

Twyford  
CofE  
Academies Trust

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended

31st August 2013

Company Registration Number  
07648968 (England and Wales)

THURSDAY



\*A3419IJT\*

A24

20/03/2014

#254

COMPANIES HOUSE

## CONTENTS

	Pages
Reference and Administrative Details	1
Directors' Report	2
Governance Statement	6
Statement of Regularity, Propriety and Compliance	8
Statement of Directors' Responsibilities	9
Independent Auditor's Report	10
Statement of Financial Activities incorporating Income & Expenditure Account	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the Financial Statements, incorporating	
Statement of Accounting Policies	14
Other Notes to the Financial Statement	17

## REFERENCE AND ADMINISTRATIVE DETAILS

Directors	<p>Mrs Christine Peppiatt (Chair, Member)* Mr Antony Antoniou (term of office ended and resigned as a Director 31st October 2012)* Mr Michael Arthur (Staff Governor, appointed 18th June 2013)## Mr Mark Bedford (Staff Governor, resigned as a Director 31st March 2013)* Ms Hilary Belden Mr Andrew Bickley (appointed 30th April 2013) The Right Rev'd Pete Broadbent (Member) Mr David Bush* Mrs Christine Catlin (Member, resigned as a Director 18th June 2013, remains a Member) Mrs Louise Gibb* Mr John Goddard*# Mr John Howard (appointed 18th June 2013)* Ms Alice Hudson (Executive Head Teacher and Accounting Officer)*# The Rev'd Christopher Ramsay* Mr Will Shaw (appointed 30th April 2013) Miss Mina Vuoto (Staff Governor, appointed 11th September 2013)* Mr Inigo Woolf (Member) # Dr Neil Yates*##</p> <p>* Member of the Resources Committee # Member of the Audit Committee</p>
Company Secretary	Mrs Valerie Drake
Leadership Team	<p>Ms Alice Hudson (Executive Head Teacher) Mr Keir Smith (Associate Head Teacher) Ms Karen Barrie (Associate Head Teacher) Mr Richard Lane (Director of Finance &amp; Operations)</p>
Registered Office	<p>Twyford C of E High School Twyford Crescent London W3 9PP</p>
Company Registration Number	07648968
Independent Auditor	<p>Baker Tilly UK Audit LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1BP</p>
Bankers	<p>Lloyds TSB Bank PLC Harrow Commercial Centre 286-288 Station Road Harrow Middlesex HA1 2EB</p>
Solicitors	<p>Eversheds Eversheds House 70 Great Bridgwater Street Manchester M1 5ES</p>

## DIRECTORS' REPORT

The directors of Twyford Church of England Academies Trust Limited ('the Trust') present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2013

### Structure, Governance and Management

#### *Constitution*

The Trust is a company limited by guarantee and an exempt charity. The charitable company was incorporated on 26th May 2011. The charitable company's memorandum and articles of association are the primary governing documents of the Trust.

The Directors and Members act as the trustees for the charitable activities of the Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Twyford Church of England Academies Trust.

Details of the Directors and Members 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.

#### *Principal Activities*

The Trust operates Church of England comprehensive schools. Twyford Church of England High School converted from voluntary aided status to academy status on 1st October 2011 and transferred to the Trust on that date. A new free school, William Perkin Church of England High School opened to its first cohort of students in September 2013.

#### *Method of Recruitment and Appointment or Election of Directors and Members*

Members comprise the founding Members of the Trust and the current Chair of the Board.

Directors are either appointed by the Board or elected by local governing bodies, staff or parents or appointed by the Secretary of State. Four Directors may be nominated for appointment by Directors as follows:

- Two by the London Diocesan Board for Schools (LDBS)
- One by the Bishop of Willesden
- One by the Ealing Deanery Synod

Up to two chairs of local (academy) governing bodies are elected as Directors. At least two staff Directors are elected by staff members of local governing bodies. At least two parent Directors are elected by parent members of local governing bodies, who are themselves elected. Directors may also appoint staff or parent Directors. The Executive Headteacher is a Director. The directors may appoint up to three co-opted Directors. The Secretary of State may appoint one or more Directors when he/she has serious concerns and has issued a warning notice. Director appointees normally follow a recommendation by the members.

#### *Policies and Procedures Adopted for the Induction and Training of Directors*

New directors are given an extensive briefing on the governance of the school by the Company Secretary. This includes meeting the Headteacher and the Chair of Directors, a tour of the School. New directors are also given information about available training courses which may be appropriate. Briefings on issues affecting the Trust are circulated to directors by the Company Secretary from time to time.

## DIRECTORS' REPORT (continued)

### *Organisational Structure*

The directors of the Trust have overall responsibility for the management of the organisation. This responsibility is exercised through a committee structure including local governing bodies for the Twyford Church of England High School and the William Perkin Church of England High School which opened in September 2013. Committees have also been established at Trust level to oversee audit, resource and pay issues and at local level to oversee curriculum and student issues. Day-to-day management is delegated to the Executive Headteacher (who is the Accounting Officer), Executive Group and School Leadership Team via a scheme of delegation. Under the scheme of delegation, directors have retained responsibility for determining key policies, plans and strategies, the annual budget, purchases exceeding £25,000 and setting key performance targets. Indemnity insurance is in place, limiting directors' exposure to claims.

### *Risk Management*

A risk management policy and business continuity plan have been drawn up and are in operation. A risk register has been drawn up and a termly review process has been established involving managers designated as risk owners. Areas currently considered high risk are adverse changes to government policy or assessment criteria and the risk of higher pension costs.

### *Connected Organisations, including Related Party Relationships*

The Trust does not have any subsidiaries or related companies in the corporate sense. The Trust is affiliated with the LDBS and receives professional services support from both the LDBS and the London Borough of Ealing. The Trust actively cooperates in the areas of curriculum development, staff training and raising standards with several local primary and secondary schools, mainly through local authority and LDBS connections but also as lead school in the Ealing Teaching School Alliance.

### *Objectives and Activities*

#### *Objects and Aims*

The objects of the Trust are to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing Church of England schools offering a broad and balanced curriculum and conducted in accordance with the principles, practices and tenets of the Church of England. In the furtherance of these objects the Trust may provide educational facilities and services to the wider community for the public benefit.

The Trust takes as its motto, 'I have come that you should have life and life in all its fullness'. The text is taken from John chapter 10 vs 10 and from this the Trust has created the 10/10 ethic which is the principle that informs all the Trust schools. We believe that:

- All individuals have God-given gifts which they can develop for the good of others
- All individuals do bad things sometimes but that it is not acceptable to believe that anyone has to stay in a 'bad place'
- All individuals can find their valued place within the community

#### *Objectives, Strategies and Activities*

The Trust's current strategic goals are to:

- Achieve 'outstanding' grading at both Trust schools and sustain these standards. Twyford C of E High School was inspected by OFSTED in May 2012 and retained its 'outstanding' grade.
- Establish a Teaching School as a core function within the Trust schools. The Trust was awarded Teaching School status in April 2013 as lead school for the Ealing Teaching School Alliance and a programme of work is being implemented to raise standards and develop teacher training across the Alliance.
- Establish a centre of excellence for teaching and learning in four specialisms (Music, Languages, Science and RE/Ethics). Music, Language and RE/Ethics specialisms are well established at Twyford C of E High School. The new William Perkin C of E High School has Science, Languages and RE/Ethics as specialisms. Funding has been secured from the London Excellence Fund to help the Trust support language teaching in local 'feeder' primary schools.
- Establish a sustainable business and staffing model across the Trust. Progress has been made in establishing central support functions, ensuring that in the long run both schools benefit from economies of scale.

#### *Public Benefit*

In setting objectives and planning activities, directors of the Trust have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission. The Trust continues to provide public benefit to the local community through its many activities - including provision of facilities to clubs and supplementary schools - involving not just its pupils but also a broad cross-section of the general public.

## DIRECTORS' REPORT (continued)

### Achievements and Performance

Key targets for 2012/13 and performance against them are shown below

- Achieve a successful opening of the new William Perkin CofE High School. The building and ICT projects were delivered on time. Staff were recruited and systems set up for the new school and 180 students started on 6th September as planned.
- Improve pupil attainment. Headline attainment figures improved in 2012/13 following a dip in 2011/12 related to the unexpected shifting of grade boundaries for Maths in particular. 77.4% of students achieved A\*-C in 5 GCSEs including English and Maths. This was an improvement on the previous year (67%) but was below the target (82.8%). The EBAC pass rate was the highest in the Borough. Key stage 5 results remained strong. A5 results achieved target (ALPS2). A2 results again fell slightly short of ALPS2 but remained in the top 20% of schools nationally. 39% of passes were at A or A\* compared to the national average of 26%.
- Improve teaching and learning through provision of high quality curriculum resources on the VLE, improved assessment and progress monitoring. Year 7 and 8 curriculum resources are available on a new VLE and are now in use at both of the Trust's schools. A new assessment and monitoring system is being implemented.
- Improve learning behaviour. A listening project was undertaken and effort grades were revised. Mindfulness was added to the core skills programme.
- Development of 'middle leaders'. The Trust was awarded Teaching School status in March 2013. A first cohort of 'School Direct' trainees were recruited. A middle leadership programme has been established.
- Further development of Spiritual, Moral, Social and Cultural practice. Changes have been made to the oversight of chaplaincy. The programme of chaplaincy activities has been relaunched. Common worship practices and a pastoral curriculum have been established.
- Improvements to specialism curricula. Measures have been taken to raise standards through outreach to primary schools and changes to the admissions policy at Twyford High School to provide for specialist music places. The outreach work will be further supported by a successful bid to the London Mayor's Excellence Fund.
- Multi-academy trust staffing structures established. A new operational team structure to meet the needs of the expanded operation was implemented.
- Facilities across trust maintained and developed to support other objectives. The new school building was delivered on time and a new maintenance strategy agreed and implemented.
- Multi-academy trust governance and financial arrangements in place. New governing bodies and committees for each school have been established. Clerking arrangements have been reviewed and changed to reflect new requirements. Key policies and reporting systems have been established.

### Going Concern

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

### Key Financial Performance Indicators

The Trust aims to meet targets on profitability, liquidity and indebtedness/gearing and to comply with the requirements of the funding agreement with the EFA. On profitability, restricted funds are targeted to break even each year. In 2012/13 this was achieved. Concerning liquidity, the current ratio should be at least 1 and cash days should be at least 25 days. In 2012/13 both targets were met.

### Financial Review

Most of the Trust's income is received from the EFA in the form of recurrent grants which have to be used to meet the education and support running costs of the Trust's schools. The grants received in 2012/13 and associated expenditure are shown in the Statement of Financial Activities.

During the year ended 31 August 2013, incoming resources exceeded resources expended by £369,000 (2012 £558m) after taking account of the actuarial gain on the Local Government Pension Scheme. The size of this surplus is partly due to the accumulation of voluntary funds to meet the costs of future building projects.

The net book value of fixed assets at 31 August was £7,041m (2012 £6,92m). This comprised the fair value of land and buildings for which the Trust enjoys the risks and rewards of ownership (while not formally owning a freehold or leasehold interest), additions in the year of £438,000 funded from the revenue surplus and capital grants from the EFA and depreciation deducted of £317,000. Apart from letting for community use, assets were used exclusively for providing education and associated support services to the pupils of the Trust's school.

## DIRECTORS' REPORT (continued)

### Financial and Risk Management Objectives and Policies

The Trust relies on the EFA for most of its income - which is received monthly - and keeps surplus funds in low risk bank deposits. Providing the terms of the funding agreement are complied with it is not envisaged that the Trust faces substantial risk to cash flow or liquidity.

### Principal Risks and Uncertainties

The main risks the Trust faces - Identified through the risk management process - are

- Risk of failing to achieve student attainment targets. To address this, the Trust has robust systems in place for monitoring student and teacher performance and for taking swift follow up action where this is required.
- Adverse changes to government policy or assessment criteria. The Trust closely monitors developments in government funding education policy which have the potential to have serious adverse impact on the capacity of the organisation to achieve its objectives.
- The risk of higher pension costs. The Trust has inherited a significant pension deficit from the voluntary aided school on conversion. The employer's contribution is reassessed every three years and it is likely that a higher contribution will be required following the valuation now due. Allowance will be made for this in future financial plans.
- The construction of the new school building. This has been a major risk although much of the financial risk was borne by the local authority. The school has now successfully opened to its first cohort of students and the risks have reduced.

### Reserves Policy

At 31 August 2013 the Trust held reserves of £5 952m (2012 £5 583m) - comprising a fixed asset reserve of £7 041m (2012 £6 920m), working capital (including cash) backed reserves and a pension scheme reserve £1 97m in deficit (2012 £1 936m in deficit). The Trust aims to use accumulated cash reserves for reinvestment in premises and capital equipment and to provide funding to meet unexpected losses of income or additional costs. The trust aims to maintain cash reserves equivalent to 25 cash days to meet unexpected requirements. Cash reserves include £437,000 (2012 £254,000) which are unrestricted. The pension fund reserve deficit of £1 97m (2012 £1 936m) has arisen as a result of longer life expectancies and lower returns on assets than envisaged at the last valuation and review of contributions. The next actuarial review as at March 2013 is likely to result in higher contributions aimed at eliminating the deficit over a 20 year period.

### Investment Policy

Directors' investment powers are set out in the Articles of Association and allow funds not immediately required for the furtherance of its objectives to be invested in such instruments as are considered suitable and diverse by a competent financial expert with performance being regularly reviewed by directors. The Trust has adopted a Treasury Management Policy which requires that surplus funds are invested in money market and deposit accounts with a Fitch rating of F1/A or higher, for a period not exceeding one year. Where other criteria are met, the policy favours ethical investments.

### Plans for Future Periods

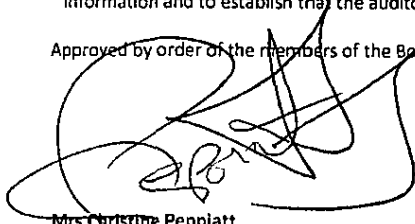
As previously outlined in the Objectives, Strategies and Activities section above, the Trust plans to take possession of the full site of the the William Perkin CofE High School in the spring of 2014 and establish the school as an excellent school and continue to raise standards across both Trust schools. In the long term the Trust aims to establish itself as a successful multi-academy trust and bring other schools into the group.

### Auditor

In so far as the governors are aware

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

Approved by order of the members of the Board of Directors on 11th December 2013 and signed on its behalf by



Mrs Christine Peppiatt  
Chair

## GOVERNANCE STATEMENT

### Scope of Responsibility

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

The Board of Directors has delegated the day to-day responsibility to the Executive Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Twyford Church of England Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

### Governance

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

Director	Meetings Attended	Out of a possible
Mrs Christine Peppiatt (Chair)	6	7
Mr Antony Antoniou	1	1
Mr Michael Arthur (Staff Governor)	1	1
Mr Mark Bedford (Staff Governor)	3	4
Ms Hilary Belden	7	7
Mr Andrew Bickley	2	2
The Right Rev'd Pete Broadbent	2	7*
Mr David Bush	7	7
Mrs Christine Catlin	5	7*
Mrs Louise Gibb	7	7
Mr John Goddard	6	7
Mr John Howard	1	1
Ms Alice Hudson (Executive Headteacher)	7	7
The Rev'd Christopher Ramsay	3	7
Mr Will Shaw	2	2
Miss Mina Vuoto (Staff Governor)	0	0
Mr Inigo Woolf (Audit Committee Chair)	6	7*
Dr Neil Yates (Resources Committee Chair and Vice-Chair)	7	7

\* Under the Articles of Association, there is no expectation that Members who are not Directors attend all meetings.

The Directors were joined by Andrew Bickley in April 2013. Andrew is an experienced lawyer.

The Audit and Resources Committee was established in September 2012 as a sub-committee of the Board. Its purpose was to review all resourcing and audit issues including consideration of the financial position and risk management. The Committee was replaced by two committees in November 2012. Attendance at meetings in the year was as follows:

Director	Meetings Attended	Out of a possible
Dr Neil Yates (Chair)	1	1
Mr Antony Antoniou	1	1
Mr Mark Bedford (Staff Governor)	1	1
Mr David Bush	1	1
Mrs Christine Catlin	1	1
Mrs Louise Gibb	1	1
Mr John Goddard	0	1
Ms Alice Hudson (Executive Headteacher)	1	1
Mrs Christine Peppiatt	1	1
The Rev'd Christopher Ramsay	0	1



## GOVERNANCE STATEMENT (continued)

The Resources Committee, established in November 2012, is a sub-committee of the Board. Its purpose is to review the Trust's finances and resources. Attendance at Resources Committee meetings in the year was as follows

Director	Meetings Attended	Out of a possible
Dr Neil Yates (Chair)	4	5
Mr Mark Bedford (Staff Governor)	1	2
Mr David Bush	4	5
Mrs Christine Catlin	4	4
Mrs Louise Gibb	5	5
Mr John Goddard	5	5
Ms Alice Hudson (Executive Headteacher)	5	5
Mrs Christine Peppiatt	4	5
The Rev'd Christopher Ramsay	1	5

The Audit Committee, established in November 2012, is a sub-committee of the Board. Its purpose is to review the work of the Trust's auditors and risk management. Attendance at Audit Committee meetings in the year was as follows

Director	Meetings Attended	Out of a possible
Mr Inigo Woolf (Chair)	4	4
Mr Mark Bedford (Staff Governor)	3	3
Mrs Christine Catlin	1	1
Mrs Louise Gibb	2	2
Mr John Goddard	2	4
Ms Alice Hudson (Executive Headteacher)	2	4
Mrs Christine Peppiatt	1	1
The Rev'd Christopher Ramsay	0	1
Dr Neil Yates	3	4

### 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 Twyford Church of England Academies Trust for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements

### Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks. This process is regularly reviewed by the Board of Directors.

### The Risk and Control Framework

The 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 Directors 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 Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed the financial statements auditor, Baker Tilly, to carry out a supplementary programme of work covering the operation of core financial systems, IT controls, budgetary control and corporate governance. Although quarterly reports were originally planned, due to delays in agreeing a letter of engagement, Baker Tilly provided one report to the audit committee in July 2013 covering the full programme of work for the year. This programme has complied with the EFA's requirements. No high priority issues were identified but two medium priority recommendations were made. One concerned an exceptional delay in issuing a staff contract and the other concerned raising and approval of purchase orders. There has not been a recurrence of the staff contract issue and a new electronic purchase ordering system has been implemented which has addressed the second recommendation.

## GOVERNANCE STATEMENT (continued)

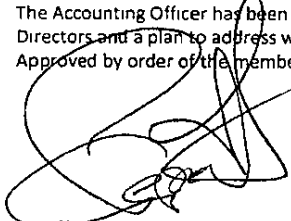
### Review of Effectiveness

As Accounting Officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by

- the findings from the supplementary programme of audit work,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Directors 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 Directors on 11th December 2013 and signed on its behalf by



Mrs Christine Peppiatt  
Chair



Ms Alice Hudson  
Accounting Officer

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Twyford Church of England Academies Trust I have considered my responsibility to notify the Trust Board of Directors 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 Trust Board of Directors are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the 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.



Ms Alice Hudson  
Accounting Officer

11th December 2013

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors (who act as trustees for charitable activities of Twyford Church of England Academies Trust Limited and 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 Academies Accounts Direction 2013 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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

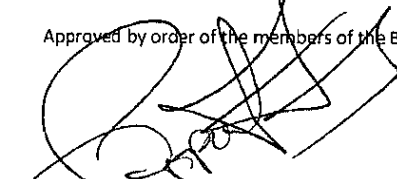
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 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 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 Directors on 11th December 2013 and signed on its behalf by



Mrs Christine Peppiatt  
Chair

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWYFORD CHURCH OF ENGLAND  
ACADEMIES TRUST  
YEAR ENDED ON 31 AUGUST 2013**

We have audited the financial statements of Twyford Church of England Academies Trust for the year ended 31 August 2013 on pages 11 to 30. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors (who act as trustees for the charitable activities of the charitable company, and are 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 (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <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 then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006, and
- 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 Directors' 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:

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

**Baker Tilly UK Audit LLP**

(SARAH MASON (Senior Statutory Auditor))

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
Bucks  
MK9 1BP

**17 December 2013**

**STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 August 2013**  
**(including Income & Expenditure Account and Statement of Total**  
**Recognised Gains and Losses)**

	Notes	Unrestricted Funds £000s	Restricted General Funds £000s	Restricted Fixed Asset Funds £000s	Total 2013 £000s	Total 2012* £000s
<b>Incoming Resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary Income	3	160	20	407	587	216
Voluntary Income - transfer on conversion	3	-	-	-	-	5,332
Activities for generating funds	4	98	-	-	98	84
Investment Income	5	4	-	-	4	1
<i>Incoming resources from charitable activities</i>						
Funding for the Academy Trust's educational operations	6	-	9,942	-	9,942	8,759
<b>Total Incoming resources</b>		<b>262</b>	<b>9,962</b>	<b>407</b>	<b>10,631</b>	<b>14,392</b>
<b>Resources expended</b>						
<i>Cost of generating funds</i>						
Fundraising trading	7	60	-	-	60	61
<i>Charitable activities</i>						
Academy Trust's educational operations	7	19	9,845	317	10,181	8,496
<i>Governance costs</i>	9		65	-	65	53
<b>Total resources expended</b>		<b>79</b>	<b>9,910</b>	<b>317</b>	<b>10,306</b>	<b>8,610</b>
<b>Net incoming resources before transfers</b>		<b>183</b>	<b>52</b>	<b>90</b>	<b>325</b>	<b>5,782</b>
<b>Gross transfers between funds</b>	17	-	(31)	31	-	-
<b>Net income for the year</b>		<b>183</b>	<b>21</b>	<b>121</b>	<b>325</b>	<b>5,782</b>
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	17, 27		44	-	44	(199)
<b>Net movement in funds</b>		<b>183</b>	<b>65</b>	<b>121</b>	<b>369</b>	<b>5,583</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2012	17	254	(1,591)	6,920	5,583	-
<b>Total funds carried forward at 31 August 2013</b>		<b>437</b>	<b>(1,526)</b>	<b>7,041</b>	<b>5,952</b>	<b>5,583</b>

All of the Academy Trust's activities derive from continuing operations (2012 acquisitions)

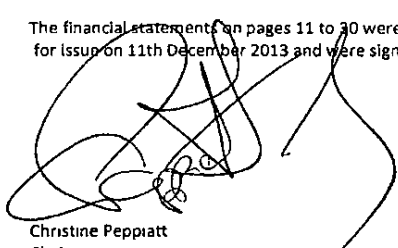
\* 2012 figures are for the 11 month period 1 October 2011 to 31 August 2012

# BALANCE SHEET as at 31 August 2013

Company Number 07648968

	Notes	2013 £000s	2012 £000s
Fixed assets			
Tangible assets	14	7,041	6,920
		<u>7,041</u>	<u>6,920</u>
Current assets			
Debtors	15	399	456
Cash at bank and in hand		1,731	416
		<u>2,130</u>	<u>872</u>
Creditors amounts falling due within one year	16	(1,249)	(273)
Net current assets		<u>881</u>	<u>599</u>
Total assets less current liabilities		<u>7,922</u>	<u>7,519</u>
Net assets excluding pension liability		<u>7,922</u>	<u>7,519</u>
Net pension liability	27	(1,970)	(1,936)
Net assets including pension liability		<u>5,952</u>	<u>5,583</u>
Funds of the academy			
Restricted income funds			
Fixed asset fund	17	7,041	6,920
General fund	17	444	345
		<u>7,485</u>	<u>7,265</u>
Pension reserve	17	(1,970)	(1,936)
Total restricted funds		<u>5,515</u>	<u>5,329</u>
Unrestricted income funds			
Governors' fund	17	376	231
General fund	17	61	23
		<u>437</u>	<u>254</u>
Total unrestricted funds		<u>437</u>	<u>254</u>
Total Funds		<u>5,952</u>	<u>5,583</u>

The financial statements on pages 11 to 30 were approved by the Board of Directors, and authorised for issue on 11th December 2013 and were signed on its behalf by

  
Christine Peppiatt  
Chair

## CASH FLOW STATEMENT for the year ended 31 August 2013

	Notes	2013 £000s	2012* £000s
Net cash inflow from operating activities	21	1,342	359
Returns on investments and servicing of finance	22	4	1
Capital expenditure	23	(31)	(229)
Cash transferred on conversion to an academy trust		-	285
<b>Increase in cash in the period</b>	<b>24</b>	<b>1,315</b>	<b>416</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2012		416	
<b>Net funds at 31 August 2013</b>		<b>1,731</b>	<b>416</b>

\* 2012 figures are for the 11 month period 1 October 2011 to 31 August 2012

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013

### 1 Statement of 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 2013 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### **Going Concern**

The Directors 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 Directors make this assessment in respect of a period of one year from the date of approval of the financial statements. The Directors have reviewed a 3-year financial forecast for the Trust including a sensitivity analysis and have concluded that the use of going concern is appropriate.

#### **Incoming Resources**

All incoming resources are recognised when the 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. Performance conditions pertaining to General Annual Grant (GAG) and Delegate Capital Grant were met and the funding received has been recognised in full in the period.

#### **Sponsorship income**

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

#### **Donations**

Donations are recognised on a receivable basis where there is entitlement and certainty of receipt and the amount can be reliably measured. Income due but not yet received from Gift Aid is accrued.

#### **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 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 Trust's policies. The rights and responsibilities of ownership of land and buildings have been transferred to the Trust on conversion and depreciated replacement cost values are shown as incoming resources in the Statement of Financial Activities.

#### **Interest Receivable**

Interest receivable is recognised in the period it is receivable.

#### **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.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

### 1 Statement of Accounting Policies (continued)

#### *Charitable activities*

These are costs incurred on the Trust's educational operations

#### *Governance Costs*

These include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Director'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 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 life, as follows:

Freehold buildings	26 years
Fixtures, fittings and equipment	10 years
Computer equipment and software	4 years

Land and buildings for which the Trust has the rights and responsibilities of ownership are treated as freehold land and buildings. Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

#### **Leased Assets**

Rentals under operating leases are charged on a straight-line basis to the Statement of Financial Activities over the lease term.

#### **Taxation**

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

#### **Pensions Benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 27, 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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

### 1 Statement of Accounting Policies (continued)

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

#### Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, other funder or sponsor 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 and the Department for Education.

#### Bursaries

Funding is received from the EFA for bursaries for 16-19 year old students. Students with a mandatory entitlement receive a bursary in accordance with EFA requirements. Discretionary bursary payments are made in accordance with guidance in line with needs based criteria. 5% of the funding is retained by the Trust to cover administration costs.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

2 General Annual Grant (GAG)

Results and Carry Forward for the Period	2013 £000s	2012* £000s
GAG brought forward from previous period	345	-
GAG allocated for current period	8,289	7,365
Total GAG available to spend	8,634	7,365
Recurrent expenditure from GAG	(8,159)	(6,799)
Fixed assets purchased from GAG	(31)	(221)
GAG carried forward to next year	444	345
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(995)	(884)
GAG to surrender to DfE (12% rule breached if result is positive)	(551) no breach	(539) no breach

3 Voluntary Income

	Unrestricted Funds £000s	Restricted Funds £000s	Total 2013 £000s	Total 2012* £000s
Transferred from voluntary aided school	-	-	-	5,332
Other donations	160	20	180	188
Capital grants	-	407	407	28
	<u>160</u>	<u>427</u>	<u>587</u>	<u>5,548</u>

4 Activities for Generating Funds

	Unrestricted Funds £000s	Restricted Funds £000s	Total 2013 £000s	Total 2012* £000s
Hire of facilities	98	-	98	84
	<u>98</u>	<u>-</u>	<u>98</u>	<u>84</u>

\* 2012 figures are for the 11 month period 1 October 2011 to 31 August 2012

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

**5 Investment Income**

	Unrestricted Funds £000s	Restricted Funds £000s	Total 2013 £000s	Total 2012* £000s
Interest on short term deposits	4	-	4	1
<b>Total</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>1</b>

**6 Funding for the Trust's Educational Operations**

	Unrestricted Funds £000s	Restricted Funds £000s	Total 2013 £000s	Total 2012* £000s
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG) (note 2)		8,289	8,289	7,365
Lead-In Grant	-	170	170	25
Teaching School and School Direct Grants		47	47	
Other DfE/EFA grants*	-	59	59	164
		<b>8,565</b>	<b>8,565</b>	<b>7,554</b>

\* Includes 16-19 Bursaries 5% of these funds have been retained to cover administration costs

<b>Other Government grants</b>				
Local authority grants - Special Educational Needs	-	665	665	606
<b>Fees and charges for educational activities</b>	-	712	712	599
	-	<b>1,377</b>	<b>1,377</b>	<b>1,205</b>
<b>Total</b>	-	<b>9,942</b>	<b>9,942</b>	<b>8,759</b>

**7 Resources Expended**

	Staff Costs £000s	Non Pay Expenditure Premises £000s	Other Costs £000s	Total 2013 £000s	Total 2012* £000s
Costs of activities for generating funds	-	60	-	60	61
<b>Academics' educational operations</b>					
Direct costs	6,549	-	424	6,973	5,964
Allocated support costs	1,084	558	1,566	3,208	2,532
	<b>7,633</b>	<b>558</b>	<b>1,990</b>	<b>10,181</b>	<b>8,496</b>
<b>Governance costs including allocated support costs</b>					
	31	-	34	65	53
<b>Total</b>	<b>7,664</b>	<b>558</b>	<b>2,024</b>	<b>10,246</b>	<b>8,549</b>

<b>Outgoing resources for the period include</b>		2013 £000s	2012* £000s
Operating leases - plant and machinery		65	65
Fees payable to auditor - audit	previous year	5	-
	current year	18	13
- other services		<b>3</b>	<b>2</b>

\* 2012 figures are for the 11 month period 1 October 2011 to 31 August 2012

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

## 8 Charitable Activities - Trust's educational operations

	Unrestricted Funds £000s	Restricted Funds £000s	Total 2013 £000s	Total 2012* £000s
<b>Direct costs</b>				
Teaching and educational support staff costs	-	6,549	6,549	5,651
Educational supplies	4	225	229	118
Examination fees	-	162	162	171
Staff development	-	33	33	24
	<u>4</u>	<u>6,969</u>	<u>6,973</u>	<u>5,964</u>
<b>Allocated support costs</b>				
Support staff costs	-	1,084	1,084	902
Depreciation	-	317	317	237
Recruitment and support	-	34	34	29
Maintenance of premises and equipment	-	290	290	167
Cleaning	-	108	108	119
Rent and rates	-	69	69	35
Insurance	-	91	91	95
Security and transport	-	49	49	29
Catering	-	55	55	54
ICT related costs	-	248	248	204
Professional and consultancy services	5	88	93	63
Pension fund deficit	-	78	78	1,987
Other support costs	10	682	692	(1,389)
	<u>15</u>	<u>3,193</u>	<u>3,208</u>	<u>2,532</u>
<b>Total</b>	<u>19</u>	<u>10,162</u>	<u>10,181</u>	<u>8,496</u>

## 9 Governance Costs

	Unrestricted Funds £000s	Restricted Funds £000s	Total 2013 £000s	Total 2012* £000s
Legal and professional fees	-	8	8	15
Auditor's remuneration	-	23	23	13
Audit of financial statements	-	3	3	8
Responsible officer audit	-	31	31	17
Support costs	-	31	31	17
	<u>-</u>	<u>65</u>	<u>65</u>	<u>53</u>

## 10 Central Services

The Trust has provided the following central services to its academies during the year

Strategic management and governance  
Human Resources and Payroll services  
Financial services  
Information Technology and Data services  
Professional and Legal services  
Educational support services

The trust charges for these services on the following basis  
Flat percentage of income (14.7%)

The actual amounts charged during the year were as follows

	2013 £000s
Twyford C of E High School	1,618
William Perkin C of E High School	27
	<u>1,645</u>

\* 2012 figures are for the 11 month period 1 October 2011 to 31 August 2012

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

11 Staff Costs

Staff costs during the period were	2013 £000s	2012* £000s
Wages and salaries	6,061	5,195
Social security costs	505	443
Pension costs	815	716
	<u>7,381</u>	<u>6,354</u>
Supply teacher costs	283	216
<b>Total</b>	<u><b>7,664</b></u>	<u><b>6,570</b></u>

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

	2013 Number	2012 Number
<b>Charitable Activities</b>		
Teachers	94	79
Administration and support	49	36
Management	14	14
<b>Governance</b>		
Administration and support	1	1
	<u>158</u>	<u>130</u>

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

	2013 Number	2012 Number
£60,001 - £70,000	7	4
£70,001 - £80,000	-	3
£80,001 - £90,000	2	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
	<u>10</u>	<u>8</u>

Nine of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £90,000 (2012 £64,000). The other employee participated in the Local Government Pension Scheme and pension contributions for this employee amounted to £13,000 (2012 £1,000).

12 Directors'/Governors' remuneration and expenses

Executive Headteacher and staff directors/governors only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff and not in respect of their services as directors/governors. Other directors/governors did not receive any payments from the Trust in respect of their role as governors. The value of directors'/governors' remuneration was as follows

Ms Alice Hudson, Executive Head Teacher	£110,282
Mr Mark Bedford and Mr Michael Arthur, Staff Governors	£97,673

The Headteacher/staff governors is/are accruing retirement benefits under the Local Government Pension Scheme/Teachers' Pension Scheme and contributions paid in the year amounted to £28,734 (2012 £16,645).

During the period ended 31 August 2013, no travel and subsistence expenses were reimbursed to governors.

Other related party transactions involving the directors are set out in note 28.

\* 2012 figures are for the 11 month period 1 October 2011 to 31 August 2012

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

**13 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 period ended 31 August 2013 was £2,518 (2012 £2,310). The cost of this insurance is included in the total insurance cost.

**14 Tangible Fixed Assets**

	Freehold Land and Buildings £000s	Furniture and Equipment £000s	Computer Equipment £000s	Total £000s
<b>Cost</b>				
At 1 September 2012	6,946	10	201	7,157
Additions	233	14	191	438
<b>At 31 August 2013</b>	<b>7,179</b>	<b>24</b>	<b>392</b>	<b>7,595</b>
<b>Depreciation</b>				
At 1 September 2012	233	-	4	237
Charge for period	268	-	49	317
<b>At 31 August 2013</b>	<b>501</b>	<b>-</b>	<b>53</b>	<b>554</b>
<b>Net book values</b>				
At 31 August 2013	<b>6,678</b>	<b>24</b>	<b>339</b>	<b>7,041</b>
At 1 September 2012	<b>6,713</b>	<b>10</b>	<b>197</b>	<b>6,920</b>

Freehold land and buildings at the Twyford High School site were valued on transfer by Ian Naylor, BSc (Hons) MRICS of Sanderson Weatherall LLP on a Depreciated Replacement Cost basis. Land was valued at £300,000. The property is held in trust for the school by the London Diocesan Board for Schools.

**15 Debtors**

	2013 £000s	2012 £000s
Trade debtors	133	67
Other debtors	156	162
Accrued Income and Prepayments	110	227
	<b>399</b>	<b>456</b>

**16 Creditors amounts falling due within one year**

	2013 £000s	2012 £000s
Trade creditors	990	112
Other creditors	-	8
Accruals and deferred income	259	153
	<b>1,249</b>	<b>273</b>

**Deferred income**

	2013 £000s	2012 £000s
Deferred income at 1 September 2012	76	-
Resources deferred in the period	186	76
Amounts released from previous year	(66)	-
<b>Deferred income at 31 August 2013</b>	<b>196</b>	<b>76</b>

£66,000 of deferred income at 31 August 2013 relates to Teaching School funding received in advance and £28,000 relates to devolved capital grants for 2013/14. £5,000 of funding relating to the Comenius project remains to be spent as does a £5,000 donation for music equipment. The remainder relates to income received in advance from parents for music tuition, trips and activities taking place in the new academic year.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

17 Funds

	Balance at 1 September 2012 £000s	Incoming Resources £000s	Resources Expended £000s	Gains, Losses and Transfers £000s	Balance at 31 August 2013 £000s
<b>Restricted general funds</b>					
General Annual Grant (GAG) excluding pension reserve	345	8,289	(8,159)	(31)	444
Lead in Grant	-	170	(170)	-	-
Teaching School and School Direct grants	-	47	(47)	-	-
Other DfE/EFA grants	-	59	(59)	-	-
Local Authority Special Educational Needs Funding	-	665	(665)	-	-
Other Income	-	732	(732)	-	-
Pension reserve	(1,936)	-	(78)	44	(1,970)
	<b>(1,591)</b>	<b>9,962</b>	<b>(9,910)</b>	<b>13</b>	<b>(1,526)</b>
<b>Restricted fixed asset funds</b>					
Assets transferred on conversion	6,667	-	(309)	-	6,358
DfE/EFA capital grants	28	407	(4)	-	431
Capital expenditure from GAG	217	-	(4)	31	244
Governors' Fund sponsored capital expenditure	8	-	-	-	8
	<b>6,920</b>	<b>407</b>	<b>(317)</b>	<b>31</b>	<b>7,041</b>
<b>Total restricted funds</b>	<b>5,329</b>	<b>10,369</b>	<b>(10,227)</b>	<b>44</b>	<b>5,515</b>
<b>Unrestricted funds</b>					
Governors' fund	231	164	(19)	-	376
Other unrestricted funds	23	98	(60)	-	61
<b>Total unrestricted funds</b>	<b>254</b>	<b>262</b>	<b>(79)</b>	<b>-</b>	<b>437</b>
<b>Total funds</b>	<b>5,583</b>	<b>10,631</b>	<b>(10,306)</b>	<b>44</b>	<b>5,952</b>

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

- General Annual Grant Fund Income from the DfE/EFA to be used for the normal running costs of the academy trust including education and support costs
- Lead in Grant Income from the EFA to be used to pay for the lead in costs for the new William Perkin C of E High School
- Other DfE/EFA grants Other EFA/DfE grants for specific purposes
- Special Educational Needs Funding Funding from the Local Authority to fund additional support for students with special needs
- Pension reserve This relates to the Trust's share of the deficit on the Local Government Pension Scheme
- DfE/EFA capital grants Income from the DfE/EFA for the purchase of capital works or equipment This includes £259,000 funding for ICT equipment for William Perkin C of E High School
- Other fixed asset funds Funds transferred from the GAG fund or the Governors Fund for the purchase of capital works or equipment
- Other Income mainly relates to amounts received for educational visits and activities to be used for that specific activity
- £31,000 of surplus GAG funds was transferred to the fixed asset reserve to fund capital expenditure on building improvements and ICT replacements



# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

## 17 Funds (continued)

### Analysis of academies by fund balance

Fund balances at 31 August 2013 were allocated as follows

	Total £000s
Twyford C of E High School	881
William Perkin C of E High School	-
Central services	-
Total before fixed assets and pension reserve	881
Restricted fixed asset fund	7,041
Pension reserve	(1,970)
Total	<u>5,952</u>

### Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows

	Teaching and Educational Support Staff Costs £000s	Other Support Staff Costs £000s	Educational Supplies £000s	Other Costs (excluding depreciation) £000s	Total Expenditure (excluding depreciation) £000s
Twyford C of E High School	5,823	643	175	1,435	8,076
William Perkin C of E High School	50	7	33	53	143
Central services	676	434	21	514	1,645
Academy Trust	<u>6,549</u>	<u>1,084</u>	<u>229</u>	<u>2,002</u>	<u>9,864</u>

## 18 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by

	Unrestricted Funds £000s	Restricted General Funds £000s	Restricted Fixed Asset Funds £000s	Total Funds £000s
Tangible fixed assets	-	-	7,041	7,041
Current assets	437	1,693	-	2,130
Current liabilities	-	(1,249)	-	(1,249)
Pension scheme liability	-	(1,970)	-	(1,970)
Total net assets	<u>437</u>	<u>(1,526)</u>	<u>7,041</u>	<u>5,952</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

**19 Capital Commitments**

	2013 £000s	2012 £000s
Contracted for but not provided in the financial statements	<u>636</u>	<u>-</u>

**20 Financial Commitments**

**Operating leases**

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

	2013 £000s	2012 £000s
Plant and machinery		
Expiring within one year	-	25
Expiring between two and five years inclusive	100	69
<b>Total</b>	<u>100</u>	<u>94</u>

**21 Reconciliation of net income to net cash Inflow from operating activities**

	2013 £000s	2012* £000s
Net income	325	5,782
Depreciation (note 14)	317	237
Capital grants from DfE and other capital income	(407)	(28)
Assets transferred on conversion		(6,900)
Interest receivable (note 5)	(4)	(1)
FRS 17 pension cost less contributions payable (note 27)	(2)	1 657
FRS 17 pension finance income (note 27)	80	80
Increase in debtors	57	(456)
Increase in creditors	976	273
Cash Impact of transfer on conversion	-	(285)
<b>Net cash inflow from operating activities</b>	<u>1,342</u>	<u>359</u>

**22 Returns on Investments and Servicing of Finance**

	2013 £000s	2012* £000s
Interest received (note 5)	4	1
<b>Net cash inflow from returns on investments and servicing of finance</b>	<u>4</u>	<u>1</u>

\* 2012 figures are for the 11 month period 1 October 2011 to 31 August 2012

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

23 Capital Expenditure and Financial Investment

	2013 £000s	2012* £000s
Purchase of tangible fixed assets (note 14)	(438)	(257)
Capital grants from DfE/EFA	407	28
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(31)</b>	<b>(229)</b>

24 Analysis of Changes in Net Funds

	At 31 August 2012 £000s	Cashflows £000s	At 31 August 2013 £000s
Cash in hand and at bank	416	1,315	1,731
<b>Total</b>	<b>416</b>	<b>1,315</b>	<b>1,731</b>

25 Contingent Liabilities

There were no contingent liabilities at the period end

26 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

\* 2012 figures are for the 11 month period 1 October 2011 to 31 August 2012

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

### 27 Pension and similar obligations

The Trust's employees belong to three principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, the Local Government Pension Scheme (LGPS) for most non-teaching staff, which is managed by The London Pensions Fund Authority, and the Church of England Funded Pension Scheme (CEFPS) for chaplaincy staff. All are defined benefit schemes.

As described in note 11 the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the voluntary aided school and new employees who were eligible to, and have joined the Scheme since conversion. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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, of the LGPS 31 March 2010 and of the CEFPS at 31 December 2012.

There were no outstanding or prepaid contributions at either the beginning or the end of the period.

#### Teachers' Pension Scheme

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.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

#### 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

### 27 Pension and similar obligations (continued)

#### Teachers' Pension Scheme (continued)

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

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 August 2013 was £296,000 (2012 £256,000), of which employer's contributions totalled £220,000 (2012 £192,000) and employees' contributions totalled £76,000 (2012 £64,000). The agreed contribution rates for future years are 19.1 per cent for employers and 5.5 per cent for employees.

#### Principal actuarial assumptions

	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	4.15%	4.05%
Rate of increase for pensions in payment/inflation	2.40%	2.30%
Discount rate for scheme liabilities	4.60%	4.50%
Inflation assumption (CPI)	2.40%	2.30%
Commutation of pensions lump sums	50.00%	50.00%

#### A sensitivity analysis shows the following

- a 0.1% increase in the discount rate would result in a £56,000 reduction in the value of liabilities
- a 0.1% increase in the inflation rate would result in a £58,000 increase in the value of liabilities
- a 1 year increase in life expectancy would result in a £47,000 increase in the value of liabilities

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 Years	At 31 August 2012 Years
<b>Retiring today</b>		
Males	22.0	22.9
Females	24.8	25.8
<b>Retiring in 20 years</b>		
Males	23.8	21.5
Females	26.7	24.2

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £000s	Expected return at 31 August 2012	Fair value at 31 August 2012 £000s
Equities	7.0%	420	7.0%	178
Gilts	3.4%	0	2.5%	0
Other Bonds	4.4%	164	3.4%	80
Property	5.7%	0	6.0%	0
Cash	0.5%	18	0.5%	11
Other	7.0%	4	7.0%	2
Total Market Value of assets		606		271
Present value of scheme liabilities - funded		(2,576)		(2,207)
Deficit in the scheme		(1,970)		(1,936)

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins

The actual return on scheme assets was £42,000 (2012 £21,000)

Amounts recognised in the statement of financial activities

	2013 £000s	2012* £000s
Current service cost (net of employee contributions)	214	163
Total operating charge	214	163
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	21	7
Interest on pension liabilities	(105)	(87)
Pension finance costs	(84)	(80)

\* 2012 figures are for the 11 month period 1 October 2011 to 31 August 2012

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

## 27 Pension and similar obligations (continued)

### Local Government Pension Scheme (continued)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FR5 17 is a £155,000 loss (2012 £199,000 loss)

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

	2013 £000s
At 1 September	2,207
Current service cost	214
Interest cost	105
Employee contributions	76
Actuarial loss	-
Benefits paid	(26)
Past service cost	-
Opening fair value of scheme obligations on conversion	-
At 31 August	<u>2,576</u>

#### *Movements in the fair value of the Trust's share of scheme assets*

	2013 £000s
At 1 September	271
Expected return on assets	21
Actuarial gain	44
Employer contributions	220
Employee contributions	76
Benefits paid	(26)
At 31 August	<u>606</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £220,000 (2012 £192,000)

#### *The five-year history of experience adjustments is as follows* (Figures are only available for the period since conversion)

	2013 £000s
Present value of defined benefit obligations	(2,576)
Fair value of share of scheme assets	606
Deficit in scheme	<u>(1,970)</u>

#### *Experience adjustments on share of scheme assets* Amount £000s

44

#### *Experience adjustments on share of scheme liabilities* Amount £000s

-

\* 2012 figures are the 11 month period 1 October 2011 to 31 August 2012

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

### 27 Pension and similar obligations (continued)

#### The Church of England Funded Pension Scheme

The Trust participates in the CEFPS and employs 2 members of the scheme out of a total membership of 9 000 active members

The CEFPS is a defined benefit scheme but the Trust is unable to identify its share of the underlying assets and liabilities since each employer in the scheme pays a common contribution rate

A valuation of the scheme was carried out at 31 December 2009. This revealed a deficit of £262m, with assets of £605m and a funding target of £867m, assessed using the following assumptions

- An investment strategy of
  - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from nil at 31 December 2009 to 2/3 by 31 December 2029, with the balance in return seeking assets, and
  - for investments backing liabilities prior to retirement, a 100% allocation to return seeking assets
- Investment returns of 4.4% per annum on gilts and 5.9% per annum on equities,
- RPI inflation of 3.8% per annum (and pension increases consistent with this),
- Increase in pensionable stipends of 3.8% per annum, and
- Post retirement mortality in accordance with 80% of the S1NA tables, with allowance made for improvements in mortality rates from 2003 according to the 'medium cohort' projections, and subject to a minimum annual improvement of 1.5% for males and 1% for females

For schemes such as the CEFPS, paragraph 9(b) of FRS17 requires the Trust to account for pension costs on the basis of contributions actually payable to the scheme in the year

Following results of the 2009 valuation, changes were made to benefits being built up in the scheme from 1 January 2011 and the contribution rate was set at 38.2% of pensionable stipends (of which 14.7% is in respect of the £262m shortfall in the scheme and 23.5% is in respect of accrual of future benefits and the day to day expenses of running the scheme)

A full report is awaited for the valuation at 31 December 2012, but early information indicates that the deficit has increased to £293m, representing 75% coverage of assets to liabilities, and it has been decided to increase the contribution rate to 39.9% from 1 January 2015 for a deficit recovery period of 12 years

### 28 Related Party Transactions

Owing to the nature of the Trust'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

Staff governors receive salary payments from the Trust and parent governors have financial dealings with the Trust as other parents do. Governors with these interests do not take part in decisions which directly affect them or their children

Mr I Woolf is an employee of the London Diocesan Board for Schools (LDBS). Transactions totalling £9,000, relating to a subscription to an advice service took place in the year. Furthermore the Trust operates in buildings owned by the LDBS. There were no amounts outstanding

### 29 Amounts for which the Trust is Acting as an Agent

<b>16-19 Bursaries</b>	2013 £000s
EFA/DfE grants	23
Disbursed to students	(23)
Balance unspent at 31 August 2013	<u>-</u>

#### Independent Secondary Schools Partnership

The Trust is holding £7,000 as deferred income for this partnership. It is expected that these funds will be spent in 2013/14

#### Golden Hellos

The Trust received £11,000 during the year relating to 'Golden Hello' payments to staff. These amounts were passed on to staff in their entirety