

**THE ROYSTON SCHOOLS ACADEMY TRUST**

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**



**pb Price Bailey**  
CHARTERED ACCOUNTANTS

With offices in  
Bishop's Stortford Cambridge Ely Guernsey  
London City London Mayfair London North Norwich

A member of the UK 200 Group  
an association of independent practising Chartered Accountants

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**CONTENTS**

|  | Page    |
|--|---------|
| <b>Reference and Administrative Details of the Academy, its Governors and Advisers</b> | 1       |
| <b>Governors' Report</b>   | 2 - 7   |
| <b>Governance Statement</b>  | 8 - 10  |
| <b>Statement on Regularity, Propriety and Compliance</b>                               | 11      |
| <b>Governors' Responsibilities Statement</b>   | 12      |
| <b>Independent Auditors' Report</b>  | 13 - 14 |
| <b>Independent Reporting Accountant's Assurance Report on Regularity</b>               | 15 - 16 |
| <b>Statement of Financial Activities</b>   | 17      |
| <b>Balance Sheet</b>   | 18      |
| <b>Cash Flow Statement</b>   | 19      |
| <b>Notes to the Financial Statements</b>   | 20 - 39 |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

|                                  |  |
|----------------------------------|--|
| <b>Governors</b>                 | Mr P Bolton (appointed 15 December 2011) <sup>5</sup><br>Mr D Brynjolfsson (appointed 6 July 2011) <sup>1,6</sup><br>Mrs S Clayson (appointed 15 December 2011)<br>Dr M Firth (appointed 6 July 2011) <sup>1</sup><br>Mr G Glover (appointed 6 July 2011) <sup>1,3,4</sup><br>Mrs D Graham (appointed 6 July 2011) <sup>1,2</sup><br>Mrs L Judge (appointed 7 December 2011)<br>Mrs S Kennedy (appointed 6 July 2011, resigned 30 September 2012) <sup>1</sup><br>Ms Z Lington (appointed 6 July 2011) <sup>1</sup><br>Mrs N Rotherham (appointed 15 December 2011) <sup>7</sup><br>Dr F Turlais (appointed 7 December 2011)<br>Dr D Webster (appointed 1 December 2011) <sup>8</sup><br>Ms L Flitton (appointed 1 September 2012) <sup>1</sup><br><br><div><sup>1</sup> Academy Trust Member<br/><sup>2</sup> Trust Chair of Governors &amp; Chair of Governors (Greneway School)<br/><sup>3</sup> Trust Vice Chair of Governors<br/><sup>4</sup> Chair of Governors (Meridian School)<br/><sup>5</sup> Vice Chair of Governors (Meridian School)<br/><sup>6</sup> Chair of Governors (Roysia Middle School)<br/><sup>7</sup> Vice Chair of Governors (Roysia Middle School)<br/><sup>8</sup> Vice Chair of Governors (Greneway School)</div> |
| <b>Company Registered Number</b> | 07695881   |
| <b>Registered Office</b>         | Meridian School<br>Garden Walk<br>Royston<br>Hertfordshire<br>SG8 7JH  |
| <b>Company Secretary</b>         | Mrs A Merritt  |
| <b>Accounting Officer</b>        | Dr M Firth   |
| <b>Auditors</b>                  | Price Bailey LLP<br>Chartered Accountants<br>Causeway House<br>1 Dane Street<br>Bishop's Stortford<br>Hertfordshire<br>CM23 3BT  |
| <b>Bankers</b>                   | Lloyds TSB<br>The Cross<br>2 Melbourn Street<br>Royston<br>Hertfordshire<br>SG8 7BL  |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**GOVERNORS' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy is a charitable company limited by guarantee and was set up by a Memorandum of Association on 6 July 2011. The Academy converted on 1 November 2011 from 3 local authority schools, Greenway School, Meridian School and Roysia Middle School who continue to operate under these names. Selected governors from each school act as Trustees for the charitable activities of The Royston Schools Academy Trust and are also the directors of the Charitable Company for the purposes of company law.

**Members' liability**

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

**Governors' indemnities**

Academy insurance encompasses all relevant insurance including Governor third party indemnity provision.

**Method's, policies and procedures for recruitment, appointment, induction and training of new governors**

Governors are appointed for a fixed term. The following positions on the local governing body are appointed to the Trust Board: Headteacher, Chair, Vice Chair and Parent Governor. Parent governors and the staff governors are elected to office or appointed if there are insufficient candidates offering themselves for election.

New governors are required to attend a training programme. The induction programme would involve a tour of the school, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake as governors with particular emphasis on the committee work that they will undertake.

**Organisational structure**

The multi academy trust known as The Royston Schools Academy Trust includes three schools, Meridian School, Greenway School and Roysia Middle School. The directors are referred to as governors for the purpose of this report. Each member school delegates the strategic management of its school to its respective local governing body. The purpose of these local governing bodies is to address matters unique to each school. For the purpose of this report, the Governing Body is the Trust Board of directors.

The Leadership Teams in each school consist of,

**Meridian School**

Dr M Firth - Head Teacher  
Miss K Horner  
Mr D Atkins  
Mr K O'Grady

**Roysia Middle School**

Ms Z Linington - Head Teacher  
Mrs K Jandu  
Mrs E Clark  
Mrs E Stamford

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**Greneway School**

Mrs S Kennedy - Head Teacher  
Ms L Flitton - Head Teacher (From 1 September 2012)  
Ms C Bowyer  
Mr A Gee  
Mr T Graves  
Mrs B Burgess

The Leadership Team is responsible for the day to day operation of the Academy, in particular organizing staff, and resources. They are responsible for the authorization of spending within agreed budgets and for the appointment of staff following a vetting and safeguarding recruitment process. The Head Teacher of Meridian School is the Trust's Accounting Officer.

**Related parties**

Owing to the nature of the Academy's operations and the composition of the Governing Body being drawn from local, public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which a member of the Governing Body 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 approved procedures.

**OBJECTIVES AND ACTIVITIES**

As set out in the Articles of Association, the Academy's object is to advance for the public benefit education in the United Kingdom, and to establish high quality,

- teaching, learning and assessment
- curriculum provision and other activities
- care, guidance and support of students
- leadership and management

In addition, the Academy seeks to ensure

- high levels of student achievement and standards
- personal development and wellbeing of students
- effectiveness, efficiency and inclusiveness

The governors confirm they have referred to the Charity Commission's guidance on public benefit.

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**ACHIEVEMENTS AND PERFORMANCE**

**Key Stage 2**

| Subject | KS2 Measure       | Greneway<br>% | Roysia<br>% |
|---------|-------------------|---------------|-------------|
| English | Level 4 and above | 89            | 87          |
|         | Level 5 and above | 38            | 34          |
| Maths   | Level 4 and above | 81            | 87          |
|         | Level 5 and above | 40            | 29          |

(National comparisons for 2012 not yet available)

Performances across both schools were good and demonstrate the quality of provision for these critical core subjects

**Key Stage 4 (GCSE)**

| GCSE Measure                                    | Meridian<br>% |
|---|---------------|
| 5 GCSEs at A* - C                               | 62            |
| 5 GCSEs at A* - C (including English and Maths) | 56            |

The combination of a weaker cohort of students and the national recalibration of GCSE grades has caused these results to fall from those of 2011 by 10%. However, the school still met the target set by the Local Authority. The results for 2013 are on track to return to previous levels.

**Key Stage 5 (A level)**

| A Level Measure                 | Meridian<br>% |
|---------------------------------|---------------|
| 3 A Levels at A* - E            | 76            |
| 2 A Levels at A* - E            | 100           |
| Overall exam pass rate          | 99            |
| Exam pass rate at grades A* - B | 46            |

These results broke all records for the school and the increase in grades at A\* - B was particularly pleasing, resulting in a greater proportion of students advancing to top universities than in previous years.

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**Attendance**

| School   | Attendance<br>% | Authorised<br>Absence<br>% | Unauthorised<br>Absence<br>% |
|----------|-----------------|----------------------------|------------------------------|
| Greneway | 95.2            | 4.6                        | 0.1                          |
| Raysia   | 95.3            | 4.0                        | 0.6                          |
| Meridian | 93.2            | 5.2                        | 1.6                          |

These figures are much in line with national averages. Variations in unauthorised absence are largely due to inconsistent policies between the schools regarding permission for term-time holidays. An Academy-wide policy is currently under preparation which will even this out.

**Going concern**

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

**FINANCIAL REVIEW**

The financial statements enclosed with this report represent 10 months trading from our conversion date of 1 November 2011 to 31 August 2012. The principal source of funding for the Academy is the General Annual Grant (GAG) funding that it receives from the Education Funding Agency (EFA). For the 10 months ended 31 August 2012 the academy received £4,918,732 in GAG. A high percentage of this funding is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education.

**Principal risks and uncertainty**

The Academy is currently developing a risk register which will identify the major risks to which the Academy is exposed, and identify actions and procedures to mitigate those risks. The principal risks facing the Academy at a contextual level are outlined below.

The Governors report that the Academy's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

The Governors assess the principal risks and uncertainties facing the Academy as follows:

- Staff retention: possibly the biggest single risk to the Academy would lie in its failure to retain key staff, in particular, the Headteachers. However, it is not felt that there are any immediate threats in this regard, and that recent and current developments such as the conversion to academy status will add retention.
- Material decrease in income affecting provision: highly unlikely. The budget for 2012-13 is sound. The schools have identified a potential short term deficit resulting from a temporary decline in pupil numbers in the area due to demographics. This may require temporary additional funding from the EFA. Demographic data indicates that rolls will fall in the short term but then increase significantly over the longer term.
- Staff recruitment: conversion to academy status has not affected the attractiveness of the Academy to potential new staff.
- Bank balances & investments: there is no significant risk other than an institution ceasing to trade.
- Debtors: there are no material debtors.

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

- The Academy's cash flow over 2012-13 is healthy and subject to the short term additional funding needs should remain so

**Reserves policy**

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be set to not lower than £10,000. The reason for this is to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £556,420, which is considered to be adequate.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the academy is recognising a significant pension fund deficit of £896,000. This does not mean that an immediate liability for this amount crystallizes. Such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The Academy is currently making no annual payments towards the deficit but repayments are being made through contributions being collected from staff salaries and it is envisaged that should this amount be increased it will be met from budgeted annual income. The recognition of this deficit has no direct impact on the free reserves of the Academy Trust.

**Investment policy**

The Academy has a policy of investing its cash balances with a view to maximising returns, but where greater weight is assigned to the safety of the investment. The Policy aims to invest cash such that cash balances and liquid investments at least equal the figure outlined in the Reserves Policy.

**PLANS FOR FUTURE PERIODS**

The Academy is committed to its aim of constant improvement in terms of student achievement, quality of teaching and learning, care and support for all and maintaining high standards of behaviour.

Governors recognise the importance of excellent learning environments and are embarking upon a strategic plan to upgrade facilities across all three schools, focussing initially upon replacement window-wallings, in order to improve the energy efficiency of buildings.

Leadership Teams are keen to develop curricular opportunities across all 3 schools. Subject staff are meeting regularly to plan, and professional development is planned to deepen, yet further, the expertise of teachers and support staff.



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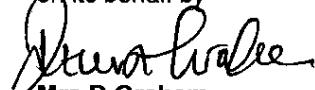
**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are Governor at the time when this Governors' Report is approved has confirmed that

- so far as that Governor is aware, there is no relevant audit information of which the Charitable Company's auditors have not been made aware, and
- that governor has taken all the steps that ought to have been taken as a governor in order to be aware of any information needed by the Charitable Company's auditors in connection with preparing their report and to establish the Charitable Company's auditors are aware of that information

This report was approved by order of the members of the Governing Body on 20/12/12 and signed on its behalf by

  
**Mrs D Graham**  
Chair

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Royston Schools Academy Trust and the Secretary of State for Education. The Principal is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The Governing Body has formally met 8 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

| Governor           | Meetings attended | Out of a possible |
|--------------------|-------------------|-------------------|
| Mr P Bolton        | 4                 | 4                 |
| Mr D Brynjolffssen | 7                 | 8                 |
| Mrs S Clayson      | 4                 | 4                 |
| Dr M Firth         | 8                 | 8                 |
| Mr G Glover        | 7                 | 8                 |
| Mrs D Graham       | 7                 | 8                 |
| Mrs L Judge        | 5                 | 5                 |
| Mrs S Kennedy      | 8                 | 8                 |
| Ms Z Linington     | 8                 | 8                 |
| Mrs N Rotherham    | 4                 | 4                 |
| Dr D Webster       | 5                 | 5                 |
| Dr F Turlais       | 5                 | 5                 |

Each member school in the Royston Schools Academy Trust delegates the strategic management of its finances to its respective Resources Committee, a sub-committee of the Governing Body. The purpose of the Resources Committees is to address financial matters.

Attendance at meetings in the year was as follows:

| Governor                    | Meetings attended | Out of a possible |
|-----------------------------|-------------------|-------------------|
| Dr M Firth (Meridian)       | 4                 | 4                 |
| Mr G Glover (Meridian)      | 3                 | 4                 |
| Mr P Bolton (Meridian)      | 4                 | 4                 |
| Ms S Clayson (Meridian)     | 3                 | 4                 |
| Mr J Gourd (Meridian)       | 1                 | 4                 |
| Mr D Brynjolffssen (Roysia) | 2                 | 2                 |
| Mr B Davidson (Roysia)      | 1                 | 2                 |
| Mr M Dottridge (Roysia)     | 2                 | 2                 |
| Mr F Turlais (Roysia)       | 2                 | 2                 |
| Ms Z Linington (Roysia)     | 2                 | 2                 |
| Mrs B Burgess (Greneway)    | 6                 | 6                 |
| Mrs D Graham (Greneway)     | 6                 | 6                 |
| Mrs L Judge (Greneway)      | 6                 | 6                 |
| Mrs S Kennedy (Greneway)    | 6                 | 6                 |
| Dr D Webster (Greneway)     | 6                 | 6                 |
| Mr W Hitchcock (Greneway)   | 4                 | 6                 |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**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 ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Royston Schools Academy Trust for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**THE RISK AND CONTROL FRAMEWORK**

The Academy'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 Resources Committees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Jeff Gill, a former Governor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

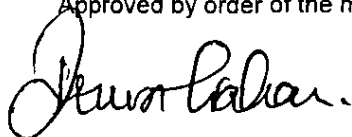
**REVIEW OF EFFECTIVENESS**

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

- the work of the RO,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy 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 Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the Governing Body on 20/12/12 and signed on their behalf, by



**Mrs D Graham**  
Chair



**Dr M Firth**  
Accounting Officer

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting officer of The Royston Schools Academy Trust I have considered my responsibility to notify the Academy Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Governing Body are able to identify any material irregular or improper use of funds by the academy trust, or material non compliance with the terms and conditions of funding under the Academy'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.



**Dr M Firth**  
Accounting officer

20/12/12

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**GOVERNORS' RESPONSIBILITIES STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

The Governors (who act as trustees for the charitable activities of The Royston Schools Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the EFA, United Kingdom Accounting Standards (UKGAAP) and applicable law and regulations

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

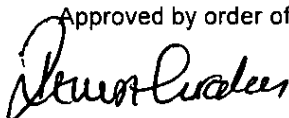
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities Statement of Recommended Practice (SORP),
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UKGAAP Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

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

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

Approved by order of the members of the Governing Body on 20/12/12 and signed on its behalf by



**Mrs D Graham**  
Chair

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROYSTON SCHOOLS ACADEMY TRUST**

We have audited the financial statements of The Royston Schools Academy Trust for the period ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the Governors 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 Governors those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governors for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROYSTON SCHOOLS ACADEMY TRUST**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

Mr G Miller (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

21 December 2012



**THE ROYSTON SCHOOLS ACADEMY TRUST**  
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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE  
ROYSTON SCHOOLS ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 17 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Royston Schools Academy Trust during the period 1 November 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

**RESPECTIVE RESPONSIBILITIES OF THE ROYSTON SCHOOLS ACADEMY TRUST'S ACCOUNTING  
OFFICER AND THE INDEPENDENT REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Royston Schools Academy Trust's funding agreement with the Secretary of State for Education dated 1 November 2011, and the Academies Financial Handbook as published by DfES in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 November 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE  
ROYSTON SCHOOLS ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 November 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

**Price Bailey LLP**

Chartered Accountants

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

Date 21 December 2012

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)  
FOR THE PERIOD ENDED 31 AUGUST 2012

|   | Note      | Unrestricted<br>funds<br>2012<br>£ | Restricted<br>funds<br>2012<br>£ | Restricted<br>fixed asset<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ |
|---|-----------|------------------------------------|----------------------------------|---|-----------------------------|
| <b>INCOMING RESOURCES</b>   |           |                                    |                                  |   |                             |
| Incoming resources from generated funds                                       |           |                                    |                                  |   |                             |
| Assets received on conversion   | 3         | 529,696                            | (806,000)                        | 12,437,940                                      | 12,161,636                  |
| Other voluntary income  | 3         | 11,382                             | 147,663                          | -   | 159,045                     |
| Activities for generating funds   | 4         | 320,480                            | 49,752                           | -   | 370,232                     |
| Investment income   | 5         | 917                                | -                                | -   | 917                         |
| Incoming resources from charitable activities                                 | 6         | 42,651                             | 5,059,533                        | 154,209   | 5,256,393                   |
| <b>TOTAL INCOMING RESOURCES</b>   |           | <b>905,126</b>                     | <b>4,450,948</b>                 | <b>12,592,149</b>                               | <b>17,948,223</b>           |
| <b>RESOURCES EXPENDED</b>   |           |                                    |                                  |   |                             |
| Charitable activities   | 8,9       | 276,639                            | 5,117,254                        | 763,760   | 6,157,653                   |
| Governance costs  | 7         | -                                  | 60,103                           | -   | 60,103                      |
| <b>TOTAL RESOURCES EXPENDED</b>   | <b>10</b> | <b>276,639</b>                     | <b>5,177,357</b>                 | <b>763,760</b>                                  | <b>6,217,756</b>            |
| <b>NET INCOMING RESOURCES /<br/>(RESOURCES EXPENDED) BEFORE<br/>TRANSFERS</b> |           | <b>628,487</b>                     | <b>(726,409)</b>                 | <b>11,828,389</b>                               | <b>11,730,467</b>           |
| Transfers between Funds   | 18        | (72,067)                           | (33,441)                         | 105,508   | -                           |
| <b>NET INCOME FOR THE YEAR</b>  |           | <b>556,420</b>                     | <b>(759,850)</b>                 | <b>11,933,897</b>                               | <b>11,730,467</b>           |
| Actuarial gains and losses on defined benefit<br>pension schemes              | 23        | -                                  | (103,000)                        | -   | (103,000)                   |
| <b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>                                     |           | <b>556,420</b>                     | <b>(862,850)</b>                 | <b>11,933,897</b>                               | <b>11,627,467</b>           |
| Total funds at 6 July 2011  |           | -                                  | -                                | -   | -                           |
| <b>TOTAL FUNDS AT 31 AUGUST 2012</b>  |           | <b>556,420</b>                     | <b>(862,850)</b>                 | <b>11,933,897</b>                               | <b>11,627,467</b>           |

All activities relate to continuing operations

The Statement of Financial Activities includes all gains and losses recognised in the period

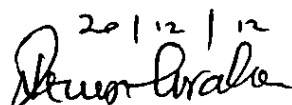
The notes on pages 20 to 39 form part of these financial statements

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER 07695881**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2012**

|  | Note | £                 | 2012<br>£                |
|--|------|-------------------|--------------------------|
| <b>FIXED ASSETS</b>                                    |      |                   |                          |
| Tangible assets  | 15   |                   | 11,933,899               |
| <b>CURRENT ASSETS</b>                                  |      |                   |                          |
| Debtors  | 16   | 333,137           |                          |
| Cash at bank   |      | 948,050           |                          |
|  |      | <u>1,281,187</u>  |                          |
| <b>CREDITORS</b> amounts falling due within one year   | 17   | (691,619)         |                          |
| <b>NET CURRENT ASSETS</b>                              |      |                   | <u>589,568</u>           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>           |      |                   | <u>12,523,467</u>        |
| Defined benefit pension scheme liability               | 23   |                   | (896,000)                |
| <b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b> |      |                   | <u><u>11,627,467</u></u> |
| <b>FUNDS OF THE ACADEMY</b>                            |      |                   |                          |
| Restricted funds                                       |      |                   |                          |
| Restricted funds                                       | 18   | 33,149            |                          |
| Restricted fixed asset funds                           | 18   | 11,933,898        |                          |
|  |      | <u>11,967,047</u> |                          |
| Restricted funds excluding pension reserve             |      |                   |                          |
| Pension reserve  |      | (896,000)         |                          |
| Total restricted funds                                 |      |                   | <u>11,071,047</u>        |
| Unrestricted funds                                     | 18   |                   | <u>556,420</u>           |
| <b>TOTAL FUNDS</b>                                     |      |                   | <u><u>11,627,467</u></u> |

The financial statements were approved by the Governors, and authorised for issue, on  
and are signed on their behalf, by

2012/12  
  
**Mrs D Graham**  
Chair

  
**Dr M Firth**  
Accounting officer

The notes on pages 20 to 39 form part of these financial statements

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

|  |      | Period Ended<br>31 August<br>2012<br>£ |
|--|------|--|
|  | Note |  |
| Net cash flow from operating activities      | 20   | 1,053,558                              |
| Capital expenditure and financial investment |      | (105,508)                              |
| <b>INCREASE IN CASH IN THE PERIOD</b>        |      | <u>948,050</u>                         |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

|  | Period Ended<br>31 August<br>2012<br>£ |
|--|--|
| Increase in cash in the period             | <u>948,050</u>                         |
| <b>MOVEMENT IN NET FUNDS IN THE PERIOD</b> | <u>948,050</u>                         |
| <b>NET FUNDS AT 31 AUGUST 2012</b>         | <u>948,050</u>                         |

The notes on pages 20 to 39 form part of these financial statements

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of leasehold land and buildings which are valued at depreciated replacement cost. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Company status**

The Academy is a company limited by guarantee. Those members who are governors are noted on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

**1.3 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the DfE 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 DfE.

Investment income, gains and losses are allocated to the appropriate fund.

**1.4 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the Academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods and services have been provided or on completion of the service.

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**1. ACCOUNTING POLICIES (continued)**

**1.5 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.

Charitable activities are costs incurred in the furtherance of the academy's primary objectives.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

Where an expense is deemed to be for business purposes i.e. not in relation to the academy's charitable purpose, the expenditure this relates to will include irrecoverable VAT.

**1.6 Going concern**

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

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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 are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                              |   |                             |
|------------------------------|---|-----------------------------|
| Long Term Leasehold Property | - | 18 - 25 years straight line |
| Motor vehicles               | - | 15 years straight line      |
| Fixtures and fittings        | - | 10 years straight line      |
| Computer equipment           | - | 5 years straight line       |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**1. ACCOUNTING POLICIES (continued)**

**1.8 Operating leases**

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

**1.9 Taxation**

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

**1.10 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the cost recognised in the SOFA is equal to the contributions payable for the year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the 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 vesting occurs. The expected return on assets and the interest cost are shown as support costs. Actuarial gains and losses are recognised immediately in other gains and losses.



**THE ROYSTON SCHOOLS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**1 ACCOUNTING POLICIES (continued)**

**1.11 Conversion to an Academy Trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for no consideration and has been accounted for under the acquisition accounting method

The assets and liabilities transferred on conversion from Meridian School, Greneway School and Roysia Middle School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for academies. As noted at 1.1, leasehold land and buildings have been valued at depreciated replacement cost. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**2. GENERAL ANNUAL GRANT (GAG)**

**Meridian School**

|  | 2012<br>£          |
|--|--------------------|
| <b>Result and carry forward for the year</b>   |                    |
| GAG allocation for current year  | 2,499,830          |
| <b>Total GAG available to spend</b>  | <u>2,499,830</u>   |
| Recurrent expenditure from GAG   | <u>(2,499,830)</u> |
| <b>GAG carried forward to next year</b>  | -                  |
| Maximum permitted GAG carried forward at end of current year (12% allocation for current year) | <u>(299,980)</u>   |
| <b>GAG to surrender to DfE (if positive)</b>   | <u>(299,980)</u>   |
| (12% rule breached if result is positive)  | <u>No breach</u>   |

**Roysia Middle School**

|  | 2012<br>£        |
|--|------------------|
| <b>Result and Carry Forward for the Year</b>   |                  |
| GAG Allocation for current year  | 878,180          |
| <b>Total GAG Available to spend</b>  | <u>878,180</u>   |
| Recurrent expenditure from GAG   | <u>(878,180)</u> |
| <b>GAG Carried forward to next year</b>  | -                |
| Maximum permitted GAG carried forward at end of current year (12% allocation for current year) | <u>(105,382)</u> |
| <b>GAG to surrender to DfE (if positive)</b>   | <u>(105,382)</u> |
| (12% rule breached if result is positive)  | <u>No breach</u> |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**2. GENERAL ANNUAL GRANT (GAG) (continued)**

**Greneway School**

|  | 2012<br>£        |
|--|------------------|
| <b>Result and Carry Forward for the Year</b>   |                  |
| GAG Allocation for current year  | 1,540,722        |
| <b>Total GAG Available to spend</b>  | <u>1,540,722</u> |
| Recurrent expenditure from GAG   | (1,540,722)      |
| <b>GAG Carried forward to next year</b>  | <u>-</u>         |
| Maximum permitted GAG carried forward at end of current year (12% allocation for current year) | (184,887)        |
| <b>GAG to surrender to DfE (if positive)</b>   | <u>(184,887)</u> |
| (12% rule breached if result is positive)  | <u>No breach</u> |

**3. OTHER VOLUNTARY INCOME**

|                                  | Unrestricted<br>funds<br>2012<br>£ | Restricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ |
|----------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Assets transferred on conversion | 529,696                            | 11,631,940                       | 12,161,636                  |
| Donations                        | 11,382                             | 147,663                          | 159,045                     |
| Voluntary income                 | <u>541,078</u>                     | <u>11,779,603</u>                | <u>12,320,681</u>           |

**4 ACTIVITIES FOR GENERATING FUNDS**

|                    | Unrestricted<br>funds<br>2012<br>£ | Restricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ |
|--------------------|------------------------------------|----------------------------------|-----------------------------|
| Hire of Facilities | 51,993                             | -                                | 51,993                      |
| Catering Income    | 124,395                            | -                                | 124,395                     |
| Rental Income      | 24,736                             | -                                | 24,736                      |
| Other Income       | 119,356                            | 49,752                           | 169,108                     |
|                    | <u>320,480</u>                     | <u>49,752</u>                    | <u>370,232</u>              |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**5. INVESTMENT INCOME**

|               | Unrestricted<br>funds<br>2012<br>£ | Restricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ |
|---------------|------------------------------------|----------------------------------|-----------------------------|
| Bank Interest | 917                                | -                                | 917                         |
|               | <u>917</u>                         | <u>-</u>                         | <u>917</u>                  |

**6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

|                              | Unrestricted<br>funds<br>2012<br>£ | Restricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ |
|------------------------------|------------------------------------|----------------------------------|-----------------------------|
| <b>DfE/EFA revenue grant</b> |                                    |                                  |                             |
| General Annual Grant (GAG)   | -                                  | 4,918,732                        | 4,918,732                   |
| Other DfE / EFA grants       | 42,651                             | 220,010                          | 262,661                     |
| Start up grant               | -                                  | 75,000                           | 75,000                      |
|                              | <u>42,651</u>                      | <u>5,213,742</u>                 | <u>5,256,393</u>            |

**7 GOVERNANCE COSTS**

|                                      | Unrestricted<br>funds<br>2012<br>£ | Restricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ |
|--------------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Governance Auditors' remuneration    | -                                  | 7,800                            | 7,800                       |
| Governance Auditors' non audit costs | -                                  | 10,744                           | 10,744                      |
| Legal and professional               | -                                  | 41,559                           | 41,559                      |
|                                      | <u>-</u>                           | <u>60,103</u>                    | <u>60,103</u>               |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**8 DIRECT COSTS**

|                      | Total<br>2012<br>£    |
|----------------------|-----------------------|
| Educational supplies | 278,678               |
| Examination fees     | 69,687                |
| Staff Development    | 20,895                |
| Other Costs          | 3,574                 |
| Supply teaching      | 69,553                |
| Direct cost of trips | 113,384               |
| Wages and salaries   | 2,794,292             |
| National insurance   | 203,562               |
| Pension cost         | 369,855               |
|                      | <hr/> 3,923,480 <hr/> |

**9. SUPPORT COSTS**

|                                     | Total<br>2012         |
|-------------------------------------|-----------------------|
| FRS 17 adjustment to LGPS           | 27,000                |
| Technology Costs                    | 132,437               |
| Travel & Subsistence                | 11,495                |
| Other Costs                         | 97,222                |
| Recruitment & Support               | 10,871                |
| Maintenance of Premises & Machinery | 258,347               |
| Cleaning                            | 11,719                |
| Rates                               | 24,076                |
| Insurance                           | 107,431               |
| Security                            | 4,806                 |
| Catering                            | 150,744               |
| Occupany Costs                      | 175,267               |
| Bank Interest & Charges             | 127                   |
| Printing, postage and stationary    | 19,835                |
| Telephone Expenses                  | 13,022                |
| Wages and salaries                  | 477,340               |
| National insurance                  | 34,142                |
| Pension cost                        | 68,742                |
| Depreciation                        | 609,550               |
|                                     | <hr/> 2,234,173 <hr/> |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

|                       | Staff costs<br>2012<br>£ | Depreciation<br>2012<br>£ | Other costs<br>2012<br>£ | Total<br>2012<br>£ |
|-----------------------|--------------------------|---------------------------|--------------------------|--------------------|
| Charitable activities | 3,947,933                | 609,550                   | 1,600,170                | 6,157,653          |
| Governance            | -                        | -                         | 60,103                   | 60,103             |
|                       | <u>3,947,933</u>         | <u>609,550</u>            | <u>1,660,273</u>         | <u>6,217,756</u>   |

**11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging

|   | Period Ended<br>31 August<br>2012<br>£ |
|---|--|
| Depreciation of tangible fixed assets<br>- owned by the charity | 609,550                                |
| Auditors' remuneration  | <u>7,800</u>                           |

During the period, no Governors received any benefits in kind  
During the period, no Governors received any reimbursement of expenses

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**12 STAFF COSTS**

Staff costs were as follows

|                       | Period Ended<br>31 August<br>2012<br>£ |
|-----------------------|--|
| Wages and salaries    | 3,271,633                              |
| Social security costs | 237,704                                |
| Pension costs         | 438,598                                |
|                       | <hr/> 3,947,935 <hr/>                  |

The average number of persons (including the Senior Management Team) employed by the Academy during the period expressed as full time equivalents was as follows

|                            | Period Ended<br>31 August<br>2012<br>No |
|----------------------------|---|
| Teachers                   | 71                                      |
| Administration and Support | 45                                      |
| Management                 | 7                                       |
|                            | <hr/> 123 <hr/>                         |

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

|                                | Period Ended<br>31 August<br>2012<br>No |
|--------------------------------|---|
| In the band £60,001 - £70,000  | 2                                       |
| In the band £90,001 - £100,000 | 1                                       |
|                                | <hr/> 3 <hr/>                           |

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012 pension contributions for these staff amounted to £24,633

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**13. GOVERNORS' REMUNERATION**

The Academy is following the guidance in the EFA's note 'Disclosure in Academy Trusts 2011/12 Financial Statements of remuneration of Trustees who are Staff Governors – October 2012', where disclosure of the remuneration paid to Staff Governors who are not Trustees is not required. For the purposes of this disclosure trustees are those Governors who are signatories to the Memorandum of Association.

In the 10 months ended 31 August the Accounting Officer's remuneration was £86,128. Included in this amount were pension contributions of £10,630.

During the period the Staff Governor's, below, were also members of the Academy and received remuneration in the following bands,

|             |             |
|-------------|-------------|
| Z Linington | £45k - £50k |
| S Kennedy   | £60k - £65k |

Staff Governors only receive remuneration in respect of services they provide undertaking their role as staff and not in respect of their services as Governors.

**14. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the period ended 31 August 2012 was £1,092.

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



**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**15 TANGIBLE FIXED ASSETS**

|                            | Long Term<br>Leasehold<br>Property<br>£ | Motor<br>vehicles<br>£ | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£        |
|----------------------------|---|------------------------|-------------------------------|----------------------------|-------------------|
| <b>Cost</b>                |   |                        |                               |                            |                   |
| Additions                  | 34,680                                  | -                      | 23,283                        | 47,545                     | 105,508           |
| Transfers on<br>Conversion | 12,071,928                              | 3,445                  | 273,779                       | 88,789                     | 12,437,941        |
| At 31 August 2012          | <u>12,106,608</u>                       | <u>3,445</u>           | <u>297,062</u>                | <u>136,334</u>             | <u>12,543,449</u> |
| <b>Depreciation</b>        |   |                        |                               |                            |                   |
| Charge for the<br>period   | 568,416                                 | 287                    | 22,873                        | 17,974                     | 609,550           |
| At 31 August 2012          | <u>568,416</u>                          | <u>287</u>             | <u>22,873</u>                 | <u>17,974</u>              | <u>609,550</u>    |
| <b>Net book value</b>      |   |                        |                               |                            |                   |
| At 31 August 2012          | <u>11,538,192</u>                       | <u>3,158</u>           | <u>274,189</u>                | <u>118,360</u>             | <u>11,933,899</u> |

The land and buildings have been included in the accounts based on the valuation arranged by the EFA using depreciated replacement cost. Governors believe that the cost of obtaining a more detailed valuation outweighs the benefit.

**16 DEBTORS**

|                                | 2012<br>£      |
|--------------------------------|----------------|
| Trade debtors                  | 26,509         |
| Other debtors                  | 68,464         |
| Prepayments and accrued income | 238,164        |
|                                | <u>333,137</u> |

**17 CREDITORS**

**Amounts falling due within one year**

|                                 | 2012<br>£      |
|---------------------------------|----------------|
| Trade creditors                 | 156,613        |
| Social security and other taxes | 86,367         |
| Other creditors                 | 72,447         |
| Accruals and deferred income    | 376,192        |
|                                 | <u>691,619</u> |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**17 CREDITORS**  
Amounts falling due within one year (continued)

|                                   | £           |
|-----------------------------------|-------------|
| <b>Deferred income</b>            |             |
| Trip income                       | 5,445       |
| Insurance reimbursement           | 20,906      |
| Capital funding                   | 48,922      |
| GAG re-basing calculation         | 83,612      |
| Other deferred income             | 442         |
|                                   | <hr/>       |
| Deferred income at 31 August 2012 | 159,327     |
|                                   | <hr/> <hr/> |

**18. STATEMENT OF FUNDS**

|                            | Brought<br>Forward<br>£ | Incoming<br>Resources<br>£ | Resources<br>Expended<br>£ | Transfers<br>In/(Out)<br>£ | Gains/<br>(Losses)<br>£ | Carried<br>Forward<br>£ |
|----------------------------|-------------------------|----------------------------|----------------------------|----------------------------|-------------------------|-------------------------|
| <b>Unrestricted funds</b>  |                         |                            |                            |                            |                         |                         |
| Unrestricted funds         | -                       | 905,126                    | (276,639)                  | (72,067)                   | -                       | 556,420                 |
|                            | <hr/>                   | <hr/>                      | <hr/>                      | <hr/>                      | <hr/>                   | <hr/>                   |
| <b>Restricted funds</b>    |                         |                            |                            |                            |                         |                         |
| General Annual Grant (GAG) | -                       | 4,918,732                  | (4,918,732)                | -                          | -                       | -                       |
| Restricted trip donations  | -                       | 130,048                    | (113,384)                  | -                          | -                       | 16,664                  |
| Other government grants    | -                       | 66,414                     | (62,994)                   | -                          | -                       | 3,420                   |
| Start up grant             | -                       | 75,000                     | (41,559)                   | (33,441)                   | -                       | -                       |
| Other restricted           | -                       | 66,753                     | (53,688)                   | -                          | -                       | 13,065                  |
| Pension reserve            | -                       | (806,000)                  | 13,000                     | -                          | (103,000)               | (896,000)               |
|                            | <hr/>                   | <hr/>                      | <hr/>                      | <hr/>                      | <hr/>                   | <hr/>                   |
|                            | -                       | 4,450,947                  | (5,177,357)                | (33,441)                   | (103,000)               | (862,851)               |
|                            | <hr/>                   | <hr/>                      | <hr/>                      | <hr/>                      | <hr/>                   | <hr/>                   |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**18 STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

|                                   | Brought<br>Forward<br>£ | Incoming<br>Resources<br>£ | Resources<br>Expended<br>£ | Transfers<br>In/(Out)<br>£ | Gains/<br>(Losses)<br>£ | Carried<br>Forward<br>£ |
|-----------------------------------|-------------------------|----------------------------|----------------------------|----------------------------|-------------------------|-------------------------|
| Restricted Fixed<br>Asset Fund    | -                       | 12,437,941                 | (609,551)                  | 105,508                    | -                       | 11,933,898              |
| Devolved Formula<br>Capital Grant | -                       | 39,372                     | (39,372)                   | -                          | -                       | -                       |
| Capital<br>Maintenance<br>Fund    | -                       | 114,837                    | (114,837)                  | -                          | -                       | -                       |
|                                   | -                       | 12,592,150                 | (763,760)                  | 105,508                    | -                       | 11,933,898              |
| Total restricted<br>funds         | -                       | 17,043,097                 | (5,941,117)                | 72,067                     | (103,000)               | 11,071,047              |
| Total of funds                    | -                       | 17,948,223                 | (6,217,756)                | -                          | (103,000)               | 11,627,467              |

Restricted funds include

**Trips donations**

This represents contributions made by parents to the running of educational visits for the pupils of the academy trust and the associated costs of running the trips

**Other government grants**

This represents various small grants from local and national government bodies for the provision of specific services to pupils of the academy trust

**Start up grant**

This represents a grant to aid with start up costs for each school in the academy trust on conversion. All costs have now been incurred and the balance has been transferred to unrestricted reserves to contribute towards the day to day running of the academy

**Other Restricted**

This represents other small donations from individuals and businesses for the provision of specific services associated with the furtherance of the academy trust's charitable objectives

**Pension Reserve**

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the academy on conversion from a State Maintained School

**Devolved Formula Capital (DFC)**

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**SUMMARY OF FUNDS**

|                              | Brought Forward<br>£ | Incoming Resources<br>£ | Resources Expended<br>£ | Transfers In/(Out)<br>£ | Gains/(Losses)<br>£ | Carried Forward<br>£ |
|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|---------------------|----------------------|
| General funds                | -                    | 905,126                 | (276,639)               | (72,067)                | -                   | 556,420              |
| Restricted funds             | -                    | 4,450,947               | (5,177,357)             | (33,441)                | (103,000)           | (862,851)            |
| Restricted fixed asset funds | -                    | 12,592,150              | (763,760)               | 105,508                 | -                   | 11,933,898           |
|                              | <u>-</u>             | <u>17,948,223</u>       | <u>(6,217,756)</u>      | <u>-</u>                | <u>(103,000)</u>    | <u>11,627,467</u>    |

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

|  | Unrestricted funds<br>2012<br>£ | Restricted funds<br>2012<br>£ | Restricted fixed asset funds<br>2012<br>£ | Total funds<br>2012<br>£ |
|--|---------------------------------|-------------------------------|---|--------------------------|
| Tangible fixed assets                  | -                               | -                             | 11,933,898                                | 11,933,898               |
| Current assets                         | 1,248,039                       | 33,149                        | -   | 1,281,188                |
| Creditors due within one year          | (691,619)                       | -                             | -   | (691,619)                |
| Provisions for liabilities and charges | -                               | (896,000)                     | -   | (896,000)                |
|  | <u>556,420</u>                  | <u>(862,851)</u>              | <u>11,933,898</u>                         | <u>11,627,467</u>        |

**20. NET CASH FLOW FROM OPERATING ACTIVITIES**

|   | Period Ended<br>31 August<br>2012<br>£ |
|---|--|
| Net incoming resources before revaluations          | 11,730,467                             |
| Assets transferred on consideration                 | (12,450,941)                           |
| Depreciation of tangible fixed assets               | 609,550                                |
| Increase in debtors                                 | (333,137)                              |
| Increase in creditors                               | 691,619                                |
| FRS 17 adjustments                                  | 806,000                                |
| <b>Net cash inflow from operations</b>              | <u>1,053,558</u>                       |
|   | Period Ended<br>31 August<br>2012<br>£ |
| <b>Capital expenditure and financial investment</b> |  |
| Purchase of tangible fixed assets                   | <u>(105,508)</u>                       |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**21. ANALYSIS OF CHANGES IN NET DEBT**

|                          | 6 July<br>2011<br>£ | Cash flow<br>£ | Other<br>non-cash<br>changes<br>£ | 31 August<br>2012<br>£ |
|--------------------------|---------------------|----------------|-----------------------------------|------------------------|
| Cash at bank and in hand | -                   | 948,050        | -                                 | 948,050                |
| <b>Net funds</b>         | -                   | 948,050        | -                                 | 948,050                |

**22. CONVERSION TO AN ACADEMY TRUST**

On 1 November 2011 Meridian school, Greneway school and Roysia Middle school converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Royston Schools Academy Trust from Hertfordshire County Council for £Nil consideration

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities

|                                      | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Restricted<br>fixed asset<br>funds<br>£ | Total<br>funds<br>£ |
|--------------------------------------|----------------------------|--------------------------|---|---------------------|
| <b>Tangible fixed assets</b>         |                            |                          |   |                     |
| - Leasehold land and buildings       | -                          | -                        | 12,071,928                              | 12,071,928          |
| - Other tangible fixed assets        | -                          | -                        | 366,012                                 | 366,012             |
| Budget surplus/(deficit) on LA funds | 529,696                    | -                        | -                                       | 529,696             |
| LGPS pension surplus/(deficit)       | -                          | (806,000)                | -                                       | (806,000)           |
| <b>Net assets/(liabilities)</b>      | <b>529,696</b>             | <b>(806,000)</b>         | <b>12,437,940</b>                       | <b>12,161,636</b>   |

The above net assets include £529,696 that was transferred as cash

On conversion Hertfordshire County Council granted a 125 year lease in relation to the leasehold land and buildings

**23. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**23 PENSION COMMITMENTS (continued)**

For accounting purposes the TPS is treated as a defined contribution scheme. Contributions amounting to £52,314 were payable to the scheme at 31 August 2012 and are included in creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their 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' 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 (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.

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.

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.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

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 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however,

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**23 PENSION COMMITMENTS (continued)**

has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation

Under the definitions set out in Financial Reporting Standard (FRS17) 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 FRS17 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 and the implications for the Academy in terms of the anticipated contribution rates.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £172,000, of which employer's contributions totalled £140,000. The agreed contribution rates for future years are 26.5% for employers and 6.1% for employees.

As described in note 22 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the State Maintained schools and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

The amounts recognised in the Balance Sheet are as follows

|                                     | Period Ended<br>31 August<br>2012<br>£ |
|-------------------------------------|--|
| Present value of funded obligations | (1,490,000)                            |
| Fair value of scheme assets         | 594,000                                |
|                                     | <hr/>                                  |
| Net liability                       | (896,000)                              |
|                                     | <hr/> <hr/>                            |

The amounts recognised in the Statement of Financial Activities are as follows

|                                  | Period Ended<br>31 August<br>2012<br>£ |
|----------------------------------|--|
| Current service cost             | (100,000)                              |
| Interest on obligation           | (49,000)                               |
| Expected return on scheme assets | 22,000                                 |
|                                  | <hr/>                                  |
| Total                            | (127,000)                              |
|                                  | <hr/> <hr/>                            |
| Actual return on scheme assets   | 44,000                                 |
|                                  | <hr/> <hr/>                            |

**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**23. PENSION COMMITMENTS (continued)**

Movements in the present value of the defined benefit obligation were as follows

|   | Period Ended<br>31 August<br>2012<br>£ |
|---|--|
| Current service cost                                      | 100,000                                |
| Interest cost   | 49,000                                 |
| Contributions by scheme participants                      | 32,000                                 |
| Actuarial Losses  | 125,000                                |
| Present value of defined benefit obligation on conversion | 1,184,000                              |
|   | <hr/>                                  |
| Closing defined benefit obligation                        | 1,490,000                              |
|   | <hr/>                                  |

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

|   | Period Ended<br>31 August<br>2012<br>£ |
|---|--|
| Expected return on assets                 | 22,000                                 |
| Actuarial gains and (losses)              | 22,000                                 |
| Contributions by employer                 | 140,000                                |
| Contributions by employees                | 32,000                                 |
| Fair value of scheme assets on conversion | 378,000                                |
|   | <hr/>                                  |
|   | 594,000                                |
|   | <hr/>                                  |

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £103,000 loss

The Academy expects to contribute £175,000 to its Defined Benefit Pension Scheme in 2013

The major categories of scheme assets as a percentage of total scheme assets are as follows

|          | 2012    |
|----------|---------|
| Equities | 69 00 % |
| Bonds    | 19 00 % |
| Property | 6 00 %  |
| Cash     | 6 00 %  |

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages)

|  | 2012   |
|--|--------|
| Discount rate for scheme liabilities                 | 4 10 % |
| Expected return on scheme assets at 31 August        | 4 90 % |
| Rate of increase in salaries                         | 4 50 % |
| Rate of increase for pensions in payment / inflation | 2 20 % |



**THE ROYSTON SCHOOLS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

**23 PENSION COMMITMENTS (continued)**

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

|                      | 2012 |
|----------------------|------|
| Retiring today       |      |
| Males                | 21   |
| Females              | 23.8 |
| Retiring in 20 years |      |
| Males                | 22.9 |
| Females              | 25.7 |

Amounts for the current period are as follows

Defined benefit pension schemes

|   | 2012<br>£   |
|---|-------------|
| Defined benefit obligation              | (1,490,000) |
| Scheme assets                           | 594,000     |
| Deficit                                 | (896,000)   |
| Experience adjustments on scheme assets | 22,000      |

**24. RELATED PARTY TRANSACTIONS**

There were no related party transactions during the period ended 31 August 2012