

Twyford  
CofE  
Academies Trust

Twyford Church of England Academies Trust

(A Company Limited by Guarantee)

## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended

31st August 2014

Company Registration Number  
07648968 (England and Wales)

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## REFERENCE AND ADMINISTRATIVE DETAILS

Members	<p>The Right Rev'd Pete Broadbent (Member) Mrs Christine Catlin (Member, resigned as a Director 18th June 2013, remains a Member) Mrs Christine Peppiatt (Chair, Member)* Mr Inigo Woolf (Member) #</p>
Directors	<p>Mr Michael Arthur (Staff Governor)# Ms Hilary Belden Mr Andrew Bickley # Mr David Bush* Mrs Judy Ebubedike (appointed 11th December 2013) Mrs Louise Gibb* Mr John Goddard (term of office ended 10th July 2014, reappointed 22nd October 2014)*# Mr John Howard * Ms Alice Hudson (Executive Head Teacher and Accounting Officer)*# The Rev'd Christopher Ramsay Mr William Shaw (resigned 20th April 2014)* Miss Mina Vuoto (Staff Governor, appointed 11th September 2013)* Dr Neil Yates **</p> <p>* Member of the Resources Committee. # Member of the Audit Committee.</p>
Company Secretary	<p>Mrs Valerie Drake</p>
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	<p>07648968</p>
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 ('the Trust') present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report under charity law and a directors' report under company law.

The Trust operates two secondary schools in the London Borough of Ealing (Twyford C of E High School and William Perkin C of E High School) with a combined pupil capacity of 2,800 and a roll in the year of 1,630.

### 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.

#### *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.

Trust Directors are either appointed by the Board or elected by local (school) governing bodies, staff or parents or appointed by the Secretary of State. Four Directors may be nominated for appointment by existing 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 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 appointments 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 and being given a tour of Trust schools. 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.

#### *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.

#### *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.

## DIRECTORS' REPORT (continued)

### **Risk Management**

The Directors who are also the Trustees of the Charity have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks.

### **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. William Perkin C of E High School has made a very good start and will be inspected by OFSTED in early 2015.
- 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, Languages 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. The London Schools Excellence Fund is funding a project providing support for 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.

Following a Directors' review of the strategy and in light of rising demand for school places in the borough, an application was submitted in May 2014 to open a third high school in 2016 in the east of the London Borough of Ealing. The application - submitted under the Free School programme - has been approved and the project is now at pre-opening stage.

### **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)

### Strategic Report

#### Achievements and Performance

Key targets for 2013/14 and performance against them are shown below:

- Public exam results at Twyford C of E High School: 86% of Key Stage 4 students achieved 5 A\*-C grades at GCSE - including English and Maths. This is 2% above the nationally recognised benchmark for outstanding schools (FFT D target 84%) and is an improvement on the previous year. A level performance also compared very well with other schools. At AS, Twyford was in the top 9% of schools and at A2 in the top 16% of schools nationally. At the newly opened William Perkin High School, progression rates for English and Maths in year 1 are well above national expectations.
- Develop the Science specialism. Students achieved very well in Science subjects at GCSE at Twyford High School and at William Perkin High School year 7 students made outstanding progress. Some A2 results at Twyford were also outstanding. We are aiming to sustain these achievements and make further improvements in other areas of the Science provision.
- Further develop the Maths accelerated programme. Maths results generally were very good and the target has largely been achieved.
- Establish a central curriculum resource. Copia, the Trust's virtual learning environment, now holds resources for most Key Stage 3 subjects and some subjects at other key stages. The system - which also holds student specific data - is now accessible by parents. Further work is needed to complete the project.
- Establish a central assessment system and resources. The target has been substantially met. The Trust has implemented an online system for recording regular assessments, grades and school reports. The system is now accessible to parents. Further work will concentrate on improving the quality of regular assessments.
- Establish consistent classroom expectations. A campaign to reinforce classroom etiquette and standards has yielded results particularly at William Perkin High School. Additional staff training is needed to establish the improvement across both schools.
- Establish high quality teacher and leader development programmes. Training programmes for developing teachers and leaders have been successfully delivered. Some positive outcomes have been seen.
- Establish support for language teaching in feeder primary schools. This target has been met. Over 1,000 primary school children have benefited from a primary teacher training programme and provision of high quality resources.
- Establish and sustain a high quality music offer in both schools. A good start has been made in establishing the music curriculum at William Perkin High School but more work is needed to consolidate this.
- Ensure consistently high quality of delivery in all aspects of Social, Moral, Spiritual and Cultural education across both schools. This target has largely been met: High quality assemblies and pastoral programmes are being delivered at both schools.
- Establish 'Twyford best practice' in attainment, teaching and learning, behaviour and leadership at William Perkin. This target has been met. High standards have been established in nearly all areas in the School's first year.
- Develop Trust support functions to provide excellent and efficient services to both schools. Robust systems have been established in most support functions. Further work is needed to consolidate quality and efficiency in some areas.

#### 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 at least break even each year. In 2013/14 this was achieved. Concerning liquidity, the ratio of current assets to current liabilities should be at least 1 and cash days should be at least 25 days. In 2013/14 both targets were met.

#### Going Concern

After making appropriate enquiries, the directors of the Trust have 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.

#### Financial Review

Most of the Trust's income is received from the Education Funding Agency (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 2013/14 and associated expenditure are shown in the Statement of Financial Activities.

During the year ended 31 August 2014, incoming resources exceeded resources expended by £1,142,000 (2013 £369,000) after taking account of the actuarial gain on the Local Government Pension Scheme.

The net book value of fixed assets at 31 August was £7.924m (2013 £7.041m). This comprised the fair value of Twyford C of E High School 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 £1,252,000 (2013 £438,000) funded from the revenue surplus and capital grants from the EFA and depreciation deducted of £369,000 (2013 £317,000). The William Perkin C of E High School land and buildings are currently occupied under licence and no value is included for them. Apart from letting for community use, assets were used exclusively for providing education and associated support services to the pupils of the Trust's schools.

## DIRECTORS' REPORT (continued)

### *Reserves Policy*

At 31 August 2014 the Trust held reserves of £7.094m (2013 £5.952m) - comprising a fixed asset reserve of £7.924m (2013 £7.041m), working capital (including cash) backed reserves and a pension scheme reserve £1.752m in deficit (2013 £1.97m 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 general restricted/unrestricted reserves of between 3% and 5% of income and cash reserves equivalent to 25 cash days to meet unexpected requirements. Cash reserves include £98,000 (2013 £61,000) which are unrestricted. The pension fund reserve deficit of £1.752m (2013 £1.97m) has arisen as a result of longer life expectancies and lower returns on assets than previously envisaged. Prior to the March 2013 valuation and review of contributions, Trust directors decided to un-pool the Trust's scheme from that of the London Borough of Ealing. Following the review, the Trust pays an annual contribution of £97,000 in addition to normal funding levels to recover the deficit over a period of 20 years from 2010. The reduction in the deficit is broadly in line with this strategy.

### *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.

### **Principal Risks and Uncertainties**

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.

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 for non-teaching staff. The Trust has inherited a significant deficit on the Local Government Pension Scheme from the voluntary aided school on conversion. The employer's contribution is reassessed every three years and there is a risk that contributions will need to increase in future if there are further increases in life expectancy and/or returns on fund assets remain low.
- The Trust's application to open a third high school in the London Borough of Ealing exposes the Trust to new risks. The project is at an early stage and the risks involved are being evaluated and will be closely monitored as the project progresses.

### **Plans for Future Periods**

As previously outlined in the Objectives, Strategies and Activities section above, the Trust has now opened its second school, William Perkin C of E High School and will manage the growth of the school as each new year group is admitted. A third school has been approved for opening in 2016 and is in the early stages of planning. In the long term the Trust aims to establish itself as a successful multi-academy trust with up to five schools in close proximity and all in the secondary sector.

### **Statement as to Disclosure of Information to Auditors**

In so far as the Directors 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.

The Directors' Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the Directors at a meeting on 10th December 2014 and signed on its behalf by:



Mrs Christine Pappajatt  
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 8 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)	8	8
Mr Michael Arthur (Staff Governor)	8	8
Ms Hilary Belden	7	8
Mr Andrew Bickley (elected Vice-Chair 10th September 2014)	5	8
The Right Rev'd Pete Broadbent	3	8*
Mr David Bush	7	8
Mrs Christine Catlin	0	8*
Mrs Judy Ebubedike	3	5
Mrs Louise Gibb	8	8
Mr John Goddard	7	8
Mr John Howard	7	8
Ms Alice Hudson (Executive Headteacher)	8	8
The Rev'd Christopher Ramsay	6	8
Mr William Shaw	3	6
Miss Mina Vuoto (Staff Governor)	8	8
Mr Inigo Woolf (Audit Committee Chair)	8	8*
Dr Neil Yates (Resources Committee Chair and Vice-Chair)	7	8

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

The Resources Committee 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)	5	5
Mr David Bush	4	5
Mrs Louise Gibb	5	5
Mr John Goddard	4	5
Ms Alice Hudson (Executive Headteacher)	5	5
Mrs Christine Peppiatt	4	5
Miss Mina Vuoto	3	5
Mr William Shaw	1	4
Mr John Howard	3	5

The Audit Committee 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)	3	3
Mr Michael Arthur	3	3
Mr Andrew Bickley	2	2
Mr John Goddard	2	3
Ms Alice Hudson (Executive Headteacher)	2	3
Dr Neil Yates	2	3



## GOVERNANCE STATEMENT (continued)

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Twyford Church of England Academies 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 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the 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 appointed Baker Tilly Risk Advisory Services LLP, to carry out a supplementary programme of work covering the operation of core financial systems, IT controls, budgetary control and corporate governance. Baker Tilly Risk Advisory Services LLP reported to Directors in June 2014. This programme has complied with the EFA's requirements. No high priority issues were identified but three medium priority recommendations were made. All have been addressed.

### Review of Effectiveness

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

- the 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 Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 10th December 2014 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. If any instances are identified after the date of this statement, these will be notified to the Board of Directors and EFA.



Ms Alice Hudson  
Accounting Officer

10th December 2014

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors who are also the Trustees of the Charitable Company for the purposes of charity law are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors 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 directors are required to:

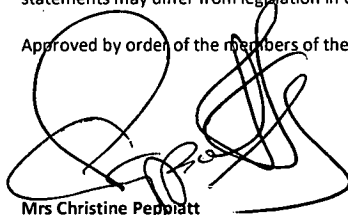
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

The directors 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 directors 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 directors 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 10th December 2014 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 2014**

We have audited the financial statements of Twyford Church of England Academies Trust for the year ended 31 August 2014 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 to 2014 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 ..., 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/auditscopeukprivate>

**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 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 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 and the incorporated 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:

- 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

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

Bucks

MK9 1BP

*16 December 2014*

**STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 August 2014**  
**(including Income & Expenditure Account and Statement of Total**  
**Recognised Gains and Losses)**

	Notes	Unrestricted Funds £000s	Restricted General and Other Funds £000s	Restricted Fixed Asset Funds £000s	Total 2014 £000s	Total 2013 £000s
<b>Incoming Resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary Income	3	-	227	824	1,051	587
Activities for generating funds	4	95	-	-	95	98
Investment income	5	-	3	-	3	4
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy Trust's educational operations	6	-	11,378	-	11,378	9,942
<b>Total incoming resources</b>		<b>95</b>	<b>11,608</b>	<b>824</b>	<b>12,527</b>	<b>10,631</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Fundraising trading	7	58	-	-	58	60
<i>Charitable activities:</i>						
Academy Trust's educational operations	7	-	11,163	369	11,532	10,181
Governance costs	9	-	81	-	81	65
<b>Total resources expended</b>		<b>58</b>	<b>11,244</b>	<b>369</b>	<b>11,671</b>	<b>10,306</b>
<b>Net incoming resources before transfers</b>		<b>37</b>	<b>364</b>	<b>455</b>	<b>856</b>	<b>325</b>
<b>Gross transfers between funds</b>	17	-	(428)	428	-	-
<b>Net income/(expenditure) for the year</b>		<b>37</b>	<b>(64)</b>	<b>883</b>	<b>856</b>	<b>325</b>
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	17, 26	-	286	-	286	44
<b>Net movement in funds</b>		<b>37</b>	<b>222</b>	<b>883</b>	<b>1,142</b>	<b>369</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2013	17	61	(1,150)	7,041	5,952	5,583
<b>Total funds carried forward at 31 August 2014</b>		<b>98</b>	<b>(928)</b>	<b>7,924</b>	<b>7,094</b>	<b>5,952</b>

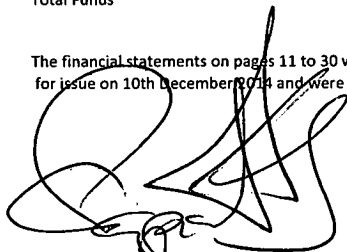
All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

# BALANCE SHEET as at 31 August 2014

Company Number 07648968

	Notes	2014 £000s	Restated 2013 £000s
<b>Fixed assets</b>			
Tangible assets	14	7,924	7,041
		<u>7,924</u>	<u>7,041</u>
<b>Current assets</b>			
Debtors	15	1,115	399
Cash at bank and in hand		1,529	1,731
		<u>2,644</u>	<u>2,130</u>
<b>Creditors: amounts falling due within one year</b>	16	(1,722)	(1,249)
<b>Net current assets</b>		<u>922</u>	<u>881</u>
<b>Total assets less current liabilities</b>		<u>8,846</u>	<u>7,922</u>
<b>Net assets excluding pension liability</b>		<u>8,846</u>	<u>7,922</u>
<b>Pension scheme liability</b>	26	(1,752)	(1,970)
<b>Net assets including pension liability</b>		<u>7,094</u>	<u>5,952</u>
<b>Funds of the academy:</b>			
<b>Restricted funds:</b>			
Fixed asset fund	17	7,924	7,041
General funds	17	495	444
Other funds	17	329	376
		<u>8,748</u>	<u>7,861</u>
<b>Restricted funds excluding pension reserve</b>		<u>8,748</u>	<u>7,861</u>
<b>Pension reserve</b>	17	(1,752)	(1,970)
<b>Total restricted funds</b>		<u>6,996</u>	<u>5,891</u>
<b>Unrestricted income funds</b>			
General fund	17	98	61
<b>Total unrestricted funds</b>		<u>98</u>	<u>61</u>
<b>Total Funds</b>		<u>7,094</u>	<u>5,952</u>

The financial statements on pages 11 to 30 were approved by the Board of Directors, and authorised for issue on 10th December 2014 and were signed on its behalf by:



Christine Peppias  
Chair

## CASH FLOW STATEMENT for the year ended 31 August 2014

	Notes	2014 £000s	2013 £000s
Net cash flow from operating activities	21	223	1,342
Returns on investments and servicing of finance	22	3	4
Capital expenditure	23	(428)	(31)
		<hr/>	<hr/>
(Decrease)/increase in cash in the year	24	(202)	1,315
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2013		1,731	416
		<hr/>	<hr/>
Net funds at 31 August 2014		1,529	1,731
		<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014

### 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 2013-2014 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.

#### *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 2014 (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. Where the related grant requires the asset to be held for a specific purpose and continued use they 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
Furniture and equipment	10 years
Computer equipment	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'), the Local Government Pension Scheme ('LGPS') and the Church of England Funded Pension Scheme ('CEFPS'). 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 2014 (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.

The CEFPS is a funded scheme and the assets are held separately from those of the Trust in separate trustee administered funds. 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. The CEFPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

#### Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 or other funder where the asset acquired or created is held for a specific purpose.

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

#### Agency Arrangements

The Trust acts as an agent in the administering of 16-19 bursary funds from the Education Funding Agency. Related payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in the statement of financial activities. Where funds have not been fully applied in the year then an amount will be included in amounts due to the EFA.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

### 2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to a limit at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

All academies within the Trust that were subject to limits did not exceed them.

### 3 Voluntary Income

	Unrestricted Funds £000s	Restricted General and Other Funds £000s	Restricted Fixed Asset Funds £000s	Total 2014 £000s	Total 2013 £000s
Other donations	-	227	-	227	180
Capital grants	-	-	824	824	407
	<u>-</u>	<u>227</u>	<u>824</u>	<u>1,051</u>	<u>587</u>

### 4 Activities for Generating Funds

	Unrestricted Funds £000s	Restricted Funds £000s	Total 2014 £000s	Total 2013 £000s
Hire of facilities	95	-	95	98
	<u>95</u>	<u>-</u>	<u>95</u>	<u>98</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

5 Investment Income

	Unrestricted Funds £000s	Restricted Funds £000s	2014 £000s	Total 2013 £000s
Interest on short term deposits	-	3	3	4
<b>Total</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>4</b>

6 Funding for the Trust's Educational Operations

	Unrestricted Funds £000s	Restricted Funds £000s	Total 2014 £000s	Total 2013 £000s
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG) (note 2)	-	9,451	9,451	8,289
Lead-in Grant	-	-	-	170
Teaching School and School Direct Grants	-	39	39	47
Other DfE/EFA grants	-	305	305	59
	<b>-</b>	<b>9,795</b>	<b>9,795</b>	<b>8,565</b>
<b>Other Government grants</b>				
Local authority grants - Special Educational Needs	-	740	740	665
Mayor of London grant - London Schools Excellence Fund	-	46	46	-
<b>Special education projects</b>	<b>-</b>	<b>797</b>	<b>797</b>	<b>712</b>
	<b>-</b>	<b>1,583</b>	<b>1,583</b>	<b>1,377</b>
<b>Total</b>	<b>-</b>	<b>11,378</b>	<b>11,378</b>	<b>9,942</b>

7 Resources Expended

	Staff Costs £000s	Non Pay Expenditure Premises £000s	Other Costs £000s	Total 2014 £000s	Total 2013 £000s
Costs of activities for generating funds	-	58	-	58	60
Academy Trusts' educational operations					
Direct costs	7,479	-	361	7,840	6,973
Allocated support costs	1,325	657	1,710	3,692	3,208
	<b>8,804</b>	<b>657</b>	<b>2,071</b>	<b>11,532</b>	<b>10,181</b>
Governance costs including allocated support costs	39	-	42	81	65
<b>Total</b>	<b>8,843</b>	<b>715</b>	<b>2,113</b>	<b>11,671</b>	<b>10,306</b>

Net incoming/(outgoing) resources for the year include:

	2014 £000s	2013 £000s
Operating leases - plant and machinery	106	65
Fees payable to auditor - audit	5	5
previous year	21	18
current year	4	3
- other services	<b>4</b>	<b>3</b>
Included within resources expended are the following transactions:		
- unrecoverable debts	<b>4</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

8 Charitable Activities - Trust's educational operations

	Total 2014 £000s	Total 2013 £000s
<b>Direct costs</b>		
Teaching and educational support staff costs	7,479	6,549
Educational supplies	162	229
Examination fees	160	162
Staff development	39	33
	<b>7,840</b>	<b>6,973</b>
<b>Allocated support costs</b>		
Support staff costs	1,325	1,084
Depreciation	369	317
Recruitment and support	35	34
Maintenance of premises and equipment	384	290
Cleaning	108	108
Rent and rates	113	69
Insurance	52	91
Security and transport	46	49
Catering	99	55
ICT related costs	248	248
Professional and consultancy services	162	93
Pension fund deficit	68	78
Other support costs	683	692
	<b>3,692</b>	<b>3,208</b>
<b>Total</b>	<b>11,532</b>	<b>10,181</b>

9 Governance Costs

	Total 2014 £000s	Total 2013 £000s
Legal and professional fees	12	8
Auditor's remuneration		
Audit of financial statements	26	23
Other services	4	3
Support costs	39	31
	<b>81</b>	<b>65</b>

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  
Specialist curriculum support and outreach projects  
Educational support services  
Teaching School and Initial Teacher Training support

The trust charges for these services, after deducting £199,000 (2013: Nil) of income attributable to central services on the following basis:  
Flat percentage of directly attributable income (13.6%; 2013: 14.7%)

The actual amounts charged during the year were as follows:

	2014 £000s	2013 £000s
Twyford C of E High School	1,328	1,618
William Perkin C of E High School	229	27
	<b>1,557</b>	<b>1,645</b>

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

## 11 Staff Costs

Staff costs during the year were:	2014 £000s	2013 £000s
Wages and salaries	7,062	6,061
Social security costs	599	505
Pension costs	910	815
	<u>8,571</u>	<u>7,381</u>
Supply staff costs	272	283
<b>Total</b>	<u><b>8,843</b></u>	<u><b>7,664</b></u>

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

	2014 Number	2013 Number
<b>Educational Operations</b>		
Teachers	98	94
Administration and support	62	49
Management	18	14
<b>Governance</b>		
Administration and support	1	1
	<u>179</u>	<u>158</u>

## Higher Paid Staff

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

	2014 Number	2013 Number
£60,001 - £70,000	7	7
£70,001 - £80,000	1	-
£80,001 - £90,000	2	2
£110,001 - £120,000	1	1
	<u>11</u>	<u>10</u>

Ten (2013: nine) of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, pension contributions for these staff amounted to £102,000 (2013 £90,000). The other employee participated in the Local Government Pension Scheme and pension contributions for this employee amounted to £12,000 (2013 £13,000). Both pension schemes are defined benefit schemes.

## 12 Directors'/Governors' remuneration and expenses

The Executive Headteacher and staff directors/governors only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff under their contracts of employment 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 (excluding pension contributions) was as follows:

	2014	2013
Ms Alice Hudson, Executive Head Teacher:	£113,647	£110,282
Staff Governors: (2014: Mr Michael Arthur and Miss Mina Vuoto, 2013: Mr Michael Arthur and Mr Mark Bedford)	£83,469	£97,673

The Executive 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 £28,025 (2013 : £28,734).

During the year ended 31 August 2014, no travel and subsistence expenses were reimbursed to governors.

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

## 13 Directors' and Officers' Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2014 was £986 (2013 £2,518). The cost of this insurance is included in the total insurance cost.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

## 14 Tangible Fixed Assets

	Freehold Land and Buildings £000s	Furniture and Equipment £000s	Computer Equipment £000s	Total £000s
<b>Cost</b>				
At 1 September 2013	7,179	24	392	7,595
Additions	791	11	450	1,252
<b>At 31 August 2014</b>	<b>7,970</b>	<b>35</b>	<b>842</b>	<b>8,847</b>
<b>Depreciation</b>				
At 1 September 2013	501	-	53	554
Charge for year	274	3	92	369
<b>At 31 August 2014</b>	<b>775</b>	<b>3</b>	<b>145</b>	<b>923</b>
<b>Net book values</b>				
At 31 August 2014	<b>7,195</b>	<b>32</b>	<b>697</b>	<b>7,924</b>
At 1 September 2013	<b>6,678</b>	<b>24</b>	<b>339</b>	<b>7,041</b>

Freehold land and buildings at the Twyford High School site were valued on transfer (1st October 2011) 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.

William Perkin C of E High School occupies a new school building in Greenford under licence. Under the terms of a development agreement with the London Borough of Ealing, a 99 year lease will be granted to the Trust at the end of the defects liability period, which is likely to be during the Autumn of 2015. The EFA have valued the land at £2.286m and the building at £9.508m - on the basis of depreciated replacement cost/fair value.

## 15 Debtors

	2014 £000s	2013 £000s
Trade debtors	90	133
Other debtors	420	156
Accrued Income and Prepayments	605	110
	<b>1,115</b>	<b>399</b>

## 16 Creditors: amounts falling due within one year

	2014 £000s	2013 £000s
Trade creditors	1,295	990
Accruals and deferred income	427	259
	<b>1,722</b>	<b>1,249</b>

## Deferred income

	2014 £000s	2013 £000s
Deferred income at 1 September 2013	120	-
Resources deferred in the period	278	186
Amounts released from previous year	(120)	(66)
<b>Deferred income at 31 August 2014</b>	<b>278</b>	<b>120</b>

£78,000 (2013: £66,000) of deferred income at 31 August 2014 relates to Teaching School funding received in advance and £28,000 (2013: £28,000) relates to devolved capital grants for 2014/15. £24,000 (2013: Nil) relates to EFA rates funding relating to 2014/15 and £11,000 (2013: £Nil) relates to a grant received in advance of expenditure for the Lumina project. £5,000 (2013: £5,000) of funding relating to the Comenius project remains to be spent as does a £5,000 (2013: £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 2014 (continued)

17 Funds	Restated Balance at 1 September 2013 £000s	Incoming Resources £000s	Resources Expended £000s	Gains, Losses and Transfers £000s	Balance at 31 August 2014 £000s
<b>Restricted general funds</b>					
General Annual Grant (GAG) excluding pension reserve	444	9,451	(9,183)	(217)	495
Teaching School and School Direct grants	-	39	(39)	-	-
Other DfE/EFA grants	-	305	(305)	-	-
Local Authority Special Educational Needs Funding	-	740	(740)	-	-
London Schools Excellence Fund grant	-	46	(46)	-	-
Other Income	-	851	(851)	-	-
Pension reserve	(1,970)	-	(68)	286	(1,752)
	<b>(1,526)</b>	<b>11,432</b>	<b>(11,232)</b>	<b>69</b>	<b>(1,257)</b>
<b>Restricted fixed asset funds</b>					
Assets transferred on conversion	6,358	-	(298)	-	6,060
DfE/EFA capital grants	431	824	(51)	-	1,204
Capital expenditure from GAG	244	-	(20)	228	452
Governors' Fund sponsored capital expenditure	8	-	-	200	208
	<b>7,041</b>	<b>824</b>	<b>(369)</b>	<b>428</b>	<b>7,924</b>
<b>Other restricted funds</b>					
Twyford C of E High School Governors' Fund	376	173	(12)	(211)	326
William Perkin C of E High School School Fund	-	3	-	-	3
	<b>376</b>	<b>176</b>	<b>(12)</b>	<b>(211)</b>	<b>329</b>
<b>Total restricted funds</b>	<b>5,891</b>	<b>12,432</b>	<b>(11,613)</b>	<b>286</b>	<b>6,996</b>
<b>Unrestricted funds</b>					
General funds	61	95	(58)	-	98
<b>Total unrestricted funds</b>	<b>61</b>	<b>95</b>	<b>(58)</b>	<b>-</b>	<b>98</b>
<b>Total funds</b>	<b>5,952</b>	<b>12,527</b>	<b>(11,671)</b>	<b>286</b>	<b>7,094</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. Under the funding agreement with the Secretary of State, the Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 2 discloses whether the limit was exceeded.
- 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.
- London Schools Excellence Fund funding pays for a languages outreach project with primary schools.
- 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 £358,000 funding for ICT equipment for William Perkin C of E High School and £408,000 for major repairs to the heating system at Twyford 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.
- £228,000 of surplus GAG funds was transferred to the fixed asset reserve to fund capital expenditure on building improvements and ICT replacements.
- The Twyford C of E High School Governors' Fund and the William Perkin C of E High School School Fund are shown as restricted funds since these funds may only be used at the school concerned. In previous years the Twyford C of E High School Governors' Fund was shown as an unrestricted reserve since the Trust only ran one school.



# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

## 17 Funds (continued)

### Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	2014 £000s	2013 £000s
Twyford C of E High School	919	881
William Perkin C of E High School	3	-
Central services	-	-
<b>Total before fixed assets and pension reserve</b>	<b>922</b>	<b>881</b>
Restricted fixed asset fund	7,924	7,041
Pension reserve	(1,752)	(1,970)
<b>Total</b>	<b>7,094</b>	<b>5,952</b>

### 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) 2014 £000s	2013 £000s
Twyford C of E High School	6,019	485	94	1,361	7,959	8,076
William Perkin C of E High School	794	180	51	423	1,448	143
Central services	666	660	17	413	1,756	1,645
<b>Academy Trust</b>	<b>7,479</b>	<b>1,325</b>	<b>162</b>	<b>2,197</b>	<b>11,163</b>	<b>9,864</b>

## 18 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £000s	Restricted General and Other Funds £000s	Restricted Fixed Asset Funds £000s	Total Funds 2014 £000s	2013 £000s
Tangible fixed assets	-	-	7,924	7,924	7,041
Current assets	98	2,546	-	2,644	2,130
Current liabilities	-	(1,722)	-	(1,722)	(1,249)
Pension scheme liability	-	(1,752)	-	(1,752)	(1,970)
<b>Total net assets</b>	<b>98</b>	<b>(928)</b>	<b>7,924</b>	<b>7,094</b>	<b>5,952</b>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

**19 Capital Commitments**

	2014 £000s	2013 £000s
Contracted for but not provided in the financial statements	<u>450</u>	<u>636</u>

**20 Financial Commitments**

**Operating leases**

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

	2014 £000s	2013 £000s
<b>Plant and machinery</b>		
Expiring within one year	41	-
Expiring between two and five years inclusive	57	100
<b>Total</b>	<u>98</u>	<u>100</u>

Twyford C of E High School uses the Twyford Avenue Sports Ground under licence. The annual charge is £28,000 and the licence expires in 2021. The licence can be broken in July of each year.

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

	2014 £000s	2013 £000s
Net income	856	325
Depreciation (note 14)	369	317
Capital grants from DfE and other capital income	(824)	(407)
Interest receivable (note 5)	(3)	(4)
FRS 17 pension cost less contributions payable (note 26)	(13)	(2)
FRS 17 pension finance income (note 26)	81	80
(Increase)/decrease in debtors	(716)	57
Increase in creditors	473	976
<b>Net cash inflow from operating activities</b>	<u>223</u>	<u>1,342</u>

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

	2014 £000s	2013 £000s
Interest received (note 5)	3	4
<b>Net cash inflow from returns on investments and servicing of finance</b>	<u>3</u>	<u>4</u>

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

## 23 Capital Expenditure and Financial Investment

	2014 £000s	2013 £000s
Purchase of tangible fixed assets (note 14)	(1,252)	(438)
Capital grants from DfE/EFA	824	407
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(428)</b>	<b>(31)</b>

## 24 Analysis of Changes in Net Funds

	At 1 September 2013 £000s	Cashflows £000s	At 31 August 2014 £000s
Cash in hand and at bank	1,731	(202)	1,529
<b>Total</b>	<b>1,731</b>	<b>(202)</b>	<b>1,529</b>

## 25 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 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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

### 26 Pension and similar obligations

The Academy 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.

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, of the LGPS 31 March 2013 and of the CEFPS at 31 December 2012.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2013 Nil).

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 to 31 March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

##### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement scheme valuations had been suspended since the last valuation in 2004.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is 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 investigation, 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.

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

##### Employer and Employee Contribution Rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, 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. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer contribution rate of 16.4% from September 2015 and an employer cost cap of 10.9%, both to be set in regulations. The employer contribution rate will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

### 26 Pension and similar obligations (continued)

#### Teachers' Pension Scheme (continued)

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the year amounted to £677,000 (2013: £592,000).

Under the definitions set out in Financial Standards (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 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 and the implications for the Academy Trust in terms of the anticipated rates.

#### 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 year ended 31 August 2014 was £365,000 (2013 £296,000), of which employer's contributions totalled £273,000 (2013 £220,000) and employees' contributions totalled £92,000 (2013 £76,000). The agreed contribution rates for future years are 13.3 per cent (2013 19.1%) for employers and 5.5 - 7.5 per cent for employees.

Trust directors have decided to un-pool the Trust's scheme from that of the London Borough of Ealing. Following the latest actuarial valuation, the Trust pays an annual contribution of £97,000 (2013 Nil) in addition to normal funding levels to recover the deficit over a period of 20 years from 2010.

#### Principal actuarial assumptions

	2014	2013
Rate of increase in salaries	3.95%	4.15%
Rate of increase for pensions in payment	2.20%	2.40%
Discount rate	4.00%	4.60%
Inflation (CPI)	2.20%	2.40%
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 £67,000 reduction in the value of liabilities.
- a 0.1% increase in the inflation rate would result in a £68,000 increase in the value of liabilities.
- a 1 year increase in life expectancy would result in a £49,000 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 2014 Years	At 31 August 2013 Years
<b>Retiring today</b>		
Males	22.9	22.0
Females	25.4	24.8
<b>Retiring in 20 years</b>		
Males	25.1	23.8
Females	27.8	26.7

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

## 26 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 2014	Fair value at 31 August 2014 £000s	Expected return at 31 August 2013	Fair value at 31 August 2013 £000s
Equities	7.0%	662	7.0%	420
Other Bonds	4.4%	257	4.4%	164
Cash	0.5%	1	0.5%	18
Other	7.0%	67	7.0%	4
Total Market Value of assets		<u>987</u>		<u>606</u>
Present value of scheme liabilities - funded		(2,739)		(2,576)
Deficit in the scheme		<u>(1,752)</u>		<u>(1,970)</u>

The actual return on scheme assets was £45,000 (2013 £21,000).

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.

### Amounts recognised in the statement of financial activities

	2014 £000s	2013 £000s
Current service cost (net of employee contributions)	260	214
Total operating charge	<u>260</u>	<u>214</u>

### Analysis of pension finance income / (costs)

Expected return on pension scheme assets	45	21
Interest on pension liabilities	<u>(126)</u>	<u>(105)</u>
Pension finance costs	<u>(81)</u>	<u>(84)</u>

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

## 26 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 recognised gains and losses since the adoption of FRS 17 is a £131,000 gain (2013 £155,000 loss).

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

	2014 £000s	2013 £000s
At 1 September	2,576	2,207
Current service cost	260	214
Interest cost	126	105
Employee contributions	92	76
Actuarial gain	(295)	-
Benefits paid	(20)	(26)
At 31 August	<u>2,739</u>	<u>2,576</u>

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

	2014 £000s	2013 £000s
At 1 September	606	271
Expected return on assets	45	21
Actuarial (loss)/gain	(9)	44
Employer contributions	273	220
Employee contributions	92	76
Benefits paid	(20)	(26)
At 31 August	<u>987</u>	<u>606</u>

The estimated value of employer contributions for the year ended 31 August 2014 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)

	2014 £000s	2013 £000s	2012 £000s
Present value of defined benefit obligations	(2,739)	(2,576)	(2,207)
Fair value of share of scheme assets	987	606	271
Deficit in scheme	<u>(1,752)</u>	<u>(1,970)</u>	<u>(1,936)</u>

#### *Experience adjustments on share of scheme assets*

Amount £000s	(9)	44	14
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#### *Experience adjustments on share of scheme liabilities*

Amount £000s	432	-	-
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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2014 (continued)

### 26 Pension and similar obligations (continued)

#### The Church of England Funded Pension Scheme

The Trust participates in the CEFPS and employs 1 member of the scheme out of a total membership of approximately 8,500 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 2012. This revealed a shortfall of £293m, with assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 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 3.2% pa on gilts and 5.2% pa on equities;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% pa; and
- Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

For schemes such as the CEFPS, paragraph 9(b) of FRS 17 requires the Trust to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the 2012 valuation, the Trust's contribution rate is due to increase from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% will be in respect of the £293m shortfall in the Scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme).

Contributions rates will be reviewed at the next valuation of the Scheme, due as at 31 December 2015.

### 27 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 £11,000, relating to a subscription to an advice service and training course fees took place in the year. Furthermore the Trust operates in buildings some of which are owned by the LDBS. There were no amounts outstanding.

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

#### 16-19 Bursaries

The Academy Trust administers the disbursement of the new discretionary support for learners 16-19 Bursary Funds on behalf of the EFA.

	2014 £000s	2013 £000s
EFA/DfE grants	41	23
Disbursed to students	(22)	(23)
Balance unspent at 31 August 2014	<u>19</u>	<u>-</u>

The Academy Trust retained a beneficial interest in the individual transactions such that £2,000 has been recognised in income and expenditure in the statement of financial activities.

#### Independent Secondary Schools Partnership

The Trust is holding £2,700 as deferred income for this partnership. It is expected that these funds will be spent in 2014/15.