</b>	<b>6</b>	<b>2</b>	<b>8,837</b>	<b>374</b>	<b>9,213</b>	<b>12,850</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>48</b>	<b>100</b>	<b>(82)</b>	<b>66</b>	<b>16,944</b>
Gross transfers between funds		-	(211)	211	-	-
<b>Net income/(expenditure) for the year</b>		<b>48</b>	<b>(111)</b>	<b>129</b>	<b>66</b>	<b>16,944</b>
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension scheme	18	-	(59)	-	(59)	(364)
<b>Net movement in funds</b>		<b>48</b>	<b>(170)</b>	<b>129</b>	<b>7</b>	<b>16,580</b>
Fund balances at 1 September 2012		98	(568)	17,050	16,580	-
<b>Fund balances at 31 August 2013</b>		<b>146</b>	<b>(738)</b>	<b>17,179</b>	<b>16,587</b>	<b>16,580</b>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

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

# TOWERS SCHOOL ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2013

		2013	2012
	Notes	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	11	16,997	17,050
<b>Current assets</b>			
Stocks	12	2	-
Debtors	13	131	154
Cash at bank and in hand		1,190	745
		<u>1,323</u>	<u>899</u>
Creditors amounts falling due within one year	14	(338)	(74)
<b>Net current assets</b>		<u>985</u>	<u>825</u>
<b>Total assets less current liabilities</b>		<u>17,982</u>	<u>17,875</u>
Defined benefit pension liability	18	(1,395)	(1,295)
<b>Net assets</b>		<u>16,587</u>	<u>16,580</u>
<b>Funds of the academy trust</b>			
<b>Restricted income funds</b>	16		
- Fixed asset funds		17,179	17,050
- General funds		657	727
- Pension reserve		(1,395)	(1,295)
<b>Total restricted funds</b>		<u>16,441</u>	<u>16,482</u>
Unrestricted funds	16	146	98
<b>Total funds</b>		<u>16,587</u>	<u>16,580</u>

The accounts were approved by order of the Board of Governors and authorised for issue on 11 December 2013



R Weaver  
Chairman

Company Number 07552058

# TOWERS SCHOOL ACADEMY TRUST

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow/(outflow) from operating activities	19	463	1,064
Cash funds transferred on conversion		-	792
<b>Returns on investments and servicing of finance</b>			
Investment income	12		14
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		12	14
		475	1,870
<b>Capital expenditure and financial investments</b>			
Capital grants received	292		613
Payments to acquire tangible fixed assets	(322)		(1,738)
<b>Net cash flow from capital activities</b>		(30)	(1,125)
<b>Increase/(decrease) in cash</b>	20	445	745

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

---

### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts 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 Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### 1.2 Going concern

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

#### 1.3 Incoming resources

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

##### Grants receivable

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

General Annual Grant 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 period it is receivable and to the extent the goods have been provided or on completion of the service.

##### Donated services and gifts in kind

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

#### 1.4 Resources expended

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

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

---

### 1 Accounting policies

(Continued)

#### 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 Governors' meetings and reimbursed expenses

All resources expended are inclusive of irrecoverable VAT

### 1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

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

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

Freehold land is not depreciated

Freehold buildings	50 Years Straight Line
Computer equipment	3 Years Straight Line
Fixtures, fittings & equipment	5 Years Straight Line
Motor vehicles	5 Years Straight Line

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

---

### 1 Accounting policies

(Continued)

#### Fixed Asset Transfer from Predecessor School

Where fixed assets were transferred to the charitable company from the predecessor school, these have been included at a value determined in accordance with the policy described below

#### Land

Where land is owned (or occupied under the terms of long term lease), subject to a legally binding restriction as to its use, it is included at a Valuation that assumes continuation of existing use

#### Buildings

In accordance with the requirements of FRS 15, specialist buildings transferred from the predecessor school are recognised at their depreciated replacement cost at the time of the transfer. Future depreciation is charged over the estimated remaining useful life of the buildings.

#### Other Fixed Assets

Other fixed assets transferred from the predecessor school are also included at depreciated replacement cost (subject to the capitalisation limit set). Assets transferred (other than fixed assets) are dealt with as a donation in kind within the Statement of Financial Activities.

### 1.6 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

### 1.7 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

### 1.8 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.

### 1.9 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.



# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 1 Accounting policies

(Continued)

#### Teachers' Pension Scheme

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 18, 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 are recognised as they are paid each year.

#### Local Government Pension Scheme

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.

### 1 10 Fund accounting

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

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

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

### 2 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Other Income	-	107	107	43
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 3 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Hire of facilities	38	-	38	57
Other	-	3	3	-
	<u>38</u>	<u>3</u>	<u>41</u>	<u>57</u>

### 4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Short term deposits	12	-	12	14
	<u>12</u>	<u>-</u>	<u>12</u>	<u>14</u>

### 5 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	8,166	8,166	12,022
Capital grants	-	292	292	59
Other DfE / EFA grants	-	275	275	164
	<u>-</u>	<u>8,733</u>	<u>8,733</u>	<u>12,245</u>
<b>Other government grants</b>				
Local authority grants	-	-	-	102
Other grants	-	163	163	895
	<u>-</u>	<u>163</u>	<u>163</u>	<u>997</u>
<b>Other funds</b>				
Other incoming resources	-	223	223	331
	<u>-</u>	<u>223</u>	<u>223</u>	<u>331</u>
<b>Total funding</b>	<u>-</u>	<u>9,119</u>	<u>9,119</u>	<u>13,573</u>

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

### 6 Resources expended

	Staff costs £'000	Premises £'000	Other costs £'000	Total 2013 £'000	Total 2012 £'000
<b>Academy's educational operations</b>					
- Direct costs	5,880	299	519	6,698	8,788
- Allocated support costs	966	489	872	2,327	2,944
	<u>6,846</u>	<u>788</u>	<u>1,391</u>	<u>9,025</u>	<u>11,732</u>
<b>Other expenditure</b>					
Costs of generating voluntary income	-	-	39	39	946
Costs of activities for generating funds	-	-	48	48	5
Governance costs	-	-	101	101	167
	<u>-</u>	<u>-</u>	<u>188</u>	<u>188</u>	<u>1,118</u>
<b>Total expenditure</b>	<u>6,846</u>	<u>788</u>	<u>1,579</u>	<u>9,213</u>	<u>12,850</u>
<b>Incoming/outgoing resources for the year include</b>				<b>2013 £'000</b>	<b>2012 £'000</b>
Operating leases				73	72
Fees payable to auditor					
- Audit				7	7
- Other services				9	6
				<u></u>	<u></u>

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

### 7 Charitable activities - the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
<b>Direct costs</b>				
Teaching and educational support staff costs	-	5,880	5,880	8,028
Depreciation	-	299	299	-
Educational supplies and services	-	199	199	315
Examination fees	-	203	203	279
Staff development	-	30	30	23
Educational consultancy	-	85	85	121
Other direct costs	-	2	2	22
	-	6,698	6,698	8,788
<b>Allocated support costs</b>				
Support staff costs	-	966	966	1,365
Depreciation	-	75	75	-
Technology costs	-	40	40	86
Recruitment and support	-	21	21	37
Maintenance of premises and equipment	-	414	414	410
Cleaning	-	16	16	23
Energy costs	-	153	153	151
Rent and rates	-	70	70	78
Insurance	-	88	88	122
Security and transport	-	50	50	60
Catering	-	216	216	275
Interest and finance costs	-	37	37	59
Other support costs	-	181	181	278
	-	2,327	2,327	2,944
<b>Total costs</b>	-	9,025	9,025	11,732

### 8 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Legal and professional fees	-	85	85	154
Auditor's remuneration				
- Audit of financial statements	-	7	7	7
- Other non audit costs	-	9	9	6
	-	101	101	167

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 9 Staff costs

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

	2013 Number	2012 Number
Teachers	109	114
Administration and support	89	83
Management	12	13
	<u>210</u>	<u>210</u>

Costs included within the accounts	2013 £'000	2012 £'000
Wages and salaries	5,557	7,657
Social security costs	422	590
Other pension costs	802	1,063
	<u>6,781</u>	<u>9,310</u>
Supply teacher costs	65	88
	<u>6,846</u>	<u>9,398</u>

The number of employees whose annual remuneration was £60,000 or more was

	2013 Number	2012 Number
£60,000 - £70,000	2	2
£80,001 - £90,000	1	1
	<u>3</u>	<u>3</u>

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows

		2013	2012
Teachers' Pension Scheme	Numbers	3	3
	£'000	31	42
Local Government Pension Scheme	Numbers	-	-
	£'000	-	-

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

### 10 Governors' remuneration and expenses

The Headteacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy trust in respect of their role as Governors. During the year, travel and subsistence payments totalling £nil were reimbursed to Governors.

The value of Governors' remuneration was as follows (2012: 17 months)

G Ralph (Headteacher)	£85,000 - £90,000 (2012: £115,000 - £120,000)
W Barham (Staff Governor)	£25,000 - £30,000 (2012: £35,000 - £40,000)
J Crisp (Staff Governor in 2012)	£nil (2012: £50,000 - £55,000)
C Saunders (Staff Governor in 2012)	£nil (2012: £65,000 - £70,000)
N Mather (Staff Governor)	£15,000 - £20,000 (2012: £nil)
V Croft (Staff Governor)	£40,000 - £45,000 (2012: £nil)

Other related party transactions involving the Governors are set out within the related parties note.

#### Governors' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £3,360.

### 11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 September 2012	16,847	-	203	17,050
Additions	169	89	64	322
At 31 August 2013	17,016	89	267	17,372
<b>Depreciation</b>				
At 1 September 2012	-	-	-	-
Charge for the year	291	30	54	375
At 31 August 2013	291	30	54	375
<b>Net book value</b>				
At 31 August 2013	16,725	59	213	16,997
At 31 August 2012	16,847	-	203	17,050

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

<b>12</b>	<b>Stocks</b>	<b>2013</b>	<b>2012</b>
		<b>£'000</b>	<b>£'000</b>
	Catering stock	2	-
		<u>2</u>	<u>-</u>
<b>13</b>	<b>Debtors</b>	<b>2013</b>	<b>2012</b>
		<b>£'000</b>	<b>£'000</b>
	Trade debtors	8	14
	Other debtors	18	90
	Prepayments and accrued income	105	50
		<u>131</u>	<u>154</u>
		<u>131</u>	<u>154</u>
<b>14</b>	<b>Creditors amounts falling due within one year</b>	<b>2013</b>	<b>2012</b>
		<b>£'000</b>	<b>£'000</b>
	Accruals	112	49
	Deferred income	226	25
		<u>338</u>	<u>74</u>
		<u>338</u>	<u>74</u>
<b>15</b>	<b>Deferred income</b>	<b>2013</b>	<b>2012</b>
		<b>£'000</b>	<b>£'000</b>
	Deferred income is included within		
	Creditors due within one year	226	25
		<u>226</u>	<u>25</u>
		<u>226</u>	<u>25</u>
	Total deferred income at 1 September 2012	25	-
	Amounts credited to the statement of financial activities	(25)	-
	Amounts deferred in the year	226	25
		<u>226</u>	<u>25</u>
	<b>Total deferred income at 31 August 2013</b>	<b>226</b>	<b>25</b>
		<u>226</u>	<u>25</u>

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 16 Funds

	Balance at 1 September 2012	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2013
	£'000	£'000	£'000	£'000	£'000
<b>Restricted general funds</b>					
General Annual Grant	312	8,166	(8,115)	(74)	289
Other DfE / EFA grants	18	275	(213)	-	80
Other government grants	278	163	(190)	(22)	229
Other restricted funds	119	333	(278)	(115)	59
	<u>727</u>	<u>8,937</u>	<u>(8,796)</u>	<u>(211)</u>	<u>657</u>
Funds excluding pensions					
Pension reserve	(1,295)	-	(41)	(59)	(1,395)
	<u>(568)</u>	<u>8,937</u>	<u>(8,837)</u>	<u>(270)</u>	<u>(738)</u>
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	-	292	(17)	189	464
Inherited fixed asset fund	17,050	-	(357)	-	16,693
Capital expenditure from GAG or other funds	-	-	-	22	22
	<u>17,050</u>	<u>292</u>	<u>(374)</u>	<u>211</u>	<u>17,179</u>
<b>Total restricted funds</b>	<u>16,482</u>	<u>9,229</u>	<u>(9,211)</u>	<u>(59)</u>	<u>16,441</u>
<b>Unrestricted funds</b>					
General funds	98	50	(2)	-	146
<b>Total funds</b>	<u>16,580</u>	<u>9,279</u>	<u>(9,213)</u>	<u>(59)</u>	<u>16,587</u>



# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 16 Funds

(Continued)

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

The Restricted General Annual Grant Funds represents unspent EFA grants used to fund the general operating costs of the Academy

The Other DfE/EFA Grants Fund represents the unspent balance of grants received from the DfE and EFA during the year for specific purposes

The Other Government Grants Fund represents the unspent balance of grants received during the year for specific purposes

The Restricted Other Income General Fund of £59k (2012 £119k) represents unspent funds earmarked for particular purposes

The Restricted LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit

The Restricted Fixed Asset Fund represents resources which are to be applied to specific purposes according to the source of funding for the related fixed asset. Unspent capital funding is also included within this fund

Unrestricted Funds represent balances held at year end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes

### 17 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Fixed asset funds £'000	Total funds £'000
<b>Fund balances at 31 August 2013 are represented by:</b>				
Tangible fixed assets	-	-	16,997	16,997
Current assets	146	995	182	1,323
Creditors amounts falling due within one year	-	(338)	-	(338)
Defined benefit pension liability	-	(1,395)	-	(1,395)
	<u>146</u>	<u>(738)</u>	<u>17,179</u>	<u>16,587</u>

### 18 Pensions 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 Kent County Council. Both are defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

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

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

---

### 18 Pensions and similar obligations

(Continued)

#### Teachers' Pension Scheme

##### Introduction

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

##### The Teachers' Pension Scheme 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.

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.

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 18 Pensions and similar obligations

(Continued)

#### 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 percent basis.

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.1% for employers and between 5.5% and 7.5% for employees. The estimated value of employer contributions for the forthcoming year is £232k.

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

	2013 £'000	2012 £'000
Employer's contributions	263	338
Employees' contributions	70	90
Total contributions	333	428

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 18 Pensions and similar obligations

(Continued)

#### Principal actuarial assumptions

	2013 %	2012 %
Rate of increase in salaries	5.10	4.10
Rate of increase for pensions in payment	2.90	1.90
Discount rate for scheme liabilities	4.70	3.90
RPI Increases	3.70	2.70
CPI Increases	2.90	1.90

#### Sensitivity Analysis

Scheme liabilities have been valued at £2,703k (2012 £2,131k). The measurement of these liabilities would change in the event that key assumptions underlying their valuation changed.

If the discount rate were to increase by 0.1%, liabilities would be measured at £2,625 (2012 £2,065k).

If the discount rate used were to decrease by 0.1%, liabilities would be measured at £2,784 (2012 £2,199k).

If the mortality rate were to increase by a year, liabilities would be measured at £2,604 (2012 £2,052k).

If the mortality rate were to decrease by a year, liabilities would be measured at £2,805 (2012 £2,211k).

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

	2013 Years	2012 Years
Retiring today		
- Males	20	20
- Females	24	24
Retiring in 20 years		
- Males	22	22
- Females	26	26

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 18 Pensions and similar obligations

(Continued)

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

	2013 Expected return %	2013 Fair value £'000	2012 Expected return %	2012 Fair value £'000
Equities	6.60	942	5.90	585
Bonds	4.40	157	3.90	109
Property	4.60	105	3.90	84
Other assets	3.50	104	2.80	58
Total market value of assets		1,308		836
Present value of scheme liabilities - funded		(2,703)		(2,131)
Net pension asset / (liability)		(1,395)		(1,295)

#### Assumptions on Expected Rates of Return

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The return on equities and property are then assumed to be a margin above gilt yields.

#### Operating costs and income recognised in the statement of financial activities

	2013 £'000	2012 £'000
<b>Financial expenditure/(income)</b>		
Expected return on pension scheme assets	(52)	(57)
Interest on pension liabilities	89	116
	37	59
<b>Other expenditure/(income)</b>		
Current service cost	267	264
Other expenditure	-	32
	267	296
<b>Total operating charge/(income)</b>	304	355

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

18	Pensions and similar obligations	(Continued)	
Actuarial gains and losses recognised in the statement of financial activities			
		2013 £'000	2012 £'000
	Actuarial (gains)/losses on assets actual return less expected	(99)	(38)
	Experience (gains)/losses on liabilities	-	-
	(Gains)/losses arising from changes in assumptions	158	402
	Total (gains)/losses	59	364
	Cumulative (gains)/losses to date	423	364
Movements in the present value of defined benefit obligations were as follows			
		2013 £'000	2012 £'000
	Opening defined benefit obligations	(2,131)	-
	Obligations acquired on conversion	-	(1,331)
	Current service cost	(267)	(264)
	Interest cost	(89)	(116)
	Contributions by employees	(70)	(90)
	Actuarial gains/(losses)	(158)	(402)
	Benefits paid	12	104
	Curtailments and settlements	-	(32)
		(2,703)	(2,131)
Movements in the fair value of the academy trust's share of scheme assets			
		2013 £'000	2012 £'000
	Opening fair value of scheme assets	836	-
	Assets acquired on conversion	-	417
	Expected return on assets	52	57
	Actuarial gains/(losses)	99	38
	Contributions by employers	263	338
	Contributions by employees	70	90
	Benefits paid	(12)	(104)
		1,308	836

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

### 18 Pensions and similar obligations

(Continued)

#### History of experience gains and losses

	2013 £'000	2012 £'000
Present value of defined benefit obligations	(2,703)	(2,131)
Fair value of share of scheme assets	1,308	836
Surplus / (deficit)	<u>(1,395)</u>	<u>(1,295)</u>
Experience adjustment on scheme liabilities	-	-
Experience adjustment on scheme assets	<u>99</u>	<u>38</u>

### 19 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2013 £'000	2012 £'000
Net income	66	16,944
Capital grants and similar income	(292)	(613)
Net deficit/(surplus) transferred on conversion	-	(16,107)
Net current assets other than cash transferred on conversion	-	917
Investment income	(12)	(14)
FRS17 pension costs less contributions payable	4	(42)
FRS17 pension finance income	37	59
Depreciation of tangible fixed assets	374	-
(Increase)/decrease in stocks	(2)	-
(Increase)/decrease in debtors	23	(154)
Increase/(decrease) in creditors	265	74
Net cash inflow/(outflow) from operating activities	<u>463</u>	<u>1,064</u>

### 20 Reconciliation of net cash flow to movement in net funds

	2013 £'000	2012 £'000
Increase/(decrease) in cash	445	745
Net funds at 1 September 2012	745	-
Net funds at 31 August 2013	<u>1,190</u>	<u>745</u>

# TOWERS SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 21 Analysis of net funds

	At 1 September 2012 £'000	Cash flows £'000	Non-cash changes £'000	At 31 August 2013 £'000
Cash at bank and in hand	745	445	-	1,190

### 22 Commitments under operating leases

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

	2013 £'000	2012 £'000
Expiry date		
- Within one year	5	5
- Between two and five years	68	67
	<u>73</u>	<u>72</u>

### 23 Capital commitments

At the period end, the Academy had capital commitments totalling £675,576 This is for works on the Learning Zone project These commitments are expected to be funded from the Academies Capital Maintenance Funding

### 24 Related parties

Owing to the nature of the academy trust's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors have an interest All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures

The following related party transactions took place in the period of account

During the period, the Academy received donations of £26,165 (2012 £3,161) from The Towers School Voluntary Fund Charitable Trust No balances were due at 31 August 2012 The Towers School Charitable Trust (Charity Number 1098041) is a related party by virtue of the fact that some of the trustees are also Governors (Trustees) of the Academy

During the period, the Academy received donations of £639 (2012 £11,723) from Towers Tiny Tots nursery No balances were due at 31 August 2012 Towers Tiny Tots (Company Number 0625914) is a related party by virtue of the fact that members of the Academy Senior Leadership Team are directors of the company



# **TOWERS SCHOOL ACADEMY TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2013***

---

### **25 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member