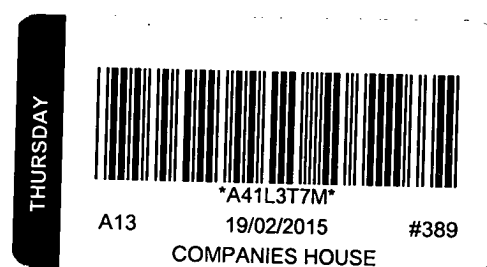


REGISTERED COMPANY NUMBER: 07722445 (England and Wales)



Report of the Governors and
Financial Statements for the Year Ended
31 August 2014
for
Lady Hawkins' School

Thorne Widgey Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Contents of the Financial Statements
for the Year Ended 31 August 2014

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Lady Hawkins' School

Reference and Administrative Details
for the Year Ended 31 August 2014

MEMBERS

D J Hill
A Glyn-Jones
S D Grist

GOVERNORS

S D Grist (Chair of Governors)
A Glyn-Jones (Vice Chair) *
P D Sharp *
Dr J P Hudson
Mrs K Anthony (resigned 10.12.13) *
Miss K F Davies (Staff Governor) *
N I Scott (resigned 10.12.13) *
Mrs P A Hughes (Staff Governor) *
R J Phillips
Mrs S J Williams
C P Westoby (Staff Governor)
C A Yeomans
G I House (Headteacher, Accounting Officer)
Mrs S Herdman (appointed 1.1.14) *

* members of the finance and premises committee

Senior Leadership Team

Headteacher	G I House
Deputy Headteacher	J Kay
School Business Manager	K J Gwynne
Director of Specialism	N J Dinsdale
Leader of Learning & Curriculum	F Gadfield
Office Manager	P A Hughes

COMPANY SECRETARY

K Gwynne

REGISTERED OFFICE

Park View
Kington
Herefordshire
HR5 3AR

REGISTERED COMPANY NUMBER

07722445 (England and Wales)

SENIOR STATUTORY AUDITOR

Mr K M Tong FCCA, ACA

Reference and Administrative Details
for the Year Ended 31 August 2014

AUDITORS

Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

SOLICITORS

Wrigleys
19 Cookridge Street
Leeds
LS2 3AG

BANKERS

HSBC
1 Broad Street
Leominster
Herefordshire
HR6 8BU

Lloyds TSB
PO Box 1000
Andover
BX1 1LT

Report of the Governors
for the Year Ended 31 August 2014

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Company was Incorporated on the 29th July 2011 and converted from a Local Authority School to an Academy Trust on the 1st November 2011.

The members highlighted in the reference and administration section act as the trustees for the charitable activities of Lady Hawkins' School and are also the directors of the Company for the purposes of company law. The Company is known as Lady Hawkins' School.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on pages 1 and 2.

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

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the governors, which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the Academy Trust.

The liability insurance is provided by Zurich Plc and provides cover up to £1,000,000 on any one claim.

Principal activities

This is defined in the Articles of Association.

Report of the Governors
for the Year Ended 31 August 2014

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

This is defined in the Articles of Association:

The Members may appoint up to 18 Governors. To include; up to 3 Staff Governors, up to 1 LA Governor, a minimum of 2 Parent Governors, the Headteacher and up to 3 "Co-opted" governors. Also the Secretary of State may appoint such additional governors as he sees fit.

- The Members [Trustees] may appoint Staff Governors through such process as they may determine, provided that the total number of Governors [including the Headteacher] who are employees of the Academy Trust does not exceed one third of the total number of Governors.

- The LA may appoint the LA Governor.

- The Headteacher shall be treated for all purposes as being an ex officio Governor.

- Parent Governors shall be elected by parents of registered students at the School. A Parent Governor must be a parent of a student at the School at the time when he is elected. Any election of Parent Governors which is contested shall be held by secret ballot.

- A "Co-opted" Governor means a person who is appointed to be a Governor by being co-opted by Governors who have not themselves been co-opted.

Induction and training of new trustees

The School has a Governor Recruitment and Induction policy.

The training and induction provided for new governors includes a tour of the School and a chance to meet staff and students. The Governor Support Team at the Local Authority provides external training including financial matters. They provide regular updates on practice, legislation and guidance. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

Organisational structure

The School has a leadership structure which consists of two levels, the Governors and The Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Headteacher is the Accounting Officer.

The governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the School by the use of budgets and other data, and making major decisions about the direction of the School, capital expenditure and staff appointments.

The Senior Leadership Team (SLT) consists of the Headteacher, Deputy Headteacher, School Business Manager, Director of Specialism, Leader of Learning & Curriculum and the Office Manager. These leaders direct the School at an executive level implementing the policies laid down by the governors and reporting back to them. The SLT are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Management Team must always contain a governor. Some spending control is devolved to members of the Senior Management Team, with limits above which the Headteacher must countersign.

Subject Leaders are responsible for the day to day operation of curriculum subject areas and accordingly organise teaching staff, capital resources, facilities and students.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Connected Organisations, including Related Party Relationships

The school liaises and works with organisations such as the Local Authority, The Schools Network, The Sustaining Excellence Network, The National College for School leadership, The Department for Education as well as with other education providers and trainers such as our federation partner schools, our leading edge partner schools, further education providers and universities.

Risk management

The governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances. The governors have implemented a system of assessing risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

OBJECTIVES AND ACTIVITIES

Objectives and aims

These are set out in the vision and aims of the school:

Vision

"The Centre of Learning at the Heart of the Community"

School Aims

At Lady Hawkins' School it is our aim to help all students become:

- Successful learners who enjoy learning, make progress and achieve their potential
- Confident individuals who are able to live safe, healthy and fulfilling lives
- Responsible citizens who know what is right or wrong and make a positive contribution to society.

Our aims will be achieved by:

- the provision of a broad balanced curriculum which suits the needs of all students
- recruiting and developing staff to enable them to contribute fully to our learning community
- ensuring that learning and teaching are of the highest standard and by continuously monitoring and evaluating the work of the school.

OBJECTIVES AND ACTIVITIES

Objectives, Strategies and Activities

These are set out in the mission statement of the school:

Mission Statement

"We will create a challenging environment which improves the quality of teaching and learning for all, raising standards of achievement and leading to continued whole school improvement in performance. This will be supported by active work with our partner schools, business partners and community partners to develop Lady Hawkins' School as a centre of excellence in a learning society, sharing resources and disseminating good practice. We will foster an understanding of human values, past and present and how society is organised, develops and changes. We will immerse the school in a culture of knowledge and understanding of our local, national and global communities and our students will be able to demonstrate a clear understanding of the concept of communities, of their interdependence and how they can develop sustainably. We will foster skills in creativity and communication. We will develop access to vocational studies and provide our students with the skills needed to progress into employment, further training and higher education as well as raising our post-16 participation rate."

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

Report of the Governors
for the Year Ended 31 August 2014

ACHIEVEMENT AND PERFORMANCE

Results June 2014:

GCSE: 100% GCSE A*-G qualifications
60.2% 5A*- C grades including English and Mathematics
37% English Baccalaureate

GCSE subject highlights: English Language 86% A*-C
English Literature 76% A*-C
Mathematics 86% A*-C [new record for the school]
Core Science 77% A*-C
Additional Science 87% A*-C
Further Science 94% A*-C [new record for the school]
Applied Science 100% A*-C
French 97% A*-C
German 79% A*-C
Geography 71% A*-C
History 71% A*-C
Art 69% A*-C
Music 100% A*-C
Food Technology 62% A*-C
Product Design 86% A*-C
Child Development 62% A*-C
Sport 100% A*-C
ICT 100% A*-C

A Level 50% A*- A grades
73% A*- B grades
85% A*- C grades
91% A*- D grades
97% A*- E grades as the overall pass rate.

A level subject 100% pass
rate

Mathematics
Biology
Chemistry
Geography
History
French
German
Business Studies
Forensic Science
Health and Social Care
Fine Art
Psychology

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the School 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.

Report of the Governors
for the Year Ended 31 August 2014

ACHIEVEMENT AND PERFORMANCE

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting Policies.

FINANCIAL REVIEW

Key Financial Performance Indicators

These are covered throughout the Governors' Report.

The majority of the School's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The School also receives grants for fixed assets from the DfE in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the School's accounting policies.

During the year ended 31 August 2014, total expenditure of £2,035,034 (2013: £2,141,945) was covered by recurrent grant funding from the DfES. The net incoming resources before transfers and revaluations for the year was £1,225,914 (2013: net outgoing resources of £140,659).

At 31 August 2014, the net book value of fixed assets was £7,477,418 (2013: £6,153,606) and movements in tangible fixed assets are shown in Note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the School.

Financial and Risk Management Objectives and Policies

The School has agreed a Risk Management strategy, a Risk register and a risk management plan. These have been discussed by governors and include the financial risks to the school. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

Principal Risks and Uncertainties

The Governors consider that the principal risks and uncertainties facing the School are:

- Meeting requisite standards of education for students in core subjects
- Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, the Charity Commission and the National Curriculum.
- Financial risk - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation.
- Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information.

The key controls used by the School include:

- Detailed terms of reference for all committees
- Formal agendas for the School board and committees
- Schemes of delegation and formal financial regulations

Report of the Governors
for the Year Ended 31 August 2014

FINANCIAL REVIEW

- Formal written policies
- Clear authorisation and approval levels
- Policies and procedures required by law to protect the vulnerable

Reserves Policy

The governors review the reserve levels of the School annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The School's current level of unrestricted reserves (total funds less the amount held in fixed assets and restricted funds) is £95,491 (2013:£63,029), all of which is free reserves. The level of restricted reserves (excluding restricted fixed asset funds) is £345,366 (2013:£459,741).

Investment Policy

Any excess monies are put on short term deposits ranging from 6 weeks to 6 months to obtain the best returns possible.

PLANS FOR FUTURE PERIODS

Financial - The school works on a 5 Year budget cycle that it reviews regularly.

Curriculum - Whole School Improvement - The school works within an improvement plan that is reviewed annually and renewed every 3 years. The key components of the current plan for 2012-2015:

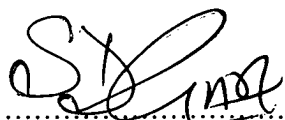
- Attention to detail - Consistent high expectations
- Learning and teaching - 80% Good or Better, use of tracking data and mentoring
- Independent learning - "Lazy teacher" methodology and self-responsibility for learning
- Personalised learning - objectives, targets, evaluation, review and effective intervention
- Raising aspirations and need for greater challenge - pathways curriculum and progress
- Student participation - role of students as leaders and student learning standards
- Consistent approach - learning, uniform, expectations, punctuality and behaviour
- Raising of the Participation Age - retention and recruitment, appropriate courses and certification
- Distributed leadership - Faculty Improvement Partners, self-evaluation and accountability
- Effectiveness - Restructuring, SIP, benchmarking, staffing, curriculum and work-life balance

AUDITORS

Insofar as the governors are aware:

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

Approved by order of the board of governors on *9 November 2014* and signed on its behalf by:



.....
S D Grist - Chair of Governors

Governance Statement
for the Year Ended 31 August 2014

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Lady Hawkins' School 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 of loss.

The board of the governors 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 Lady Hawkins' School and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

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

		Meetings	
Governor		Attended	Out of a possible
S D Grist	Chairman	5	6
A Glyn-Jones	Vice Chairman	5	6
P D Sharp		2	6
Mrs J P Hudson		2	6
Mrs K Anthony		0	4
Miss K F Davies	Staff Governor	6	6
N I Scott		0	4
Mrs P A Hughes	Staff Governor	6	6
R J Phillips		4	6
Mrs S J Williams		6	6
C P Westoby	Staff Governor	6	6
C A Yeomans		4	6
Mrs S Herdman		2	2
G I House	Headteacher - Accounting Officer	6	6

The Finance and Resources Committee is a sub-committee of the main Governing Body. Its purpose is to consider and advise the governing body on standards and other matters relating to the school's finance and resources, including statutory requirements and the school's financial policy. During the year Mr J Kay, who is the Deputy Head, deputised for the Headteacher, Mr G House.

Attendance at meetings in the year was as follows:

Governor		Meetings Attended	Out of a possible
A Glyn-Jones	Chairman	3	3
P D Sharp		0	3
Mrs K Anthony		0	1
N I Scott		0	1
Mrs S Herdman		2	2
Miss K Davies		3	3
Mrs P Hughes		3	3
J Kay	Deputy Headteacher	2	3
	School Business		
K Gwynne	Manager	1	3

Governance Statement
for the Year Ended 31 August 2014

The Curriculum and Staffing Committee is a sub-committee of the main Governing Body. Its purpose is to consider and advise the governing body on standards and other matters relating to the school's curriculum and staffing, including statutory requirements and the school's curriculum policy. During the year Mrs F Gadfield, who is leader of Learning and Curriculum, joined the Committee. Attendance at meetings in the year was as follows:

		Meetings Attended	Out of a possible
Governor			
S D Grist	Chairman	3	3
C A Yeomans		1	3
Mrs S J Williams		3	3
R J Phillips		1	3
Dr J P Hudson		1	3
G I House	Headteacher	2	3
C P Westoby		3	3
	Learning and Curriculum		
Mrs F Gadfield		2	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy 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 Lady Hawkins' School for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of governors 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 board of governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body.
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

Governance Statement
for the Year Ended 31 August 2014

The Risk and Control Framework

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 Mr C Yeomans, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of Effectiveness

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

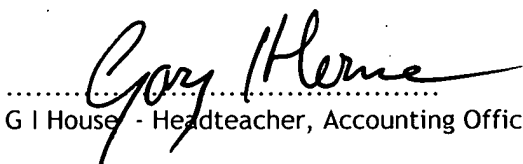
- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 9 DECEMBER 2014 and signed on its behalf by:



S D Grist - Chair of Governors



G I House - Headteacher, Accounting Officer

Lady Hawkins' School

Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2014

As accounting officer of Lady Hawkins' School I have considered my responsibility to notify the academy board of governors 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 board of governors are able to identify any material irregular or improper use of funds by the academy, 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. If any instances are identified after the date of this statement, these will be notified to the board of governors and EFA.

I would like to refer to the related and connected party transactions highlighted in note 21 in the attached accounts.


.....
G. House - Accounting Officer

Date: 9th Dec 2014

Statement of Governors Responsibilities
for the Year Ended 31 August 2014

The governors (who act as trustees of Lady Hawkins' School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Governors and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for that period. In preparing those financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the academy 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 academy applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

In so far as the governors are aware:

- there is no relevant audit information of which the academy's auditors are unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the academy'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 9 December 2014 and signed on its behalf by:



.....
S D Grist - Chair of Governors

Report of the Independent Auditors to the Members of
Lady Hawkins' School

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

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

Respective responsibilities of governors and auditors

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Report of the Governors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Report of the Independent Auditors to the Members of
Lady Hawkins' School

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; or
- the governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Governors.



Mr K M Tong FCCA, ACA (Senior Statutory Auditor)
for and on behalf of Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date: 9 November 2014

Independent Reporting Accountant's Assurance Report on Regularity to
Lady Hawkins' School and the Education Funding Agency

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lady Hawkins' School during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Lady Hawkins' School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lady Hawkins' School 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 Lady Hawkins' School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Lady Hawkins' School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Lady Hawkins' School's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matter 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 work undertaken to draw our conclusions includes:

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the year
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters

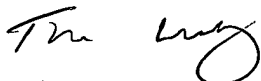
This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Independent Reporting Accountant's Assurance Report on Regularity to
Lady Hawkins' School and the Education Funding Agency

Without qualifying our opinion, we would like to refer to the related and connected party transactions highlighted in note 21 in the attached accounts.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Thorne Widgey Accountancy Ltd
Chartered Accountants
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date: 9 November 2014

Lady Hawkins' School

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2014

					31.8.14	31.8.13
	Notes	Unrestricted Funds £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £	Total funds £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	3	-	1,639,599	89,218	1,728,817	533,945
Activities for generating funds	4	28,943	-	-	28,943	32,798
Investment income	5	3,519	-	-	3,519	5,209
Incoming resources from charitable activities						
Academy's educational operations	6	-	-	2,027,313	2,027,313	2,232,034
Total incoming resources		32,462	1,639,599	2,116,531	3,788,592	2,803,986
RESOURCES EXPENDED						
Charitable activities						
Academy's educational operations		-	313,772	2,238,951	2,552,723	2,930,071
Governance costs	9	-	-	9,955	9,955	14,574
Total resources expended	7	-	313,772	2,248,906	2,562,678	2,944,645
NET INCOMING RESOURCES		32,462	1,325,827	(132,375)	1,225,914	(140,659)
Other recognised gains/losses						
Actuarial gains/losses on defined benefit schemes		-	-	(94,000)	(94,000)	26,000
Net movement in funds		32,462	1,325,827	(226,375)	1,131,914	(114,659)
RECONCILIATION OF FUNDS						
Total funds brought forward		63,029	6,191,099	(114,259)	6,139,869	6,254,528
TOTAL FUNDS CARRIED FORWARD		95,491	7,516,926	(340,634)	7,271,783	6,139,869

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

The notes form part of these financial statements

Balance Sheet
At 31 August 2014

					31.8.14	31.8.13
	Notes	Unrestricted Funds £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £	Total funds £
FIXED ASSETS						
Tangible assets	13	-	7,477,418	-	7,477,418	6,153,606
CURRENT ASSETS						
Debtors	14	5,827	43,947	22,639	72,413	29,824
Cash at bank and in hand		89,664	44,306	407,390	541,360	604,720
		<u>95,491</u>	<u>88,253</u>	<u>430,029</u>	<u>613,773</u>	<u>634,544</u>
CREDITORS						
Amounts falling due within one year	15	-	(48,745)	(84,663)	(133,408)	(74,281)
NET CURRENT ASSETS		<u>95,491</u>	<u>39,508</u>	<u>345,366</u>	<u>480,365</u>	<u>560,263</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		95,491	7,516,926	345,366	7,957,783	6,713,869
PENSION LIABILITY	19	-	-	(686,000)	(686,000)	(574,000)
NET ASSETS		<u>95,491</u>	<u>7,516,926</u>	<u>(340,634)</u>	<u>7,271,783</u>	<u>6,139,869</u>
FUNDS	18					
Unrestricted funds:						
General fund					95,491	63,029
Restricted funds:						
General Annual Grant					(70,136)	(9,428)
Pension reserve					(686,000)	(574,000)
Conversion and depreciation					6,031,284	6,153,605
Other Restricted					415,502	469,169
DfE/EFA Capital Grants					39,508	37,494
Other local authority					1,446,134	-
					<u>7,176,292</u>	<u>6,076,840</u>
TOTAL FUNDS					<u>7,271,783</u>	<u>6,139,869</u>

The notes form part of these financial statements

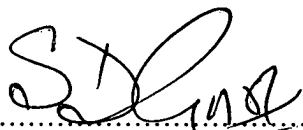
Lady Hawkins' School (Registered number: 07722445)

Balance Sheet - continued

At 31 August 2014

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Governors on 9 December 2014
and were signed on its behalf by:



.....
S D Grist - Chair of Governors

Cash Flow Statement
for the Year Ended 31 August 2014

	Notes	31.8.14 £	31.8.13 £
Net cash inflow/(outflow) from operating activities	1	1,210,002	(487,996)
Returns on investments and servicing of finance	2	3,519	5,209
Capital expenditure and financial investment	2	(1,276,881)	382,742
Decrease in cash in the period		<u>(63,360)</u>	<u>(100,045)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		<u>(63,360)</u>	<u>(100,045)</u>
Change in net debt resulting from cash flows		<u>(63,360)</u>	<u>(100,045)</u>
Movement in net debt in the period		<u>(63,360)</u>	<u>(100,045)</u>
Net debt at 1 September		<u>604,720</u>	<u>704,765</u>
Net debt at 31 August		<u>541,360</u>	<u>604,720</u>

Notes to the Cash Flow Statement
for the Year Ended 31 August 2014

1. RECONCILIATION OF NET INCOMING\ (OUTGOING) RESOURCES TO NET CASH INFLOW\ (OUTFLOW) FROM OPERATING ACTIVITIES

	31.8.14	31.8.13
	£	£
Net incoming\ (outgoing) resources	1,225,914	(140,659)
Depreciation charges	134,427	122,279
Capital grants from DfE/EFA	(181,359)	(382,742)
Interest received	(3,519)	(5,209)
Increase in debtors	(42,589)	(10,666)
Increase\ (decrease) in creditors	59,128	(78,999)
Difference between pension charge and cash contributions	18,000	8,000
Net cash inflow\ (outflow) from operating activities	1,210,002	(487,996)

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.8.14	31.8.13
	£	£
Returns on investments and servicing of finance		
Interest received	3,519	5,209
Net cash inflow for returns on investments and servicing of finance	3,519	5,209
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,458,240)	-
Capital grants from DfE/EFA	181,359	382,742
Net cash (outflow)\ inflow for capital expenditure and financial investment	(1,276,881)	382,742

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.13	Cash flow	At 31.8.14
	£	£	£
Net cash:			
Cash at bank and in hand	604,720	(63,360)	541,360
Total	604,720	(63,360)	541,360

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

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, the Companies Act 2006, the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

Going concern

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

Incoming resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income

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

Donated services and gifts in kind

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

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

1. ACCOUNTING POLICIES - continued

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

These are costs incurred on the Academy Trust's educational operations.

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- 2% on cost
Fixtures, fittings & equipment	- 20% on cost and 15% on cost
Motor vehicles	- 20% on cost

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

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

Leased Assets

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

1. ACCOUNTING POLICIES - continued

Taxation

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education funding Agency where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education funding Agency.

Pension costs and other post-retirement benefits

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

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

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

2. GENERAL ANNUAL GRANT

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

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

3. VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
Other grants and payments	-	568	568	590
Grants and donations	-	1,474,572	1,474,572	37,372
Capital Grants	-	181,359	181,359	382,742
School trips etc	-	63,594	63,594	103,441
Contributions from other organisations	-	8,724	8,724	9,800
	<u>-</u>	<u>1,728,817</u>	<u>1,728,817</u>	<u>533,945</u>

Included within the above is £1,406,240 of leasehold buildings and £52,000 of fixtures, fittings and equipment transferred to the School from the Local Authority during the year.

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
Room and building hire	2,185	-	2,185	1,170
Hire of transport	2,021	-	2,021	810
Hire of facilities	21,260	-	21,260	20,529
Catering income	3,000	-	3,000	3,501
Income from other schools	-	-	-	6,140
Other	477	-	477	648
	<u>28,943</u>	<u>-</u>	<u>28,943</u>	<u>32,798</u>

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
Short term deposits	<u>3,519</u>	<u>-</u>	<u>3,519</u>	<u>5,209</u>

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

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	1,955,328	1,955,328	2,095,969
Other DfE / YPLA grants	-	11,465	11,465	74,746
	-	1,966,793	1,966,793	2,170,715
Other government grant				
Other Government grants	-	60,520	60,520	61,319
	-	2,027,313	2,027,313	2,232,034

7. RESOURCES EXPENDED

	Staff costs £	Non-pay expenditure Premises £	Other costs £	31.8.14 Total £	31.8.13 Total £
Charitable activities					
Academies educational operations					
Direct costs	1,541,655	126,299	267,619	1,935,573	2,082,417
Allocated support costs	156,676	360,989	99,485	617,150	847,654
	1,698,331	487,288	367,104	2,552,723	2,930,071
Governance costs including allocated support costs	-	-	9,955	9,955	14,574
	1,698,331	487,288	377,059	2,562,678	2,944,645

Net resources are stated after charging/(crediting):

	31.8.14 £	31.8.13 £
Auditors' remuneration	9,751	10,250
Depreciation - owned assets	134,428	122,279
Operating leases	16,899	10,136

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

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

7. RESOURCES EXPENDED - continued

	Total £	Individual items over £5,000	
		Amount £	Reason £
Ex Gratia/compensation payments	21,221	21,221	Settlement payment

8. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
Direct costs - academy's educational operations				
Teaching and educational support staff	-	1,541,655	1,541,655	1,682,142
Depreciation	-	126,299	126,299	116,821
Educational supplies	-	192,081	192,081	213,770
Examination fees	-	36,074	36,074	47,637
Staff development	-	9,337	9,337	7,836
Educational consultancy	-	12,127	12,127	6,211
Other direct costs	-	18,000	18,000	8,000
		1,935,573	1,935,573	2,082,417
Allocated support costs - academy's educational operations				
Support staff costs	-	156,676	156,676	146,867
Depreciation	-	8,128	8,128	5,458
Administrative supplies	-	29,736	29,736	31,212
Recruitment and support	-	5,073	5,073	4,942
Maintenance of premises and equipment	-	242,584	242,584	480,449
Cleaning	-	39,904	39,904	39,095
Rent and rates	-	10,082	10,082	12,907
Energy costs	-	41,243	41,243	42,266
Insurance	-	27,176	27,176	28,915
Catering	-	14,673	14,673	12,032
Other support costs	-	41,875	41,875	43,511
		617,150	617,150	847,654
		2,552,723	2,552,723	2,930,071

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

9. GOVERNANCE COSTS

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
Auditors' remuneration	-	9,751	9,751	10,250
Auditors' remuneration for non-audit work	-	-	-	2,800
Legal and professional fees	-	204	204	1,005
Governors development	-	-	-	519
	<u>-</u>	<u>9,955</u>	<u>9,955</u>	<u>14,574</u>

10. GOVERNORS' REMUNERATION AND BENEFITS

There were no governors' remuneration or other benefits for the year ended 31 August 2014 nor for the year ended 31 August 2013.

The Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The Value of governors' remuneration was as follows:

G. I House (Headteacher and governor)	£75,000-£80,000 (2013: £75,000-£80,000)
K Davies (Staff governor)	£45,000-£50,000 (2013: £40,000-£45,000)
C Westoby (Staff governor)	£50,000-£55,000 (2013: £45,000-£50,000)
P Hughes (Staff governor)	£40,000-£45,000 (2013: £35,000-£40,000)

Governors' expenses

During the period ended 31 August 2014, travel and subsistence expenses totalling £194 (2013: £405) were reimbursed to the governors.

Other related party transactions involving the trustees set out in note 21.

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

11. STAFF COSTS

	31.8.14 £	31.8.13 £
Wages and salaries	1,333,381	1,390,196
Social security costs	99,517	114,932
Other pension costs	214,936	249,741
	<hr/>	<hr/>
	1,647,834	1,754,869
Supply teacher costs	28,302	29,718
Compensation payments	22,195	44,422
	<hr/>	<hr/>
	<u>1,698,331</u>	<u>1,829,009</u>

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

	31.8.14	31.8.13
Teachers	26	30
Administration and support	10	10
Management	6	7
	<hr/>	<hr/>
	42	47
	<hr/>	<hr/>

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

	31.8.14	31.8.13
£60,001 - £70,000	1	1
	<hr/>	<hr/>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for this member of staff amounted to £8,921 (2013: £7,435).

Included in staff costs are non statutory/non-contractual severance payments totalling £22,195. One of these amounts is over £5,000 individually, and this payment totalled £21,221.

12. 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 £1,000,000 on any one claim and the cost for the period ended 31 August 2014 was £486 (2013: £532).

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

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

13. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
COST				
At 1 September 2013	6,348,653	10,000	20,000	6,378,653
Additions	1,406,240	52,000	-	1,458,240
At 31 August 2014	7,754,893	62,000	20,000	7,836,893
DEPRECIATION				
At 1 September 2013	214,172	2,750	8,125	225,047
Charge for year	126,300	4,128	4,000	134,428
At 31 August 2014	340,472	6,878	12,125	359,475
NET BOOK VALUE				
At 31 August 2014	7,414,421	55,122	7,875	7,477,418
At 31 August 2013	6,134,481	7,250	11,875	6,153,606

Leasehold land and buildings are subject to a 125 year lease with the local authority.

Included within the above is £1,406,240 of leasehold buildings and £52,000 of fixtures, fittings and equipment transferred to the School from the Local Authority during the year. At the date of signing this report the lease is still pending.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.14 £	31.8.13 £
Trade debtors	6,467	31
VAT	3,161	15,239
Prepayments and accrued income	62,785	14,554
	72,413	29,824

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

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.14	31.8.13
	£	£
Trade creditors	-	6,639
Social security and other taxes	59,418	59,950
Accruals and deferred income	73,990	7,692
	<u>133,408</u>	<u>74,281</u>
		£
Deferred Income at 1 September 2013		-
Resources deferred in the year		21,012
Amounts released from previous years		-
		<u>21,012</u>
Deferred Income at 31 August 2014		<u>21,012</u>

At the balance sheet date the Academy Trust was holding funds received in advance in relation to unspent capital grant income and comenius trip income, relating to the future academic years.

16. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Other operating leases	
	31.8.14	31.8.13
	£	£
Expiring:		
Within one year	1,999	2,914
Between one and five years	14,013	5,674
	<u>16,012</u>	<u>8,588</u>

17. MEMBERS' LIABILITY

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

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

18. MOVEMENT IN FUNDS

	At 1.9.13 £	Net movement in funds £	Transfers between funds £	At 31.8.14 £
Unrestricted funds				
General fund	63,029	32,462	-	95,491
Restricted funds				
General Annual Grant	(9,428)	(79,708)	19,000	(70,136)
Pension reserve	(574,000)	(112,000)	-	(686,000)
Conversion and depreciation	6,153,605	(122,321)	-	6,031,284
Other Restricted	469,169	(34,667)	(19,000)	415,502
DfE/EFA Capital Grants	37,494	2,014	-	39,508
Other local authority	-	1,446,134	-	1,446,134
	6,076,840	1,099,452	-	7,176,292
TOTAL FUNDS	6,139,869	1,131,914	-	7,271,783

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	32,462	-	-	32,462
Restricted funds				
General Annual Grant	1,955,326	(2,035,034)	-	(79,708)
Conversion and depreciation	-	(122,321)	-	(122,321)
Other Restricted	94,385	(129,052)	-	(34,667)
Other DfE/EFA Grants	66,820	(66,820)	-	-
DfE/EFA Capital Grants	181,359	(179,345)	-	2,014
Other local authority	1,458,240	(12,106)	-	1,446,134
Pension reserve	-	(18,000)	(94,000)	(112,000)
	3,756,130	(2,562,678)	(94,000)	1,099,452
TOTAL FUNDS	3,788,592	(2,562,678)	(94,000)	1,131,914

18. MOVEMENT IN FUNDS - continued

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

- * General Annual Grant (GAG): Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at the year end.
- * Other DfE/EFA Grants: are utilised for the purposes intended by the donor.
- * Other Restricted General Funds: include payments made towards Academy trips.
- * The Pension Fund: is the surplus/(deficit) in the Local Government Pension Scheme.
- * Restricted Fixed Asset Funds: include the fixed assets transferred on conversion to Academy, capital grants, additions and depreciation.
- * Unrestricted Funds: are all those income and expenses for general use in the Academy.

19. PENSION AND SIMILAR OBLIGATIONS

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £26,788 (2013: £27,740) were payable to the schemes at 31 August 2014 and are included within creditors.

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

19. PENSION AND SIMILAR OBLIGATIONS - continued

Teachers' pension scheme
Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

Valuation of the Teachers' Pension Scheme

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

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

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

19. PENSION AND SIMILAR OBLIGATIONS - continued

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

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

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

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £64,702, of which employer's contributions totalled £51,132 and employees' contributions totalled £13,570. The agreed contribution rates for future years are 19.0% per cent for employers and between 5.5% and 12.5% per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

As the scheme is in deficit, the School has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels.

The rates payable over a six year period will be the Future Service Rate of 19.0% of payroll plus phased lump sum deficit contributions starting at £31,600 for the year to 31 March 2015, increasing by approximately 4% per annum. The rate payable from 1 April 2017 will be further revised following the next valuation of the Pension Fund on 31 March 2016.

The current estimated recovery period is 18 years.

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

19. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.14	31.8.13
	£	£
Present value of funded obligations	(1,179,000)	(902,000)
Fair value of plan assets	493,000	328,000
	<u>(686,000)</u>	<u>(574,000)</u>
Deficit	<u>(686,000)</u>	<u>(574,000)</u>
Liability	<u><u>(686,000)</u></u>	<u><u>(574,000)</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31.8.14	31.8.13
	£	£
Current service cost	36,000	31,000
Interest cost	42,000	36,000
Expected return	<u>(23,000)</u>	<u>(16,000)</u>
	<u>55,000</u>	<u>51,000</u>
Actual return on plan assets	<u>34,000</u>	<u>42,000</u>

Changes in the present value of the defined benefit obligations are as follows:

	Defined benefit pension plans	
	31.8.14	31.8.13
	£	£
Defined benefit obligation	(902,000)	(805,000)
Current service cost	(50,000)	(46,000)
Contributions by scheme participants	(14,000)	(15,000)
Interest cost	(42,000)	(36,000)
Actuarial losses/(gains)	<u>(171,000)</u>	<u>-</u>
	<u><u>(1,179,000)</u></u>	<u><u>(902,000)</u></u>

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

19. PENSION AND SIMILAR OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.14	31.8.13
	£	£
Fair value of scheme assets	328,000	213,000
Contributions by employer	51,000	58,000
Contributions by scheme participants	14,000	15,000
Expected return	23,000	16,000
Actuarial gains/(losses)	77,000	26,000
	<u>493,000</u>	<u>328,000</u>

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

	Defined benefit pension plans	
	31.8.14	31.8.13
Equities	92.3%	90.2%
Bonds - Other	6.5%	6%
Cash/liquidity	1.2%	3.8%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31.8.14	31.8.13
Discount rate	3.9%	4.5%
Future salary increases	3.6%	3.9%
Future pension increases	2.1%	2.4%
Inflation assumption (CPI)	2.1%	2.4%
Commutation of pensions to lump sums	0%	50%

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

	At 31 August 2014	At 31 August 2013
Retiring today		
Males	23.3	22.5
Females	25.7	25.0
Retiring in 20 years		
Males	25.5	24.3
Females	28.0	27.0

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

19. PENSION AND SIMILAR OBLIGATIONS - continued

Amounts for the current and previous two periods are as follows:

	31.8.14	31.8.13 as restated	31.8.12
	£	£	£
Defined benefit pension plans			
Defined benefit obligation	(1,179,000)	(902,000)	(805,000)
Fair value of scheme assets	493,000	328,000	213,000
Deficit	(686,000)	(574,000)	(592,000)
Experience adjustments on scheme liabilities	(103,000)	-	-
Experience adjustments on scheme assets	77,000	26,000	-

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £143,000 loss (2013: £49,000 loss).

20. CONTINGENT LIABILITIES

There are no significant contingent liabilities that the Governors are aware of.

21. RELATED PARTY DISCLOSURES

During the year, the School purchased services from Clive Williams, a Tree Surgeon who is the husband of Sally Williams, a Governor of the school. The value of this work was £1,290 (2013: £Nil) and the transaction was at arms length. There were no balances outstanding at the year end.