

Company number: 07635510

Torch Academy Gateway Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
For the year ended 31 August 2014

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Torch Academy Gateway Trust

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Torch Academy Gateway Trust

Reference and Administrative Details
For the Year Ended 31 August 2014

Company Registration No.	7635510 (England and Wales)	
Principal and Registered Office	Toot Hill School The Banks Bingham Nottinghamshire NG13 8BL	
Members	Mr B Thomas Mr M Hoare Mr P Waterland Mr P Chandrakumar	
Trustees (Directors)	Mr Barrie Thomas Mr J Tomasevic Mr J Mills (A) Mr R Flewitt Mr M Suthers (A) Mr J Taylor Mr A Rahman Mr D Hooker Mrs S Macdougall Mrs J White (C) Mr A Woods Mr K Gray - appointed 30/09/13 Mrs J Ibbotson - appointed 01/04/14 Mr K Ghattaora - appointed 15/07/14 Ms B Young - resigned 30/09/13 Mr. M Aldrich - resigned 09/10/13	Chair (A) CEO/Accounting Officer (B) Staff Director/Head of School (B) Staff Director/Head of School (B) Vice Chair (C)
	A = members of Audit sub-committee B = members of Executive sub-committee C = members of CEO Performance Management sub-committee	
Company Secretary	Mrs S Edyvean	
Leadership Group (Executive Committee)	Mr J Tomasevic Mr A Rahman Mr D Hooker Mrs E Goodall-Copestake	Chief Executive Officer, Accounting Officer Head of School, Toot Hill School Principal, Djanogly City Academy (partner school) Principal Finance Office (non Director)
Independent Auditors	Allotts Business Services Ltd Chartered Accountants The Old Grammar School 13 Moorgate Road Rotherham S60 2EN	
Solicitors	Browne Jacobson LLB Mowbray House Castle Meadow Road Nottingham NG2 1BJ	
Bankers	Royal Bank of Scotland Nottingham City Office 8 South Parade Nottingham NG1 2JS	
Insurers	Zurich Municipal 2 Gladiator Way Farnborough Hants GU14 6GB	

Torch Academy Gateway Trust

Trustees' Report For the Year Ended 31 August 2014

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust operates two secondary and one primary school in Nottinghamshire. It has a combined capacity of 3175 pupils and at the census in January 2014 there were 2714 pupils on roll.

Structure, Governance and Management

Constitution

The Torch Academy Gateway Trust (the "academy trust") is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees for the charitable activities of The Torch Academy Gateway Trust are also the directors of the Charitable Company for the purposes of company law.

Details of the trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice the academy trust has purchased insurance underwritten by Zurich Municipal to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim. There were no third party indemnity provisions during the year ended 31 August 2014.

Method of Recruitment and Appointment or Election of Trustees (Directors)

In accordance with the articles of association the directors were appointed as follows:

Type	Name	Number/ proportion	Appointed/ elected by	Article
Chief Executive Officer	John Tomasevic	1		57
Directors	Mr B Thomas Mr M Suthers Mr J Mills Mrs J White	Up to 5	Appointed by Members	50
Staff directors	Mr D Hooker (Vice CEO); Mr A Rahman (Vice CEO)	No more than one third (including the CEO) of total, up to 3 (excluding the CEO) 2 as at 31/08/14	Appointed by Directors	50B
Academy Directors	Mrs S Macdougall (Toot Hill) Mr K Gray (Meden) Mrs J Ibbotson (Birklands) Mr K Ghattaora (NFS)	Member of each LGB (cannot be CEO). One from each LGB (but maximum 5 if more than 5 Academies)	Appointed by Directors	51 and 52

Torch Academy Gateway Trust

Trustees' Report For the Year Ended 31 August 2014

Parent Directors	Mr R Flewitt (Each LGB has minimum of 2 parent members)	A least 2 parent governors, unless there are LGBs which include at least 2 parent members	Elected or appointed by LGB members (Para 54)	53-56
Co-opted Directors	Mr A Woods Mr J Taylor (ex staff)	Up to 3 (may not be an employee if that takes total to over one third - see above)	Appointed by (non-co-opted) Directors	58

New trustees are recruited from a variety of backgrounds and have the necessary skills to support, enhance and develop the Academy Trust.

Policies and Procedures Adopted for the Induction and Training of Trustees

New trustees are allocated a mentor from the existing governing body and provided with information in accordance with the Trustees' Induction Policy & Skills Audit.

Organisational Structure

The Members comprise three members of the governing body of Toot Hill School as at the time the decision to convert to an academy was taken and the Chair of the trustees. With the exception of the Chair of the trustees, the Members are not directors of the trust and are members of the Toot Hill School Local Governing Body.

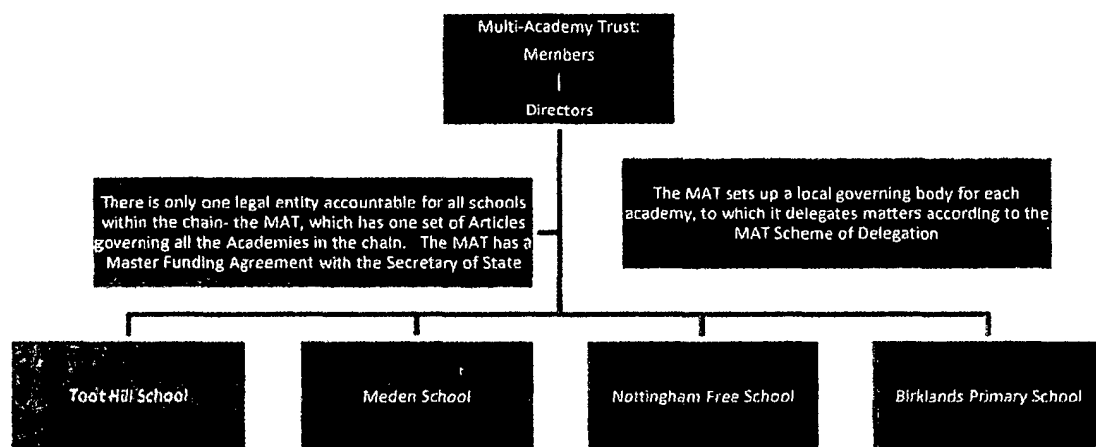
Mr Malcolm Hoare (resigned September 2014)

Mr Ponniah Chandrakumar

Mr Peter Waterland

Mr Barrie Thomas (Chair of the trustees)

The Torch Academy Gateway Trust is established as a standard multi-academy trust according to DfE models, with standard MAT Master Funding Agreement and Objects/Articles of Association and the following governance structure:



Governance Structure: Roles & Responsibilities

The academy trust is a charitable company limited by guarantee (the liability of the members is set at £10 in the model Articles of Association). The trust has three layers of governance:

The Members:

The functions of the members of the academy trust include:

Overseeing the achievement of the objectives of the company.

Taking part in Annual and Extraordinary General Meetings.

Appointing some of the directors.

Power to amend the Articles of the company and, ultimately, to remove the directors.

Torch Academy Gateway Trust
Trustees' Report
For the Year Ended 31 August 2014

The Trustees (The directors):

Ensure the quality of educational provision.
 Challenge and monitor the performance of the trust academies.
 Oversee the trust's finances and property.
 Exercise reasonable skill and care in carrying out their duties.
 Ensure that the trust complies with charity and company law.
 Operate the trust academies in accordance with the funding agreement that has been signed with the Secretary of State.

The Executive Committee:

Most day-to-day management decisions will be made collectively through the Executive Committee including:
 Management of the staff.
 Setting and monitoring the budgets of each academy.
 Overseeing the quality of teaching and learning.
 Ensuring the safety and welfare of the pupils.
 Minutes of formal Executive Committee meetings are circulated to the trustees.
 All strategic and financial decisions delegated to the Executive Committee are ratified by the trustees.

Connected Organisations, including Related Party Relationships

The multi-academy trust has an excellent transition programme and holds termly meetings with feeder primary schools. The multi-academy trust offers in-house training and CPD programmes to Local Authority schools and has an established Teaching School Alliance in collaboration with local Universities. The multi-academy trust acquired SCITT status in August 2014 with the Nottinghamshire Torch SCITT. 42 graduates are on stream to join the SCITT and train with the Teaching School Alliance in September 2015.

Objectives and Activities

Objects and Aims

The objects of the multi-academy trust, as set out in its articles of association, are specifically restricted to:

(a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the need of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies"); and

(b) to promote for the benefit of the public in the United Kingdom the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Given the stated object of the trust, the trustees have made clear their strategic intent to develop the educational effectiveness of the trust so as to extend the opportunities for young people to receive an outstanding education. This strategy takes due cognisance of the capacity that the trust holds and the impact of such work on the academy.

Principal Activities

The principal activity of the Charitable Company in the year ended 31 August 2014 was to operation of Toot Hill School, Meden School and Birklands School to provide education for students of different abilities between the ages of 3 and 18, with an emphasis on high academic achievement and a maximum retention rate at 16. The multi-academy trust has an excellent academic and pastoral reputation for preparing students for their transition to university and adult life.

Objectives, Strategies and Activities

The key objectives for the year have been:

Torch Academy Gateway Trust

Trustees' Report For the Year Ended 31 August 2014

- Continue to secure higher achievement for all groups of learners in our Trust academies;
- Secure a wider range of schools to provide school-to-school support;;
- Secure SCITT status;
- Secure additional teaching room capacity;
- Open the Nottingham Free School;
- Secure a positive Ofsted outcome (Good) for Meden School

The Nottingham Free School, which was provisionally successful on application in 2012, opened on 1st September 2014 in Sherwood, Nottingham.

The Trust also sponsored its first primary school, Birklands Primary School (a feeder school for Meden School), to academy conversion within the Trust in April 2014.

An application to become a School-Centred Initial Teacher Training has been formally approved and the first trainee teachers will be admitted in August 2015.

In May 2014 Meden School secured a 'Good' judgement from its Section 5 Ofsted Inspection. This marked the end of the first phase of development and growth for the school which was placed in Special Measures in 2010.

During 2013/14 the Trust pioneered a new arrangement for supporting schools in difficulty. Our Partnership Agreement model is a contract between two parties securing support for a minimum of 3 years. During this period the Trust will provide extensive support to enable the partner academy to secure positive learning outcomes. The Trust will work extensively alongside leadership teams and governing bodies/trustees in an open and collaborative manner to improve standards of education in the target institution. Over the last twelve months the Trust has secured three such partnership agreements with: Nottingham University Samworth Academy (NUSA); Djanogly City Academy (DCA); and Nottingham University Academy of Science & Technology (NUAST).

2013/14 has witnessed a deepening in our partnership working with the University of Nottingham. This has enabled us to strengthen our school to school support work as well as supporting our Teaching School agenda.

The construction of a new teaching block is almost complete and this will add much-needed room capacity as Toot Hill School continues to expand.

Public Benefit

In setting their objectives the trustees have had due regard to guidance published by the Charity Commission on public benefit with particular reference to the advancement of education. The principal public benefit delivered by the Trust is the provision of a high-quality education to students in line with the articles of association.

There has been no significant use of volunteers in the Torch Academy Gateway Trust's charitable or income generating activities.

STRATEGIC REPORT

Achievements and Performance (including key performance indicators)

The main charitable activity undertaken by the school is the delivery of high-quality education to its students.

Academy	5+A*-C (EM)	
KS4	Outcome	Target
Toot Hill School	83%	88%
Meden School	59%	87.6%
KS2	Year 6 Outcomes:	
Birklands Primary School	2 levels progress in Reading	80%
	2 levels progress in Writing	92%
	2 levels progress in Maths	88%
	Level 4+ Reading	61%
	Level 4+ Writing	74%
	Level 4+ Maths	57%

Torch Academy Gateway Trust
Trustees' Report
For the Year Ended 31 August 2014

- Toot Hill School's new teaching facility will open in November 2014.
- Birklands Primary School became our first sponsored primary school on 1st April 2014.
- DCA, NUSA and NUASt became 'Partner Schools' in 2013/14.
- Nottingham Free School opened in September 2014.
- Meden was designated a 'Good' School by Ofsted in May 2014.
- The multi-academy trust has achieved a surplus in the year and does not predict a budget deficit in the near future.
- The trust has not engaged in any significant fundraising activities.
- There are no material investment performance matters to report.
- The trust continues to secure a high regard for its work in the immediate and extended community. This is reflected in the high number of applications the academy receives for school places and staying-on rates. Staff in the academy consider themselves valued, well-supported and recognised for their contribution to securing the Objects of the academy.
- The trust is in a strong position to continue its growth as a going concern built on the foundation of financial stability and high achievement.

Going Concern

After making appropriate enquiries, the trustees have 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.

Financial Review

Funding sources: Most of the academy's income was obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received in the year and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ending 31 August 2014, total expenditure (excluding depreciation, including assets purchased out of GAG) was more than covered by recurrent grant funding from the DfE plus income from other sources. The surplus of income over expenditure for the period on GAG and unrestricted funds was £1,337K.

At 31 August 2014 the net book value of fixed assets was £25,441K, including the value of fixed assets which were transferred as part of the academy conversions. The year end balances on GAG funds and unrestricted funds were £1,646K and £548K respectively.

The deficit in the Local Government Pension Scheme (LGPS) of £3,433K is recognised in the balance sheet as per the requirements of FRS17. The pension deficit is not expected to have any material impact on the financial viability of the organisation.

Reserves Policy

The trust, in conjunction with the Executive Committee, aims to carry forward sufficient funds to meet the academy trust's long term objectives and to provide working capital, whilst ensuring that it does not affect its current operational activities. Prior to the increase in the number of academies in the trust, a reserve of £700k, being the calculated average of one month's school expenditure, was the target sum. The trustees have yet to calculate the revised target level of reserves following expansion.

Investment Policy

Investment Investments must be made only in accordance with written procedures approved by the governing body. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Principal Risks and Uncertainties

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to teaching, provision of facilities, financial and other operational areas of the academy. Systems or procedures have been established to manage those risks and a Risk Register is maintained and regularly reviewed.

Torch Academy Gateway Trust

Trustees' Report For the Year Ended 31 August 2014

The school produces an annual Governance Statement. Internal control systems and exposure to risks are considered in relation to all activities and legislation discussed during weekly Leadership and termly trustees' meetings. Risk management is embedded into the day-to-day processes of the academy trust. Principal risk areas for the academy trust are the protection of students, employees and assets. Systems and procedures to minimise these are constantly being reviewed and updated.

The principal risks are:

- A drop in student income as a result of parents not sending their children to the academy because of perceived loss of effectiveness;
- Damage to the school as a result of fire, flood, condition issues and like events that result in academy closure;
- Buildings/plant e.g. boilers not functioning appropriately resulting in academy closure.
- Financial Risks: Under FRS 17 it is necessary to charge the projected deficit on the Local Government Pension Scheme, which is provided to support staff, to restricted funds. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are increased to bring this deficit down in the future.
- Policy on Reserves: The policy of the academy is to carry forward a prudent level of reserves deigned to meet the long term cyclical needs of renewal and any other unforeseen contingencies.

Plans for Future Periods

An application to become a School-Centred Initial Teacher Training has been formally approved and the first trainee teachers will be admitted in August 2015. The Nottingham Free School opened in September 2014. A further free school, the Gamston Free School, has been applied for. Other school improvement partnerships are planned.

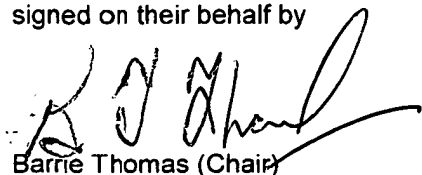
Auditors

In so far as the trustees are aware:

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

Allotts Business Services Ltd, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies 2006, unless the charitable company receives notice under section 488(1) of the Companies Act 2006.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees on 08/12/2014 and signed on their behalf by



Barrie Thomas (Chair)

Torch Academy Gateway Trust
Governance Statement
For the Year Ended 31 August 2014

Scope of Responsibility

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

The board of trustees have delegated the day-to-day responsibility to the Chief Executive Officer, 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 Torch Academy Gateway Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the trustees was as follows.

Trustee	Meetings attended	Out of a possible
Mr Barrie Thomas	7	7
Mr J Tomasevic	7	7
Mr J Mills	3	7
Mr R Flewitt	6	7
Mr M Suthers	7	7
Mrs S Macdougall	6	7
Mrs J White	5	7
Mr K Gray – appointed 30/09/13	1	7
Ms J Ibbotson – appointed 01/04/14	2	4
Mr A Rahman	6	7
Mr D Hooker	4	7
Mr J Taylor	6	7
Mr A Woods	3	7
Mr K Ghattaora – appointed 15/07/14	1	1

During the year two trustees have resigned.

Governor self-evaluation is an annual agenda item for local governing bodies in the spring term and the self-evaluation exercise was conducted by Toot Hill and Meden School local governing bodies in Spring 2013. Governor self-audits are conducted by the Governor Training Co-ordinator. Skills and competency self-evaluation sheets are completed and submitted by each governor. Training needs are extrapolated by the Training Co-ordinator and addressed via a rolling programme of governor training conducted for all members across the Trust and partnership. The resulting report from the Training Co-ordinator are available for inspection on request.

The Executive Committee is a sub-committee of the main governing body. Attendance during the year at meetings was as follows.

Trustee	Meetings attended	Out of a possible
Mr J Tomasevic	11	11
Mr A Rahman	11	11
Mr D Hooker	11	11
Mr J Taylor	10	11

The purpose of the Executive Committee is described below:

Torch Academy Gateway Trust
Governance Statement
For the Year Ended 31 August 2014

In consultation with the CEO and the school's finance manager, approve and monitor the annual budget and establish a three year financial plan, ensuring that the academies operate in accordance with the appropriate Financial Regulations. Review budget situation termly and report in detail to the Board. To consider, and make decisions, on expenditure following recommendations from Heads of School ensuring best value and reporting to the full trust board.

To advise the trust board on priorities, including Health and Safety for the maintenance and development of the schools premises and to receive and consider the proposed annual capital spending programme.

To consider as required any issues related consultations in respect of asset ownership eg. asset management, asbestos surveys etc.

To keep under review key documents related to Buildings and Site i.e. Building Development Plan, Health & Safety Audit and action plan, an Annual Fire Risk Assessment and an Emergency Plan and to ensure as far as is practical that Health and Safety issues and policies are appropriately addressed prioritised.

To monitor the staffing structures of each academy and the centralised service and to make appointments as necessary. To oversee HR policies and ensure legal compliance.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Torch Academy Gateway Trust for the period ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees have 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. A Risk Register has been formulated and approved by the trustees. The trustees are of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance, Resources & HR 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 board of trustees has considered the need for a specific internal audit function and in June 2014 appointed a division of Allotts Chartered Accountants to provide assurance on the effectiveness of internal control and on the discharge of the governing body's financial responsibilities. The internal auditor has not been required to report any material failings or weaknesses in the internal control systems.

Torch Academy Gateway Trust**Governance Statement**
For the Year Ended 31 August 2014**Review of Effectiveness**

As Accounting Officer, the CEO 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 internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the 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, Site and Buildings Committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 08/12/2014 and signed on its behalf by:



Barrie Thomas (Chair of trustees).



John Tomasevic (Accounting Officer)

Torch Academy Gateway Trust**Statement on Regularity, Propriety and Compliance**
For the Year Ended 31 August 2014

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



John Tomasevic
Accounting Officer

Date: 08/12/2014

Torch Academy Gateway Trust

Statement of Trustees' Responsibilities
For the Year Ended 31 August 2014

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

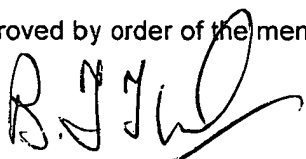
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to 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 trustees 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 Board of Trustees on 08/12/2014 and signed on its behalf by:



Barrie Thomas (Chair of trustees)

Report of the Independent Auditors to the Members of

Torch Academy Gateway Trust

We have audited the financial statements of Torch Academy Gateway Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, the trustees (who are also the directors of the academy trust 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Report of the Independent Auditors to the Members of

Torch Academy Gateway Trust

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Allotts Business Services (12)

Mark Garrison BCom FCA DChA (Senior Statutory Auditor)
for and on behalf of
Allotts Business Services Limited
Chartered Accountants
Statutory Auditor
The Old Grammar School
13 Moorgate Road
Rotherham
South Yorkshire
S60 2EN

Date:

11 December 2014

**Independent Reporting Accountant's Assurance Report on Regularity to
Torch Academy Gateway Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 20 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Torch Academy Gateway Trust during the period 1 September 2013 to 31 August 2014 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 Torch Academy Gateway Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Torch Academy Gateway 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 Torch Academy Gateway Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Torch Academy Gateway Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Torch Academy Gateway Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2013 (updated October 2013), 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 to 2014. 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 2013 to 31 August 2014 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 to 2014 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 our conclusion includes:

- enquiry of officers of the academy trust
- review and testing of income and expenditure for compliance with funding and other agreements, the Academies Financial Handbook and the academy trust's system of controls.
- examination of relevant documents
- review of the activities carried out by the academy trust
- review of the delegated authorities set out in the Academies Financial Handbook.

Independent Reporting Accountant's Assurance Report on Regularity to
Torch Academy Gateway 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 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Allotts Business Services (16)
Reporting Accountant

Allotts Business Services Limited

Chartered Accountants

The Old Grammar School

13 Moorgate Road

Rotherham

South Yorkshire

S60 2EN

Date: *11 December 2014*

Torch Academy Gateway Trust**Statement of Financial Activities for the Year Ended 31 August 2014****(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Notes	Unrestricted Funds 2014 £000	Restricted General Funds 2014 £000	Restricted Fixed Asset Funds 2014 £000	Total Funds 2014 £000	Total Funds 2013 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Funds transferred on conversion	2	103	(209)	1,536	1,430	7,762
Other voluntary income	2	-	-	-	-	10
Activities for generating funds	3	660	579	-	1,239	716
Investment Income	4	8	-	-	8	4
Incoming resources from charitable activities:						
Funding for the Academy trust's educational operations	5	-	14,759	2,395	17,154	14,393
TOTAL INCOMING RESOURCES		771	15,129	3,931	19,831	22,885
RESOURCES EXPENDED						
Costs of generating funds	6	610	-	-	610	139
Charitable activities						
Academy trust's educational operations	7	-	13,968	617	14,585	14,607
Governance costs	8	-	75	-	75	90
TOTAL RESOURCES EXPENDED	6	610	14,043	617	15,270	14,836
NET INCOMING RESOURCES BEFORE TRANSFERS		161	1,086	3,314	4,561	8,049
Gross transfers between funds	16	-	(234)	234	-	-
NET INCOME FOR THE PERIOD		161	852	3,548	4,561	8,049
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial (losses) on defined benefit pension schemes	22	-	(648)	-	(648)	(315)
NET MOVEMENT IN FUNDS		161	204	3,548	3,913	7,734
RECONCILIATION OF FUNDS						
Accumulated funds brought forward	16	387	(1,885)	21,893	20,395	12,661
Accumulated funds carried forward		548	(1,681)	25,441	24,308	20,395

Operations acquired in the year are those of Birklands Primary School which joined the Trust on conversion from a local authority maintained school.

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

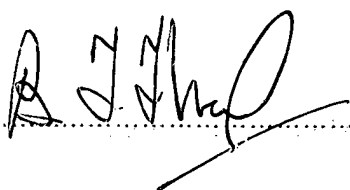
The notes attached form part of these financial statements.

Torch Academy Gateway Trust
(Company Number 07635510)

Balance Sheet as at 31 August 2014

	NOTES	2014		2013	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	13		25,441		21,584
CURRENT ASSETS					
Stock		53		88	
Debtors	14	1,303		421	
Cash at bank and in hand		<u>2,536</u>		<u>1,813</u>	
		3,892		2,322	
CREDITORS:					
Amounts falling due within one year	15	<u>1,551</u>		<u>1,107</u>	
NET CURRENT ASSETS			<u>2,341</u>		<u>1,215</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			27,782		22,799
CREDITORS					
Amounts falling due after more than one year	15		(41)		(49)
			<u>27,741</u>		<u>22,750</u>
Pension scheme liability	22		(3,433)		(2,355)
NET ASSETS INCLUDING PENSION LIABILITY			<u><u>24,308</u></u>		<u><u>20,395</u></u>
FUNDS OF THE ACADEMY TRUST					
RESTRICTED FUNDS					
Fixed asset funds	17		25,441		21,893
General funds	17		1,752		470
Pension reserve	17		<u>(3,433)</u>		<u>(2,355)</u>
			23,760		20,008
UNRESTRICTED FUNDS					
General funds	17		548		387
TOTAL FUNDS			<u><u>24,308</u></u>		<u><u>20,395</u></u>

The financial statements on pages seventeen to thirty five were approved by the trustees, and authorised for issue on 08/12/2014 and are signed on their behalf by



Mr B Thomas (Chair)

Torch Academy Gateway Trust**Cash Flow Statement for the Year Ended 31 August 2014**

	Notes	2014 £000	2013 £000
Net cash inflow from operating activities:	1	1,086	1,146
Returns on investments and servicing of finance	2	8	4
Capital expenditure:	3	(474)	220
Cash transferred on conversion to an academy trust		103	327
Increase in cash and cash equivalents	4	<u>723</u>	<u>1,697</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		1,813	116
Net funds at 31 August 2014		<u>2,536</u>	<u>1,813</u>

Notes to the Cash Flow Statement

	2014 £000	2013 £000	
1. Reconciliation of net income to net cash inflow from operating activities:			
Net income	4,561	8,049	
Depreciation charges	549	497	
Fixed assets transferred on conversion to an academy	(1,537)	(8,120)	
Cash transferred on conversion to an academy	(103)	(327)	
Capital grants from DfE and other capital income	(2,395)	(390)	
Interest receivable	(8)	(4)	
FRS 17 pension adjustments	430	836	
Decrease/(Increase) in stock	35	(70)	
(Increase) in debtors	(882)	(21)	
Increase in creditors	436	696	
Net cash inflow from operating activities	<u>1,086</u>	<u>1,146</u>	
2. Returns on Investments and Servicing of Finance			
Interest received	8	4	
Net cash inflow from returns on investment and servicing of finance	<u>8</u>	<u>4</u>	
3. Capital expenditure and financial investment			
Purchase of tangible fixed assets	(2,869)	(170)	
Capital grants from DfE and other capital income	2,395	390	
Net cash (outflow)/inflow from capital expenditure	<u>(474)</u>	<u>220</u>	
4. Analysis of changes in net funds	At 1 September 2013 £000	Cash Flows £000	At 31 August 2014 £000
Cash at hand and in bank	1,813	723	2,536

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

1. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006

Results for each academy and the trust have been aggregated on a line by line basis and internal transactions excluded.

b) Going Concern

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

The accounts have been prepared on a going concern basis.

c) 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.

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 academy trust's policies.

The school premises at Meden and Birklands have been leased from the Local Authority on a 125 year lease at a peppercorn rent. In the opinion of the trustees, the terms of the leases transfer substantially all the risks and rewards of ownership of the assets to the academy trust and therefore the assets have been recognised on the balance sheet as fixed assets, with a corresponding entry to voluntary income as gifts in kind.

Land and buildings transferred on conversion were valued using an Existing Use Value (market approach) for operational non-specialised assets and Existing Use Value (depreciated replacement cost approach) for operational specialised assets. Other fixed assets on conversion were valued at original cost less depreciation to the date of conversion.

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

1. ACCOUNTING POLICIES (CONTINUED)

d) 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.

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 trustee's meetings and reimbursed expenses.

All resources expended are exclusive of VAT.

e) Tangible Fixed Assets

Assets transferred on conversion were valued in accordance with note 1c above. Assets purchased after conversion costing £1,000 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 on a straight-line basis over its expected useful lives as follows:

Freehold and leasehold buildings	over 20 to 50 years
Leasehold land	over 125 years
Fixtures, fittings and equipment	over 10 years
ICT equipment	over 5 years
Motor vehicles	over 10 years

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

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

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

1. ACCOUNTING POLICIES (CONTINUED)

f) Leased Assets

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

g) Stock

Unsold uniforms, computer consumables and catering stocks are valued at the lower of cost or net realisable value.

h) 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.

i) Pension 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.

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 22, the TPS is a multi employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

j) Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funder 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.

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

1. ACCOUNTING POLICIES (CONTINUED)

k) Conversion to academy

The conversions from state maintained schools to academies in the multi academy trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration and have been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Birklands Primary School to an academy in the multi academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 24.

2. VOLUNTARY INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Funds transferred on conversion				
Leasehold land and buildings	-	1,492	1,492	7,787
Fixtures and equipment	-	44	44	333
School budget surplus	101	-	101	315
School fund	2	-	2	12
LGPS pension deficit	-	(209)	(209)	(685)
	<u>103</u>	<u>1,327</u>	<u>1,430</u>	<u>7,762</u>
Other voluntary income				
Voluntary income - Lottery grant	-	-	-	10

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Uniform sales	82	-	82	96
Catering income	-	231	231	211
Rental income	8	-	8	4
Trips	-	268	268	263
Fundraising and events	81	5	86	64
Other educational income	47	1	48	36
Sale of educational products	-	56	56	10
Consultancy Income	406	-	406	-
Placements	7	-	7	-
Sundry income	29	18	47	32
	<u>660</u>	<u>579</u>	<u>1,239</u>	<u>716</u>

4. INVESTMENT INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Short term deposits	<u>8</u>	<u>-</u>	<u>8</u>	<u>4</u>

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

5. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
DfE/EFA grants				
General annual grant (GAG)	-	13,415	13,415	13,089
Capital Grants	-	2,395	2,395	380
Other grants	-	1,050	1,050	573
	-	16,860	16,860	14,042
Other government grants				
Training school grant	-	104	104	162
Special Needs	-	166	166	189
Other grants	-	24	24	-
	-	294	294	351
	-	17,154	17,154	14,393

6. RESOURCES EXPENDED

	Staff Costs £000	Non Pay Premises £000	Expenditure Other £000	Total 2014 £000	Total 2013 £000
Costs of activities for generating funds	435	-	175	610	139
Academy trust's educational operations:					
Direct costs	8,291	387	1,195	9,873	9,904
Allocated support costs	2,303	1,633	776	4,712	4,703
	10,594	2,020	1,971	14,585	14,607
Governance costs	-	-	75	75	90
Total	11,029	2,020	2,221	15,270	14,836

Incoming resources for the year include:

	Total 2014 £000	Total 2013 £000
Operating leases	30	10
Fees payable to auditor: audit	21	8
other services	5	8
Depreciation	549	497

Torch Academy Gateway Trust**Notes to the Financial Statements for the Year Ended to 31 August 2014****7. CHARITABLE ACTIVITIES - ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Total 2014 £000	Total 2013 £000
Direct costs		
Teaching and educational support staff costs	8,291	8,236
Depreciation	549	497
Educational supplies	352	347
Examination fees	261	310
Staff development	45	72
Educational consultancy	72	107
Other direct costs	11	41
Technology costs	15	30
Trips	277	264
	9,873	9,904
Allocated support costs		
Support staff costs	2,160	1,816
Recruitment and support	72	76
Maintenance of premises and equipment	939	1,334
Cleaning	171	182
Rent and rates	103	38
Insurance	163	163
Utilities	257	216
Security and transport	96	109
Catering staff costs	143	141
Catering supplies	206	215
Phone, postage and stationery	156	174
Other support costs	130	140
Technology costs	114	96
Bank charges	2	3
	4,712	4,703
Total	14,585	14,607

8. GOVERNANCE COSTS

	Total 2014 £000	Total 2013 £000
Legal and professional fees	49	74
Auditor's remuneration		
- audit fees	21	8
- non-audit services	5	8
	75	90

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

9. STAFF

a. Staff costs

	2014 £000	2013 £000
Staff costs during the period were:		
Wages and salaries	8,551	8,119
Social Security costs	650	610
Pension costs	1,417	1,174
	<u>10,618</u>	<u>9,903</u>
Supply staff costs	380	290
Staff restructuring costs	31	-
	<u>11,029</u>	<u>10,193</u>

b. Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £31,383 (2013: nil). Two of the non statutory/non-contractual payments exceeded £5,000 individually and these were for £22,146 and £6,198.

c. Staff numbers

The average number of persons (including senior management team) employed by the academy trust during the period was as follows:

	2014 No.	2013 No.
Charitable Activities		
Teachers	189	179
Administration and support	78	67
Management	21	15
	<u>288</u>	<u>261</u>

d. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2014	2013
£60,001 - £70,000	4	1
£70,001 - £80,000	2	2
£80,001 - £90,000	-	1
£90,001 - £100,000	-	1
£100,001 - £110,000	2	-
£110,001 - £120,000	1	-
£200,001 - £210,000	-	1
£210,001 - £220,000	1	-

Ten of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £120,612.

10. TRUSTEES' REMUNERATION AND EXPENSES

The Chief Executive Officer and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and staff and not in respect of their services as trustees. Other trustees did not receive any payments from the academy trust in respect of their role as trustees. The value of trustees' remuneration was as follows:

	2014	2013
Mr J Tomasevic	£205k - £210k	£200k - £205k
Mr J Taylor	£115k - £120k	£80k - £85k
Mr A Rahman	£100k - £105k	£75k - £80K
Mr D Hooker	£100k - £105k	£90k - £95k

During the year ended 31 August 2014, travel and subsistence expenses totalling £8,690 (2013: £10,453) were reimbursed to 4 trustees.

Other related party transactions involving the trustees are set out in note 23.

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

11. CENTRAL SERVICES

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

human resources;
financial services;
legal services;
educational support services
marketing
IT/data services

The trust charges for these services at a flat rate designed to cover the cost of the services. Actual charges in the year were as follows:

	2014 £000	2013 £000
Toot Hill School	-	-
Meden Comprehensive School	200	280
Birklands Primary School	6	-
	<u>206</u>	<u>280</u>

As the central costs are held in Toot Hill School, no charges were made to that school.

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover between £1,000,000 to £2,000,000 over the individual academies on any one claim and the cost for the period ended 31 August 2014 was £2,318. The cost of this insurance is included in the total insurance cost.

13. TANGIBLE ASSETS

	Leasehold Land and Buildings £000	Freehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost or opening valuation						
At 1st September 2013	7,787	13,664	494	451	6	22,402
Inherited on conversion	1,492	-	28	17	-	1,537
Additions	327	2,398	36	108	-	2,869
Disposals	-	-	-	-	-	-
At 31st August 2014	<u>9,606</u>	<u>16,062</u>	<u>558</u>	<u>576</u>	<u>6</u>	<u>26,808</u>
Depreciation						
At 1st September 2013	143	463	77	134	1	818
Charge for the year	174	213	54	107	1	549
Eliminated on disposal	-	-	-	-	-	-
At 31st August 2014	<u>317</u>	<u>676</u>	<u>131</u>	<u>241</u>	<u>2</u>	<u>1,367</u>
Net Book Values						
At 31st August 2014	<u>9,289</u>	<u>15,386</u>	<u>427</u>	<u>335</u>	<u>4</u>	<u>25,441</u>
At 31st August 2013	<u>7,644</u>	<u>13,201</u>	<u>417</u>	<u>317</u>	<u>5</u>	<u>21,584</u>

Assets transferred on conversion at 1 April 2014 were valued by the trustees.

Included in freehold land and buildings is land valued at £2,982,365 (2013 - £2,982,365) which is not depreciated.

14. DEBTORS (all due within one year)

	2014 £000	2013 £000
Trade debtors	91	54
VAT recoverable	177	116
Other debtors	1,035	251
	<u>1,303</u>	<u>421</u>

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

15. CREDITORS

Amounts falling due within one year

	2014 £000	2013 £000
Trade Creditors	45	79
Taxation and social security	-	187
Other creditors	1,487	766
Loan	19	75
	<u>1,551</u>	<u>1,107</u>
<i>Deferred income</i>		
Brought forward	56	17
Released	(56)	(17)
Deferred from current receipts	147	56
Carried forward	<u>147</u>	<u>56</u>

Deferred income represents grants received in advance of entitlement arising and monies received in advance for school trips which took place after the year end.

Amounts falling due after more than one year

	2014 £000	2013 £000
Loan due between one and two years	11	28
Other creditors due between one and two years	5	-
Loan due between two and five years	19	21
Other creditors between two and five years	6	-
	<u>41</u>	<u>49</u>

Loans outstanding at the year end include £2,759 unsecured and interest free energy efficiency loans and an additional loan of £47,581 which is also unsecured and charged at interest of 0.5% per annum. All loans were taken out pre-conversion.

16. FUNDS

	Balance 01.09.13 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses & Transfers £000	Balance 31.08.14 £000
Restricted general funds					
Activities for generating funds	-	579	(579)	-	-
General annual grant (GAG)	470	13,415	(12,005)	(234)	1,646
Other EFA grants	-	1,050	(944)	-	106
Other government grants	-	294	(294)	-	-
Pension deficit	(2,355)	(209)	(221)	(648)	(3,433)
	<u>(1,885)</u>	<u>15,129</u>	<u>(14,043)</u>	<u>(882)</u>	<u>(1,681)</u>
Restricted fixed asset funds					
Assets transferred on conversion	21,331	1,536	(473)	-	22,394
EFA grants	358	2,395	(94)	-	2,659
Other grants	10	-	(2)	-	8
Capital from Unrestricted funds	46	-	(6)	-	40
capital expenditure from GAG	148	-	(42)	234	340
	<u>21,893</u>	<u>3,931</u>	<u>(617)</u>	<u>234</u>	<u>25,441</u>
Total restricted funds	<u>20,008</u>	<u>19,060</u>	<u>(14,660)</u>	<u>(648)</u>	<u>23,760</u>
Unrestricted funds					
General funds	387	771	(610)	-	548
Total unrestricted funds	<u>387</u>	<u>771</u>	<u>(610)</u>	<u>-</u>	<u>548</u>
Total funds	<u>20,395</u>	<u>19,831</u>	<u>(15,270)</u>	<u>(648)</u>	<u>24,308</u>

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

16. FUNDS (continued)

GAG may only be spent in compliance with the academy trust's funding agreement.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Significant other grants are:

- Pupil Premium, for disadvantaged pupils
- Conversion grant, for costs of converting to academy status
- Pre-conversion grants, for preparing maintained schools for future conversion
- Summer School, for additional tuition during the summer

The capital grants include funds received towards the cost of a new teaching block and refurbishments and asbestos removal.

The transfer into restricted fixed asset funds represents fixed assets purchased out of GAG.

Fund balances at 31 August 2014 were allocated as follows:

	2014	2013
	£000	£000
Toot Hill School	1,097	296
Meden Comprehensive School	1,053	561
Birklands Primary School	150	-
Total before fixed assets and pension reserve	<u>2,300</u>	<u>857</u>
Restricted fixed asset fund	25,441	21,893
Pension reserve	<u>(3,433)</u>	<u>(2,355)</u>
	<u>24,308</u>	<u>20,395</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted	Restricted	Restricted	Total
	Funds	General	Fixed Asset	Funds
	£000	Funds	Funds	£000
Tangible fixed assets	-	-	25,441	25,441
Current assets	548	2,389	955	3,892
Current liabilities	-	(596)	(955)	(1,551)
Liabilities greater than 1 year	-	(41)	-	(41)
Pension scheme liability	-	<u>(3,433)</u>	-	<u>(3,433)</u>
Total net assets	<u>548</u>	<u>(1,681)</u>	<u>25,441</u>	<u>24,308</u>

Analysis of academies by cost

	Teaching & educational support staff	Other support staff	Educational Supplies	Other costs (excluding depreciation)	Total
	£000	£000	£000	£000	£000
Toot Hill School	5,672	1,522	164	2,267	9,625
Meden Comprehensive School	2,790	736	181	1,029	4,736
Birklands Primary school	264	45	7	44	360
Academy trust	<u>8,726</u>	<u>2,303</u>	<u>352</u>	<u>3,340</u>	<u>14,721</u>

18. CAPITAL COMMITMENTS

	2014	2013
	£000	£000
Contracted for, but not provided in the financial statements	<u>1,230</u>	<u>-</u>

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

19. FINANCIAL COMMITMENTS

Operating leases

At 31 August 2014 the trust had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£000	£000
Other		
Expiring within one year	3	-
Expiring within two and five years inclusive	30	10
	<u>33</u>	<u>10</u>

20. CONTINGENT LIABILITIES

There were no contingent liabilities.

21. 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

22. PENSIONS 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 Nottinghamshire County Council Pension fund. Both are defined-benefit schemes.

The Local Government Pension Scheme obligation relating to the school's support staff transferred as part of the conversion. New employees have also joined the scheme. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £nil (2013: £144,162) were payable to the schemes at 31 August 2014 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) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or change of contract, although they are able to opt out.

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

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

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

22. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set as 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%));
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pension website.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable whilst remaining fair to the workforce and the taxpayer.

The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy 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.

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

22. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Scheme

The following disclosures relate to all academies in the multi-academy trust.

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £424,000, of which employer's contributions totalled £314,000 and employees' contributions totalled £110,000.

Parliament has agreed, at the request of the Secretary of State for Education, to 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.

Principal Actuarial Assumptions

	At 31 August 2014 %	At 31 August 2013 %
Rate of increase in salaries	4.50	5.10
Rate of increase for pensions in payment/inflation	2.70	2.90
Discount rate for scheme liabilities	3.90	4.70
Inflation assumption (CPI)	2.70	2.90
Commutation of pensions to lump sums	50.00	50.00

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below :

	£000 +0.1%	£000 0.0%	£000 -0.1%
Adjustment to discount rate			
Present value of total obligation	6,699	6,857	7,020
Projected service cost	473	485	497
Adjustment to long term salary increase			
Present value of total obligation	6,900	6,857	6,814
Projected service cost	485	485	485
Adjustment to pension increases and deferred revaluation			
Present value of total obligation	6,978	6,857	6,739
Projected service cost	497	485	473
	+ 1 year	None	- 1 year
Adjustment to mortality age rating assumption			
Present value of total obligation	6,617	6,857	7,099
Projected service cost	469	485	501

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

22. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Scheme (continued)

Life expectancy assumptions

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

	At 31 August 2014 years	At 31 August 2013 years
<i>Retiring today</i>		
Males	22.0	18.7
Females	25.1	22.8
<i>Retiring in 20 years</i>		
Males	24.1	20.7
Females	27.4	24.6

Share of assets and rate of return

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £000
Equities	6.5	2,466	6.2	1,731
Government bonds	3.0	197	3.5	219
Other bonds	3.6	234	4.4	98
Property	5.5	384	5.2	293
Cash	2.9	143	0.5	49
Other	0.0	-	6.2	49
Total market value of assets		3,424		2,439
Present value of scheme liabilities				
- Funded		(6,857)		(4,794)
(Deficit) in the scheme		(3,433)		(2,355)

The expected rate of return on plan assets is based on long term future expected investment return for each 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 at the relevant date. The return on equities and property are assumed to be a margin above gilt yields.

The actual return on scheme assets was £373,000 (2013: £274,000).

Amounts recognised in the statement of financial activities

	2014 £000	2013 £000
Current service cost (net of employee contributions)	(443)	(381)
Past service cost	-	-
Total operating costs	(443)	(381)

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	154	95
Interest on pension liabilities	(246)	(162)
Pension finance income/(costs)	(92)	(67)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £1,355,000 loss (2013: £707,000 loss).

Torch Academy Gateway Trust**Notes to the Financial Statements for the Year Ended to 31 August 2014****22. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)***Movements in the present value of defined benefit obligations were as follows:*

	2014	2013
	£000	£000
At 1 September	4,794	2,349
Transfer on conversion	427	1,326
Current service costs	443	381
Interest cost	246	162
Employee contributions	110	99
Actuarial loss	867	494
Benefits paid	(30)	(17)
At 31 August	6,857	4,794

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

	2014	2013
	£000	£000
At 1 September	2,439	1,145
Transfer on conversion	218	641
Expected return on assets	154	95
Actuarial gain	219	179
Employer contributions	314	297
Employee contributions	110	99
Benefits paid	(30)	(17)
At 31 August	3,424	2,439

The estimated value of employer contributions for the year ended 31 August 2015 is £339,000.

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

	31.08.2014	31.08.2013	31.08.12	01.07.11
	£000	£000	£000	£000
Present value of defined benefit obligations	(6,857)	(4,794)	(2,349)	(1,558)
Fair value of share of scheme assets	3,424	2,439	1,145	814
(Deficit) in the scheme	(3,433)	(2,355)	(1,204)	(744)
Experience adjustments on share of scheme assets				
Amount £'000	219	179	18	-
Experience adjustments on scheme liabilities:				
Amount £'000	(203)	-	-	-

23. RELATED PARTY TRANSACTIONS

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

Mr Mark Aldrich was a trustee until he resigned on 9 October 2013 and is also a partner of Browne Jacobson LLP. No services were purchased prior to his resignation (2013: £52,819 at arms length basis).

Legal authority for the payments is given by provision in the Articles of Association.

Torch Academy Gateway Trust

Notes to the Financial Statements for the Year Ended to 31 August 2014

24. CONVERSION TO AN ACADEMY TRUST

On 1 April 2014, Birklands Primary School converted to the academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Torch Academy Gateway Trust from Nottinghamshire County Council for no consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Leasehold land and buildings	-	-	1,492	1,492
Other tangible fixed assets	-	-	44	44
Surplus on school budget	101	-	-	101
School fund	2	-	-	2
Pension deficit	-	(209)	-	(209)
	<u>103</u>	<u>(209)</u>	<u>1,536</u>	<u>1,430</u>

The above net assets include £102,620 that were transferred as cash.