

**The Macclesfield Academy
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year ended 31 August 2013

**Company Registration Number:
07597883 (England and Wales)**

SATURDAY



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21/12/2013
COMPANIES HOUSE

The Macclesfield Academy

Reference and administrative details

Governors (Trustees)

G Wilson (Chair)*
S Andrews*
F Bradley
R Hedge* (Principal and accounting officer)
F Burton*
R Gilliland
J Green*
V Herbert
P Holt*
G Lesser
A Thomson

*members of the Finance Committee

Company Secretary

J Furber

Senior management team

Headteacher

R Hedge

Director KS4

P Reed

Director Additional Student Services

S Whitehurst

Director Behaviour Management Systems

T Packwood

Science Subject Leader

N Choudhury

Year Leader Y7 & 8

M Nicholson

The Macclesfield Academy

Registered Office

**Park Lane
Macclesfield
Cheshire
SK11 8JR**

Company Registration Number

07597883

Auditors

**Baker Tilly Audit Limited
Sumner House
St Thomas's Road
Chorley
PR7 1HP**

Bankers

**Royal Bank of Scotland
56 Chestergate
Macclesfield
SK11 6BA**

Solicitors

**Eversheds LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DR**

The Macclesfield Academy

Governors' Report

The governors present their annual report together with the audited financial statements of the Academy for the year ended 31 August 2013

Structure, Governance and Management

The financial statements have been prepared in accordance with the accounting policies on pages 23 to 26 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 (SORP 2005)

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.

The governors act as the trustees for the charitable activities of The Macclesfield Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Macclesfield Academy.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

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

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 an aggregate limit of indemnity and the cost for the year ended 31 August 2013 was £916 (2012 £916).

Principal Activities

The principle objective and activity of the charitable company is the operation of The Macclesfield Academy to provide education for pupils of different abilities between the ages of 11 and 19.

Method of Recruitment and Appointment or Election of Governors

Seven governors are appointed by the Corporation of Macclesfield College (as sponsor)
One governor is nominated by the Local Authority
Two parent governors were elected by parents September 2011
Staff governors were elected by Academy staff September
The Principal is an ex officio governor

Policies and Procedures Adopted for the Induction and Training of Governors

The maximum term of office for any governor (excluding the Principal) is four years but they are eligible for re-election. A Parent Governor will cease to hold office if they cease to have a child registered as a pupil at the Academy. A Staff Governor will cease to hold office if they are no longer employed by the Academy.

The Macclesfield Academy

The sponsor and local authority governors and the Principal received induction training from the project management company responsible for establishing the Academy. Parent governors and the staff governors have received separate induction training.

The full Governing Body has undertaken termly training events on exclusions, OFSTED inspection, use of the pupil premium and performance management.

Organisational Structure

The Macclesfield Academy has defined the responsibilities of each person involved in the administration of the Academy's finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff.

There are three committees of the Governing Body covering Strategy, Teaching and Learning Standards, Finance and Resources. Decision making is delegated as set out in the scheme of delegated responsibilities which was approved by the Governing Body in December 2011.

The Governing Body has overall responsibility for the administration of the Academy's finances. The main Responsibilities of the Governing Body are prescribed in the Funding Agreement between The Macclesfield Academy and the DfE and in The Academy's Scheme of Government. The main responsibilities include

- ensuring that the grant from the DfE is used only for the purposes intended,
- ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended,
- approval of a written delegated authority policy of its financial powers and duties to the Finance and Resources Committee, the Headteacher and other staff. The Delegated Authority Policy should be operated in conjunction with the Financial Regulations Manual of The Macclesfield Academy,
- approval of the budget plan for each financial year,
- considering budgetary control reports from the Finance and Resources Committee at every meeting, with relevant explanations and documentation where required,
- maintenance of a Register of Business Interests for all governors and those Academy staff with financial responsibilities,
- authorisation of the advertising of tenders above £100,000, and authorising the award of such tenders,
- appointment of the Headteacher and
- appointment of the Head of Finance, in conjunction with the Headteacher.

The Finance and Resources Committee

The Finance and Resources Committee is a sub-committee of the Governing Body. The Finance and Resources Committee will meet at least once a term but more frequent meetings can be arranged if necessary. The responsibilities of the Finance and Resources Committee are detailed in written terms of reference which have been authorised by the Governing Body. The main responsibilities include

- initial review and authorisation of the budget,
- regular monitoring of actual expenditure and income against the budget,
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, the Charities Act 1993 (as amended by the Charities Act 2006) and the DfE guidance issued to Academies,
- authorising the award of contracts over £10,000 and up to £100,000,
- reviewing and approving the annual Academy budget and the virement of sums over £50,000 as proposed by the Headteacher and the Head of Finance,
- considering budgetary control reports on the Academy's financial position at every meeting recommending appropriate action to contain expenditure within the budget,
- considering changes to the Academy's personnel establishment and making recommendations to the Governing Body,
- ensuring that arrangements for insurance are in place and adequate,
- ensuring that there are annual independent checks of assets and the asset register,

The Macclesfield Academy

Governors' Report (continued)

The Responsible Officer

The Responsible Officer is appointed by the Governing Body and provides Governors with an independent oversight of the Academy's financial affairs. The main duties of the Responsible Officer are to provide the Governing Body with the independent assurance that

- financial responsibilities of the Governing Body are being properly discharged,
- resources are being managed in an efficient, economical and effective manner,
- sound systems of internal financial control are being maintained,
- financial considerations are fully taken into account in reaching decisions

Risk Management

The Principal has established a risk register which is reviewed termly by the Full Governing Board. In the light of these reviews, the Board identifies any risks where further control measures are required. The principal and the Academy Leadership team are responsible for planning and implementing any such measures.

Connected Organisations, including Related Party Relationships

The Academy is the lead partner in the Macclesfield Academy Learning Community. The aims of this community are to maximise the achievement and well-being of students in partner schools through effective collaboration.

The other members of the Community are

Gawsworth Primary school
Ash Grove Primary School
Hollinhey Primary School
Ivy Bank Primary School
Parkroyal Primary School
Wincle Primary School
Park Lane Special School

The Academy has also entered into a partnership with Lesiba Secondary School, East Rand, South Africa. The aim of this partnership is to develop international understanding and global awareness of students in both schools.

Objectives and Activities

Objects and Aims

The main objectives of the Academy during the year ended 31st August 2013 are summarised below

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To raise the standard of education achievement of all pupils
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with industry and commerce
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

The Macclesfield Academy

Objectives, Strategies and Activities

The Academy's strategic priorities and objectives for 2013-14 were agreed at the Full Governing Board in July 2013. They are

To ensure that students in all year groups make consistently good progress from their starting points on entry to the Academy

To secure good progress for all higher-attaining students and increase the proportion achieving top grades

To accelerate the improvement in teaching in order to ensure that it is consistently good

To accelerate the improvement in teaching in order to ensure that a higher proportion is outstanding

To improve provision for students joining the Academy with SEN or at Level 3 or below

To enrich students' experience of and improve their skills in reading, writing and communication within and beyond the curriculum

To reduce the proportion of student days lost to fixed term exclusions

To increase attendance so that it exceeds the national average

To increase the participation of parents in students' education

To promote behaviour for learning so that students' develop the skills they need to learn more independently

To improve the accuracy of assessment and therefore, course outcomes so that student tracking is informed by the best possible data

To improve progress and attainment in Maths

Equal opportunities

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

Public Benefit

- In setting our objectives and planning our activities the governors have given careful consideration to the Charity Commission's general guidance on public benefit
- In particular governors have operated an Academy for students aged 11-16 drawn principally from South Macclesfield and the surrounding area. This Academy has admitted students of all abilities including those with Special Educational Needs. The achievements of the Academy over this year are set out below

Achievements and Performance

- Academy performance against performance of predecessor school immediately before closure and targets in education brief (as agreed with DfE July 2011)

		5A*-C (ME)	EBacc	3 levels progress English	3 levels progress Maths
Year 11	Predecessor school 2011	40%	5%	61%	47%
	Target 2012	55%	10%	66%	62%
	Achieved 2012	60%	10%	68%	60%
	Target 2013	50%	15%	71%	63%
	Achieved 2013	53%	20%	75%	54%

The Macclesfield Academy

The Academy was inspected by Ofsted in May 2013 Leadership and Management and Behaviour and Safety were judged to be good Achievement and Teaching were still judged to require improvement

Going Concern

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

Financial Review

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent and capital grants, the use of which is restricted to particular purposes The Academy also received Local Authority and other public grants The inherited pension deficit has been offset by the inherited assets to the Academy from the local authority as the Macclesfield High School closed and The Macclesfield Academy was formed In the year the Academy had a surplus of income over expenditure

Reserves policy and financial position

The Governors will review the reserve levels of the Academy annually This review will consider the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves

The funding received and to be received for the development of the school and all associated capital works are intended to fully cover the costs and therefore the level of reserves is not currently significant The Governors have therefore determined that the appropriate level of reserves, which are not invested in tangible assets, should be reviewed each year

Financial position

The Academy held a surplus overall at 31 August 2013 of £10,817,000 comprising £10,822,000 restricted fixed asset funds and restricted other funds of £126,000 and unrestricted general funds of £374,000 and a pension reserve deficit of £505,000

Financial and Risk Management Objectives and Policies

The Academy has continued its work during the year to develop and embed risk management across the Academy which is designed to protect the Academy's assets and reputation and maintain a safe working environment for staff and learners

Based on the risk register, which is reviewed to assess risk action plans which highlight where the Academy maybe at risk The action plans identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions In addition to the termly review by the governors, the Principal and Academy Leadership team will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy However the main emphasis is centred on the effects and affordability of an inherited pension deficit

Plans for Future Years

The consistent and inspirational leadership that is already in existence will continue to be enhanced as necessary so that the Academy makes ever more progress both as an education provider and as a business

Our improvement plans include ensuring that raising achievements are embedded into all aspects of the work of the subject teams and promote student well-being through improving the curriculum, teaching and learning

To complete and implement highly effective systems for quality assurance

The Macclesfield Academy

To develop the role of the extended leadership team so that middle leaders make decisive impact across all aspects of the Academy's work

To develop a new strategic relationship with our sponsors which enables effective collaboration so that each can fulfil its distinct mission

To continue to increase recruitment of students and create long term sustainability of the Academy

Auditor

During the year our external auditors, RSM Tenon Audit Limited, have changed their name to Baker Tilly Audit Limited, and have signed the audit reports in their new name

The financial statement auditors, Baker Tilly Audit Limited (formerly RSM Tenon Audit Limited), are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting

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

Approved by order of the members of the Governing Body on 12th December 13 and signed on its behalf by



.....
George Wilson
Chair

The Macclesfield Academy

Governance Statement

Scope of Responsibility

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

The governing body has delegated the day-to-day responsibility to the 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 Macclesfield Academy and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the governors' Report and in the Statement of Governors' Responsibilities. The governing body has formally met 6 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
G Wilson	6	6
R Hedge	6	6
F Bradley	0	6
S Andrews	5	6
V Herbert	6	6
A Thomson	4	6
F Burton	4	6
R Gilliland	6	6
G Lesser	2	6
J Green	2	6
P Holt	6	6

The Finance and Resources Committee

Governor	Meetings attended	Out of a possible
G Wilson	2	2
R Hedge	2	2
S Andrews	2	2
J Green	0	2
V Herbert	2	2
F Burton	2	2
P Holt	2	2
A Thomson	0	2
R Gilliland	0	2

The Macclesfield Academy

Strategy Committee

Governor	Meetings attended	Out of a possible
G Wilson	2	2
R Hedge	2	2
S Andrews	2	2
J Green	2	2
G Lesser	2	2

Teaching and Learning Committee

Governor	Meetings attended	Out of a possible
R Gilliland	2	2
R Hedge	2	2
S Andrews	2	2
F Bradley	0	2
A Thomson	2	2
V Herbert	2	2

The Macclesfield Academy

Governance Statement (continued)

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 The Macclesfield Academy for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body 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 governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

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

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed N Bryon, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

The Academy confirms that the responsible officer's function has been delivered in line with the EFA requirements. There have been no material control issues reported during the year 1 September 2012 to 31 August 2013.

Review of Effectiveness

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

- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Macclesfield Academy

Governance Statement (continued)

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

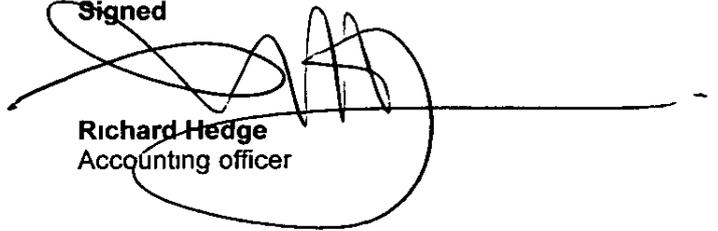
Approved by order of the members of the governing body on 12/12/13 and signed on its behalf by

Signed



George Wilson
Chair

Signed



Richard Hedge
Accounting officer

The Macclesfield Academy

Statement on Regularity, Propriety and Compliance

As accounting officer of The Macclesfield Academy I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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 governing body 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.

Signed



Richard Hedge
Accounting officer

12/12/13

The Macclesfield Academy

Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities of The Macclesfield Academy and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' 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 governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that year. In preparing these financial statements, the governors are required to

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

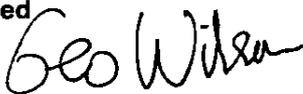
The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements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

The 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 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the governing body on _____ and signed on its behalf by

Signed



George Wilson
Chair

12/12/13

The Macclesfield Academy

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE MACCLESFIELD ACADEMY

We have audited the financial statements of The Macclesfield Academy for the year ended 31 August 2013 on pages 20 to 41. 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 Academies Accounts Direction 2013 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 Governors and auditor

As explained more fully in the Governors' Responsibilities, the governors (who act as trustees for the charitable activities of the charitable company, and also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

Opinion on financial statements

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 ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006,
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

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

The Macclesfield Academy

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

- the charity has not kept 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 governors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Baker Tilly Audit Limited

Karen Musgrave (Senior Statutory Auditor)
For and on behalf of Baker Tilly Audit Limited, Statutory Auditor
Sumner House
St Thomas's Road
Chorley
PR7 1HP

Date 19/12/13 .

The Macclesfield Academy

**Statement of Financial Activities for the year ended 31 August 2013
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Other Funds £000	Restricted Fixed Asset Funds £000	Total 2013 £000	Total 2012 £000
Incoming resources							
<i>Incoming resources from generated funds</i>							
Voluntary income	3	2	-	-	-	2	7
Transfer from local authority on conversion		-	-	-	-	-	11,454
Activities for generating funds	4	53	-	-	-	53	50
Investment income	5	2	-	-	-	2	1
<i>Incoming resources from charitable activities</i>							
Funding for the Academy's educational operations	6	-	4,036	-	13	4,049	4,133
Project management grants	7	-	7	-	-	7	20
Other income	8	2	239	-	-	241	323
Total incoming resources		59	4,282	-	13	4,354	15,988
Resources expended							
<i>Charitable activities</i>							
Academy's educational operations	10	-	4,029	-	227	4,256	4,711
Governance costs	11	-	34	-	-	34	18
Total resources expended	9	-	4,063	-	227	4,290	4,729
Net incoming/(outgoing) resources before transfers		59	219		(214)	64	11,259
Gross transfers between funds	18	-	(28)		28	-	-
Net income/(expenditure) for the year		59	191	-	(186)	64	11,259
Other recognised gains and losses							
Transfer from local authority on conversion	23	-	-	-	-	-	(417)
Actuarial (losses)/gains on defined benefit pension schemes	23	-	81	-	-	81	(170)
		59	272	-	(186)	145	10,672
Total funds brought forward at 1 September		315	(579)	(72)	11,008	10,672	-
Funds carried forward at 31 August 2013		374	(307)	(72)	10,822	10,817	10,672

All of the Academy's activities derive from continuing operations during the year
A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

The Macclesfield Academy

Balance sheet as at 31 August 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Tangible assets	15		10,815		11,001
Current assets					
Debtors	16	174		364	
Cash at bank and in hand		671		318	
		<u>845</u>		<u>682</u>	
Creditors Amounts falling due within one year	17	<u>(338)</u>		<u>(432)</u>	
Net current assets			507		250
Total assets less current liabilities			<u>11,322</u>		<u>11,251</u>
Net assets excluding pension liability			11,322		11,251
Pension scheme liability	23		(505)		(579)
Net assets including pension liability			<u>10,817</u>		<u>10,672</u>
Funds of the academy:					
Restricted funds					
Fixed asset funds	18		10,822		11,008
General funds	18		198		
Pension reserve	18		(505)		(579)
Other			(72)		(72)
Total restricted funds			<u>10,443</u>		<u>10,357</u>
Unrestricted funds	18		374		315
Total funds			<u>10,817</u>		<u>10,672</u>

The financial statements on pages 20 to 41 were approved by the Governors, and authorised for issue on 12th December 2013 and are signed on their behalf by



.....
George Wilson

Chair

Company Limited by Guarantee
Registration Number 07597883

The Macclesfield Academy

Cash Flow Statement for the year ended 31 August 2013

	Notes	2013 £000	2012 £000
Net cash inflow from operating activities	20	379	310
Returns on investments and servicing of finance	20	2	1
Capital expenditure	20	(28)	7
Increase in cash in the year	21	<u>353</u>	<u>318</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		318	-
Net funds at 31 August 2013		<u>671</u>	<u>318</u>

Notes to the Financial Statements for the Year Ended 31 August 2013

1 Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 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.

Going Concern

The governors 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 governors make this assessment in respect of a year of one year from the date of approval of the financial statements.

Incoming Resources

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

Revenue grants (including GAG) are included within the Restricted General Funds column of the Statement of Financial Activities on a receivable basis.

Fixed asset grants are included within the Restricted Fixed Asset Funds column of the Statement of Financial Activities on a receivable basis.

• **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.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

1 Accounting Policies (continued)

• **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the year in which they are receivable as incoming resources, where the benefit to the Academy 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's policies.

As a result of the conversion to an academy trust, on the transfer date of 1 September 2011 the academy was gifted the school site by Cheshire East Council on a 125 year lease. The school site has been valued by Education Funding Agency under the depreciated replacement cost for specialised assets as set out in Financial Reporting Standard (FRS) 15. The school site has been credited as a donation to the Restricted Fixed Asset Funds column of the Statement of Financial Activities and included within tangible fixed assets on the balance sheet.

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's educational operations.

• **Governance Costs**

These include the costs attributable to the Academy'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 £2,000 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's depreciation policy.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

1 Accounting Policies (continued)

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

Long leasehold land and buildings	50yrs
Furniture and equipment	5yrs
Computer equipment	5yrs

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.

Taxation

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

Pensions Benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

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 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 23, the TPS is a multi-employer scheme and the Academy 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 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 year 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.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

1 Accounting Policies (continued)

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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 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

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

1 Accounting Policies (continued)

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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 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

The Macclesfield Academy

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

2 General Annual Grant (GAG)

Results and carry forward for the year

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

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

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Other donations	<u>2</u>	<u>-</u>	<u>2</u>	<u>7</u>
	<u>2</u>	<u>-</u>	<u>2</u>	<u>7</u>

4 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Hire of facilities	50	-	50	49
Uniform sales	<u>3</u>	<u>-</u>	<u>3</u>	<u>1</u>
	<u>53</u>	<u>-</u>	<u>53</u>	<u>50</u>

The Macclesfield Academy

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Bank interest	2	-	2	1
	<u>2</u>	<u>-</u>	<u>2</u>	<u>1</u>

6 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
DfE/EFA capital grant				
Devolved Formula Capital allocations	-	13	13	26
DfE/EFA revenue grants				
General Annual Grant (GAG) (note 2)	-	3,388	3,388	3,427
Start Up Grants	-	60	60	143
Lead in and implementation grants	-	-	-	78
School Standards Fund	-	-	-	18
Other DfE / EFA grants	-	273	273	145
	<u>-</u>	<u>3,734</u>	<u>3,734</u>	<u>3,811</u>
Other Government grants				
Local authority grants	-	315	315	295
Special educational projects	-	-	-	1
	<u>-</u>	<u>315</u>	<u>315</u>	<u>296</u>
	<u>-</u>	<u>4,049</u>	<u>4,049</u>	<u>4,133</u>

7 Project management grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Academies programme	-	7	7	20
	<u>-</u>	<u>7</u>	<u>7</u>	<u>20</u>

8 Other incoming resources

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Insurance claim	-	36	36	32
Academy trips	-	28	28	61
Sundry income	2	175	177	230
	<u>2</u>	<u>239</u>	<u>241</u>	<u>323</u>

The Macclesfield Academy

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

9 Resources Expended

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2013 £000	Total 2012 £000
Academy's educational operations					
Direct costs	2,826	297	227	3,350	3,625
Allocated support costs	368	538	-	906	1,086
	<u>3,194</u>	<u>835</u>	<u>227</u>	<u>4,256</u>	<u>4,711</u>
Governance costs including allocated support costs	-	34	-	34	18
	<u>3,194</u>	<u>869</u>	<u>227</u>	<u>4,290</u>	<u>4,729</u>

The method used for the apportionment of support costs is disclosed in the accounting policies

Incoming/outgoing resources for the year include

Fees payable to auditor - audit	6	6
- regularity audit	1	1
	<u>7</u>	<u>7</u>

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

10 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Direct costs				
Teaching and educational support staff costs	-	2,826	2,826	2,970
Depreciation	-	227	227	222
Educational supplies	-	186	186	267
Examination fees	-	74	74	84
Staff development	-	12	12	16
Educational consultancy	-	25	25	66
	-	<u>3,350</u>	<u>3,350</u>	<u>3,625</u>
Allocation supported costs				
Support staff costs	-	368	368	421
Recruitment and other staff costs	-	8	8	27
Heat and light	-	110	110	113
Premises (including building insurance)	-	262	262	286
Catering contract	-	53	53	57
Technology costs	-	32	32	32
Other support costs and admin expenses	-	73	73	150
	-	<u>906</u>	<u>906</u>	<u>1,086</u>
	-	<u>4,256</u>	<u>4,256</u>	<u>4,711</u>

The Macclesfield Academy

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

11 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Legal and professional fees	-	23	23	11
Auditor's remuneration				
• Audit of financial statements and regularity	-	7	7	6
• Responsible officer audit	-	4	4	1
	<u>-</u>	<u>34</u>	<u>34</u>	<u>18</u>

12 Staff Costs

	2013 £000	2012 £000
Staff costs during the year were		
Wages and salaries	2,309	2,665
Social security costs	180	189
Pension costs	338	336
	<u>2,827</u>	<u>3,190</u>
Supply teacher costs	257	127
Compensation	110	74
	<u>3,194</u>	<u>3,391</u>

The average number of persons (including senior management team) employed by the Academy during the year, and the full time equivalents, was as follows

	2013 Number	2012 Number
Charitable Activities		
Teachers	47	48
Education support	28	29
Administration	12	16
Management	7	7
	<u>94</u>	<u>100</u>

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

	2013 £000	2012 £000
£80,001 - £90,000	1	1
	<u>1</u>	<u>1</u>

The Macclesfield Academy

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

12 Staff Costs (continued)

The above employee participated in the Teacher's Pension Scheme. During the year ended 31 August 2013, pension contributions for this member of staff amounted to £12,690 (2012 £11,985)

13 Related Party Transactions - Governors' Remuneration and Expenses

Principal and staff governors only received remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. The value of the Principal and staff governors' remuneration was £108,869. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors.

Principal R Hedge	£80,001 to £85,000
Staff Governor P Holt	£20,001 to £25,000

During the year ended 31 August 2013, travel and subsistence expenses totalling £nil were reimbursed to governors.

There were no related party transactions involving the governors. Other related party transactions are set out in note 24.

14 Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £916 (2012 £916).

The cost of this insurance is included in the total insurance cost.

15 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost				
At 1 September 2012	11,150	38	35	11,223
Additions	-	-	41	41
At 31 August 2013	11,150	38	76	11,264
Depreciation				
At 1 September 2012	211	8	3	222
Charged in year	211	9	7	227
At 31 August 2013	422	17	10	449
Net book values				
At 31 August 2013	10,728	21	66	10,815
Net book values				
At 31 August 2012	10,939	30	32	11,001

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

16 Debtors

	2013 £000	2012 £000
Trade debtors	73	15
Prepayments	40	39
Sundry debtors	-	219
Grant and other income	47	32
VAT recoverable	14	59
	<u>174</u>	<u>364</u>

17 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	155	62
Taxation and social security	93	107
Sundry creditors	1	5
Accruals	89	258
	<u>338</u>	<u>432</u>

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

21 Analysis of changes in net funds

	At 31 August 2012 £000	Cash Flow £000	At 31 August 2013 £000
Cash in hand and at bank	318	353	671
	<u>318</u>	<u>353</u>	<u>671</u>

22 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

23 Pension and similar obligations

The Academy's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cheshire Pension Fund 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

Contributions amounting to £42,633 were payable to the schemes at 31 August and are included within creditors

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

23 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

Teachers' Pension Scheme Changes

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

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.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

23 Pension and similar obligations (continued)

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

Local Government Pension Scheme

The academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the year ended 31 August 2013 was £139,000 of which employer's contributions totalled £113,000 and employees' contributions totalled £26,000. The agreed contribution rates for future years are 21% for employers and 5.5% to 7.5% for employees.

Principal Actuarial Assumptions

	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	5.1%	4.5%
Rate of increase for pensions in payment / inflation	2.8%	2.2%
Discount rate for scheme liabilities	4.6%	4.1%
Inflation assumption (CPI)	2.1%	2.1%

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	22.9yrs	22.9yrs
Females	25.7yrs	25.7yrs
<i>Retiring in 20 years</i>		
Males	24.9yrs	24.9yrs
Females	27.7yrs	27.7yrs

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

23 Pension and similar obligations (continued)
Local Government Pension Scheme (continued)

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	Expected return at 31 August 2012	Fair value at 31 August 2013 £000	Fair value at 31 August 2012 £000
Equities	6.6%	5.5%	1,219	919
Bonds	3.5%	2.8%	212	194
Property	4.7%	3.7%	98	78
Cash	3.6%	2.8%	98	104
Total market value of assets			<u>1,627</u>	<u>1,295</u>
Present value of scheme liabilities - Funded			(2,132)	(1,874)
Surplus/(deficit) in the scheme			<u>(505)</u>	<u>(579)</u>

The actual return on scheme assets was £193,000 (2012 £105,000)

Amounts recognised in the statement of financial activities

	2013 £000	2012 £000
Current service cost (net of employee contributions)	106	91
Total operating charge	<u>106</u>	<u>91</u>
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	65	63
Interest on pension liabilities	(79)	(81)
Pension finance income / (costs)	<u>(14)</u>	<u>(18)</u>

The actual 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 £89,000 loss

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

23 Pension and similar obligations (continued)
Local Government Pension Scheme (continued)

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

	2013 £000	2012 £000
Transfer from local authority on conversion	1,874	1,463
Current service cost	106	91
Interest cost	79	81
Employee contributions	26	27
Actuarial (gain)/loss	47	212
At 31 August	<u>2,132</u>	<u>1,874</u>

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

	2013 £000	2012 £000
Transfer from local authority on conversion	1,295	1,046
Expected return on assets	65	63
Actuarial gain/(loss)	128	42
Employer contributions	113	117
Employee contributions	26	27
At 31 August	<u>1,627</u>	<u>1,295</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £113,000

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

	2013 £000	2012 £000
Present value of defined benefit obligations	2,132	1,874
Fair value of share of scheme assets	1,627	1,295
Surplus/(Deficit) in the scheme	<u>(505)</u>	<u>(579)</u>
Experience adjustments on share of scheme assets	<u>128</u>	<u>42</u>
Experience adjustments on scheme liabilities	<u>(47)</u>	<u>(212)</u>

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. This guarantee came into force on 18 July 2013.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

24 Related Party Transactions

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

Transactions with the EFA are detailed in note 6.

The Macclesfield Academy

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE MACCLESFIELD ACADEMY AND THE EDUCATION FUNDING AGENCY

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

This report is made solely to The Macclesfield Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Macclesfield Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Macclesfield Academy and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of The Macclesfield Academy accounting officer and the reporting accountant.

The accounting officer is responsible, under the requirements of The Macclesfield Academy's funding agreement with the Secretary of State for Education 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 and 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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion

Conclusion

In the course of our work nothing has come to our attention or suggests that in all material respects the expenditure disbursed and income received during the year 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

The Macclesfield Academy

Baker Tilly Audit Limited

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Date 19/2/13