

**BISCOVEY ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**Company Registration No. 07849630 England and Wales**

WEDNESDAY



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COMPANIES-HOUSE

# **BISCOVEY ACADEMY**

## **CONTENTS**

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	<b>Page</b>
Reference and administrative details	1 - 2
Trustees' report	3 - 7
Governance statement	8 - 10
Statement on regularity, propriety and compliance	11
Statement of trustees' responsibilities	12
Independent auditor's report on the accounts	13 - 14
Independent reporting accountant's report on regularity	15 - 16
Statement of financial activities	17
Balance sheet	18
Cash flow statement	19
Notes to the accounts	20 - 35

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# BISCOVEY ACADEMY

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

J Williams (Chair) \*  
R Green (Accounting Officer) \*  
N Black  
Canon FM Bowers  
A Bullock  
M Corbett  
JL Dart \*  
B Downing (Vice Chair) \*  
PJ Gribbin  
NM Isbell  
S Ovens  
KA Paramor \*  
S Smith \*

\* members of the finance committee

### Members

J Williams  
FM Bowers  
JL Dart  
B Downing  
KA Paramor

### Senior management team

- Headteacher R Green  
- Deputy headteacher A Bullock

### Company secretary

L Rabey

### Company registration number

07849630 (England and Wales)

### Registered office

Lamellyn Road  
Biscovey  
PAR  
Cornwall  
PL24 2DB

### Independent auditor

Robinson Reed Layton  
Peat House  
Newham Road  
TRURO  
Cornwall  
TR1 2DP

### Actuary

Hymans Robertson LLP  
20 Waterloo Street  
GLASGOW  
G2 6DB

# **BISCOVEY ACADEMY**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Bankers**

Lloyds Bank plc  
7 High Cross Street  
ST AUSTELL  
Cornwall  
PL25 4AF

### **Solicitors**

Cornwall Council Legal Services  
Room 458  
County Hall  
TRURO  
Cornwall  
TR1 3AY

# BISCOVEY ACADEMY

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2014

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The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy operates an junior school for pupils aged 7 to 11 serving a catchment area in Par, Cornwall. It has a pupil capacity of 300 and had a roll of 257 in the school census on 13 October 2013.

#### **Structure, governance and management**

##### Constitution

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

The trustees of Biscovey Academy are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

##### Members' liability

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

##### Trustees' indemnities

In accordance with normal commercial practice the charitable company has purchased insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on the charitable company's business. The insurance provides cover up to £5 million on any one claim.

##### Method of recruitment and appointment or election of trustees

The academy's board of trustees comprises the headteacher, a minimum of two parent trustees, any number of staff trustees (providing that the total number of trustees, including the headteacher, who are employees of the charitable company, does not exceed one third of the total number of trustees).

The charitable company shall have the following trustees as set out in its Articles of Association and funding agreement:

- up to 6 trustees who are appointed by members;
- up to 1 LA trustee who is appointed by the Local Authority;
- a minimum of 2 parent trustees who are elected by parents of registered pupils at the charitable company;
- any staff trustees appointed by the board of trustees;
- up to 3 co-opted trustees who are appointed by the board of trustees;
- the headteacher who is treated for all purposes as being an ex officio trustee.

Trustees are appointed for a four year period, except that this time limit does not apply to the headteacher. Subject to remaining eligible to be a particular type of trustee, any trustee can be re-appointed or re-elected.

When appointing new trustees, the board of trustees will give consideration to the skills and experience mix of existing trustees in order to ensure that the board of trustees has the necessary skills to contribute fully to the academy's development.

##### Policies and procedures adopted for the induction and training of trustees

All new trustees are assigned an experienced trustee mentor to assist them in taking on new responsibilities, and are required to attend the new trustee training course provided by County Council.

# BISCOVEY ACADEMY

## TRUSTEES' REPORT (CONTINUED)

***FOR THE YEAR ENDED 31 AUGUST 2014***

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### Organisational structure

Biscovey Academy has followed the organisational structure laid down in the Articles of Association that were registered with Companies House on 16 November 2011.

The structure consists of three levels: the members, the trustees and the management team. The members of the academy comprise the signatories of the memorandum, including the chair of trustees. The members have defined the roles of the trustees and the committee structure. The members meet annually to hold an Annual General Meeting (AGM).

Trustees are also assigned specific areas of focus aligned to the management and administration of the academy, or specific teaching department links. The board of trustees operate in accordance with documented terms of reference.

### Connected organisations including related party relationships

No connected organisations at 31 August 2014.

Related party relationships are detailed in Note 20 to the accounts.

### **Objectives and activities**

#### Objects and aims

The principal object and activity of the charitable company is to advance for the public benefit education in the United Kingdom by maintaining, managing and developing a school offering a broad and balanced curriculum.

#### Objectives, strategies and activities

The broad education aims of the school are:

- to help pupils develop lively, enquiring minds;
- to develop the ability to question and argue rationally and to apply themselves to tasks and physical skills;
- to help pupils acquire knowledge and skills relevant to adult life and employment in a fast changing world;
- to help pupils use language and numbers effectively;
- to instil respect for religious and moral views and tolerance of other races, religions and ways of life;
- to help pupils understand the world in which they live, and the inter-dependence of individuals, groups and nations;  
and
- to help pupils appreciate human achievements and aspirations.

#### Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

# BISCOVEY ACADEMY

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2014**

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### Strategic report

#### Achievements and performance

As our second full year as an academy is complete all measurable indications reinforce that it has been a successful, challenging and very rewarding year. The pupils have achieved some outstanding academic results, taken part in a variety of sporting clubs, camps, trips and activities and performed in numerous events throughout the community and county.

The academy's academic achievement and performance during the last year has been outstanding.

		Stats Levels	TA Levels
<b>Reading</b>			
Attainment	Level 4+	86%	86%
Attainment	Level 5	53%	42%
Progress	2 Levels +	90%	92%
<b>Writing</b>			
Attainment	Level 4+	N/A	83%
Attainment	Level 5	N/A	31%
Progress	2 Levels +	N/A	100%
<b>Maths</b>			
Attainment	Level 4+	81%	84%
Attainment	Level 5+	39%	39%
Attainment	Level 6	11%	8%
Progress	2 Levels +	90%	92%

The academy's sporting achievements have included; East of Cornwall Tag Rugby Finalists, St Austell Schools' Swimming Gala, Cross Country League and county Quad Kids Athletics where our school led with the fastest female and male sprinters. The number of pupils participating in galas and tournaments throughout the year has been outstanding.

We are also very proud of the number of extra curricular clubs we provide after school.

The academy's performing arts have included; Verse Speaking, Youth Speaks, Choir performances, play productions and a 'sold out' Schools of Cornwall event at the Hall for Cornwall. Again, we are extremely proud of the number of pupils participating in these events.

### Main Priorities 2013-2014

The main priorities for 2013-2014 were:

- Literacy and numeracy as shown in the action and access plans
- ICT Action Plans which included the purchase of large set of iPads
- Access Action Plan
- Working with Aspire Academy Trust

#### Key performance indicators

The main financial performance indicator that Biscovey Academy governors use to govern themselves are to ensure that annual delegated funds are not being overspent and reserve balances are not excessively beyond agreed terms and policies. Also, to ensure funds are being spent appropriately on the current pupils of Biscovey Academy.

#### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

# **BISCOVEY ACADEMY**

## **TRUSTEES' REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 AUGUST 2014***

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#### **Financial review**

The academy's accounting period is the year to 31 August 2014.

Most of the charitable company's income is derived from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year to 31 August 2014, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

The charitable company also received grants for fixed assets from the EFA. Such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund will be reduced by annual depreciation charges over the expected useful life of the assets concerned.

#### **Reserves policy**

Biscovey Academy trustees aim to control reserves to an agreed level to ensure excessive balances are not held at any one time. Trustees will ensure that delegated funds are spent appropriately on the pupils of Biscovey Academy and that government policies will always be adhered to.

However, trustees are also aware of their responsibilities to ensure sufficient reserves are kept to ensure good financial practice and to maintain a safe financial future for Biscovey Academy. Any future financial trends are identified early by good financial planning and regular monitoring by finance staff and the Biscovey Academy finance committee.

The trustees consider the financial year end position of £2,466,991 (2013: £2,720,122) comprising £2,501,584 (2013: £2,552,943) of restricted fixed asset funds, £(152,000) (2013: £(46,000)) of restricted funds and £117,407 (2013: £213,179) of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to £(152,000) (2013: £(46,000)) and general restricted funds of £Nil (2013: £Nil).

The level of free reserves held by the academy are £117,407 (2013: £213,179).

The Local Government Pension Scheme (LGPS) fund is currently in deficit. The academy has entered into an agreement with the LGPS trustees to make additional annual contributions of £4,300 in addition to normal funding levels, over a period of 20 years, in order to bridge the scheme deficit.

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

#### **Investment policy and powers**

The trustees of Biscovey Academy are not allowed to make financial investments with any level of risk with third party organisations that may threaten the future of the organisation.

#### **Principal risks and uncertainties**

The trustees use a number of academy policies, including health and safety, finance, safeguarding and a risk register to evaluate strategic and reputational, operational, compliance and financial risks. The trustees have ensured that the management structure, systems and controls are in place to manage those risks, as well as insurance to cover financial and governance arrangements by completing the Academies Financial Management and Governance Evaluation which was submitted to the Education Funding Agency during the year, and are satisfied with the overall assessment.

The board of trustees ensure regular review of risks through the reporting provided by the management team to the aforementioned board of trustees.

The principal risk facing the academy is the future level of government funding. This risk is managed by careful control over budgeted expenditure which ensures that a deficit does not arise for the year. The trustees have also self-assessed financial and governance arrangements by completing the Academies Financial Management and Governance Evaluation which was submitted to the Education Funding Agency during the year, and are satisfied with the overall assessment.

# **BISCOVEY ACADEMY**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2014***

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### **Plans for future periods**

The main priorities for 2014-2015 are:

- reading, writing and numeracy planning and assessment as listed in the 2013-2014 literacy and numeracy action plans;
- modern foreign languages;
- as part of our access plan we intend to apply for a grant from the EFA as part of the Capital Maintenance Application process to replace the school roof; and
- develop the use of iPads in year 6.

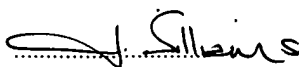
### **Auditor**

In so far as the trustees are aware:

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

A resolution proposing that Robinson Reed Layton be reappointed as auditor of the charitable company will be put to the members.

Approved by order of the board of trustees on .....12/12/14..... and signed on its behalf by:



J Williams

Chair

# BISCOVEY ACADEMY

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2014**

### Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Biscovey Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
J Williams (Chair)	2	3
R Green (Accounting Officer)	3	3
N Black	3	3
Canon FM Bowers	3	3
A Bullock	3	3
M Corbett	3	3
JL Dart	3	3
B Downing (Vice Chair)	3	3
PJ Gribbin	2	3
NM Isbell	0	3
S Ovens	3	3
KA Paramor	3	3
S Smith	2	3

The finance committee is a sub-committee of the main board of trustees. Its purpose is to:

- Assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity and to provide support and guidance for all matters relating to the school premises, grounds, security and health and safety.
- To make appropriate comments and recommendations on such matters to the governing body on a regular basis.
- Major issues will be referred to the full governing body for ratification, unless otherwise delegated.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
J Williams (Chair)	3	3
R Green (Accounting Officer)	3	3
JL Dart	1	3
B Downing (Vice Chair)	2	3
KA Paramor	3	3
S Smith	2	3

# **BISCOVEY ACADEMY**

## **GOVERNANCE STATEMENT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2014***

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### **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 Biscovey Academy for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The board of trustees 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 trustees 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 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

### **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 board of trustees;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Tim Hooper, business manager at Aspire Academy Trust, 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 board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

### **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 academy who have responsibility for the development and maintenance of the internal control framework.

# **BISCOVEY ACADEMY**

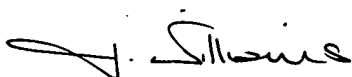
## **GOVERNANCE STATEMENT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2014***

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The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance committee and a plan to address weaknesses if relevant and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 12/12/14 and signed on its behalf by:



J Williams  
Chair



R Green  
Accounting Officer

# **BISCOVEY ACADEMY**

## **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

***FOR THE YEAR ENDED 31 AUGUST 2014***

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As accounting officer of Biscovey Academy I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and 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's board of trustees 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 trustees and EFA.

Approved on 12/12/14..... and signed by:



R Green  
Accounting Officer

# BISCOVEY ACADEMY

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The trustees (who also act as governors for Biscovey Academy and are also the directors of Biscovey Academy for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts 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 trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

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

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

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

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

Approved by order of the board of trustees on 12/12/14 and signed on its behalf by:



J Williams  
Chair

# **BISCOVEY ACADEMY**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BISCOVEY ACADEMY**

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We have audited the accounts of Biscovey Academy for the year ended 31 August 2014 set out on pages 17 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees, who are also the directors of Biscovey Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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 accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts 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 accounts**

In our opinion the accounts:

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

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

# **BISCOVEY ACADEMY**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF BISCOVEY ACADEMY**

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#### **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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Mark Williams (Senior Statutory Auditor)**  
**Robinson Reed Layton**

#### **Chartered Accountants**

#### **Statutory Auditor**

Peat House

Newham Road

TRURO

Cornwall

TR1 2DP

Dated: 15 December 2014

# **BISCOVEY ACADEMY**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BISCOVEY ACADEMY AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 16 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Biscovey Academy 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 Biscovey Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Biscovey Academy 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 Biscovey Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Biscovey Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Biscovey Academy's funding agreement with the Secretary of State for Education dated 1 January 2012 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- a review of minutes of all trustees' meetings;
- an evaluation of internal control procedures and reporting lines and a check on the implementation of such controls;
- a review of items purchased with credit cards to ensure they are not used for personal benefit;
- a review of financial transactions for any unusual transactions which may be improper;
- a review of all the activities of the academy to ensure that they are in keeping with the academy's framework and the charitable objectives;
- a review of pecuniary interest forms to ensure all key staff and trustees have declared their interest in related parties, as well as discussion and testing of these forms;
- a review of expenditure to ensure it does not contravene the funding agreement; and
- a review of procurement procedures to ensure activity is in accordance with Annex 4.4 of Managing Public Money.

## **BISCOVEY ACADEMY**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BISCOVEY ACADEMY AND THE EDUCATION FUNDING AGENCY (CONTINUED)**

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#### **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.



Mark Williams  
**Reporting Accountant**  
Robinson Reed Layton

Dated: 15 December 2014

# BISCOVEY ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2014

		Unrestricted funds £	Restricted funds £	Fixed Asset fund £	Total 2014 £	Total 2013 £
<b>Incoming resources</b>	<b>Notes</b>					
<i>Resources from generated funds</i>						
- Activities for generating funds	2	20	-	-	20	15,105
- Investment income	3	255	-	-	255	318
<i>Resources from charitable activities</i>						
- Funding for educational operations	4	86,188	1,117,262	6,801	1,210,251	1,240,091
<b>Total incoming resources</b>		<u>86,463</u>	<u>1,117,262</u>	<u>6,801</u>	<u>1,210,526</u>	<u>1,255,514</u>
<b>Resources expended</b>						
<i>Costs of generating funds</i>						
- Fundraising trading	5	13,109	-	-	13,109	2,000
<i>Charitable activities</i>						
- Educational operations	6	67,065	1,189,528	81,755	1,338,348	1,281,342
Governance costs	7	-	2,200	-	2,200	2,150
<b>Total resources expended</b>	5	<u>80,174</u>	<u>1,191,728</u>	<u>81,755</u>	<u>1,353,657</u>	<u>1,285,492</u>
<b>Net incoming/(outgoing) resources before transfers</b>		6,289	(74,466)	(74,954)	(143,131)	(29,978)
Gross transfers between funds		(102,061)	78,466	23,595	-	-
<b>Net income/(expenditure) for the year</b>		<u>(95,772)</u>	<u>4,000</u>	<u>(51,359)</u>	<u>(143,131)</u>	<u>(29,978)</u>
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension scheme	16	-	(110,000)	-	(110,000)	7,000
<b>Net movement in funds</b>		<u>(95,772)</u>	<u>(106,000)</u>	<u>(51,359)</u>	<u>(253,131)</u>	<u>(22,978)</u>
Fund balances at 1 September 2013		213,179	(46,000)	2,552,943	2,720,122	2,743,100
<b>Fund balances at 31 August 2014</b>		<u>117,407</u>	<u>(152,000)</u>	<u>2,501,584</u>	<u>2,466,991</u>	<u>2,720,122</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

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

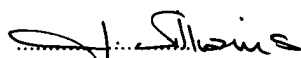
# BISCOVEY ACADEMY

## BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014 £	£	2013 £	£
<b>Fixed assets</b>					
Tangible assets	10		2,501,584		2,552,943
<b>Current assets</b>					
Stocks	11	2,126		2,611	
Debtors	12	13,558		15,839	
Cash at bank and in hand		156,213		270,883	
		171,897		289,333	
Creditors: amounts falling due within one year	13	(54,490)		(76,154)	
<b>Net current assets</b>			117,407		213,179
<b>Total assets less current liabilities</b>			2,618,991		2,766,122
Defined benefit pension liability	16		(152,000)		(46,000)
<b>Net assets</b>			2,466,991		2,720,122
<b>Funds of the academy:</b>					
<b>Restricted income funds</b>	14				
- Fixed asset funds			2,501,584		2,552,943
- Pension reserve			(152,000)		(46,000)
<b>Total restricted funds</b>			2,349,584		2,506,943
<b>Unrestricted funds</b>	14		117,407		213,179
<b>Total funds</b>			2,466,991		2,720,122

The accounts were approved by order of the board of trustees and authorised for issue on 12/12/14.

  
J Williams  
Chair

Company Number 07849630

# BISCOVEY ACADEMY

## CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2014**

	Notes	2014 £	2013 £
Net cash inflow/(outflow) from operating activities	17	(91,330)	13,716
<b>Returns on investments and servicing of finance</b>			
Investment income		255	318
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		255	318
		(91,075)	14,034
<b>Capital expenditure and financial investments</b>			
Capital grants received		6,801	46,531
Payments to acquire tangible fixed assets		(30,396)	(75,018)
<b>Net cash flow from capital activities</b>		(23,595)	(28,487)
<b>Increase/(decrease) in cash</b>	18	(114,670)	(14,453)

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 AUGUST 2014*

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### **1 Accounting policies**

#### **1.1 Basis of preparation**

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### **1.2 Going concern**

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

#### **1.3 Incoming resources**

All incoming resources are recognised when the academy 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

##### **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 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.

#### **1.4 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.

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 1 Accounting policies

(Continued)

#### Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

#### Charitable activities

These are costs incurred on the academy's educational operations.

#### Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

### 1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold land & buildings	2% per annum on cost
Computer equipment	33% per annum on cost
Furniture & equipment	10% - 25% per annum on cost

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.

### 1.6 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

### 1.7 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

### 1.8 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.

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 1 Accounting policies

(Continued)

#### 1.9 Pensions benefits

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 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 16, 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 contributions are recognised as they are paid each 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 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.

#### 1.10 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 trustees.

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

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

### 2 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Hire of facilities	20	-	20	105
Other income	-	-	-	15,000
	<u>20</u>	<u>-</u>	<u>20</u>	<u>15,105</u>

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 3 Investment income

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Short term deposits	255	-	255	318

### 4 Funding for the academy's educational operations

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	1,022,176	1,022,176	1,004,557
Capital grants	-	6,801	6,801	46,531
Other DfE / EFA grants	-	94,332	94,332	52,225
	-	1,123,309	1,123,309	1,103,313
<b>Other government grants</b>				
Local authority grants	-	754	754	31,094
<b>Other funds</b>				
Other incoming resources	86,188	-	86,188	105,684
<b>Total funding</b>	86,188	1,124,063	1,210,251	1,240,091

### 5 Resources expended

	Staff costs £	Premises costs £	Other costs £	Total 2014 £	Total 2013 £
<b>Academy's educational operations</b>					
- Direct costs	840,853	-	90,287	931,140	893,645
- Allocated support costs	111,871	104,191	191,146	407,208	387,697
	952,724	104,191	281,433	1,338,348	1,281,342
<b>Other expenditure</b>					
Costs of activities for generating funds	-	-	13,109	13,109	2,000
Governance costs	-	-	2,200	2,200	2,150
	-	-	15,309	15,309	4,150
<b>Total expenditure</b>	952,724	104,191	296,742	1,353,657	1,285,492

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 5 Resources expended

(Continued)

#### Incoming/outgoing resources for the year include:

	2014	2013
	£	£
Fees payable to auditor		
- Audit	1,750	1,750
- Other services	2,650	2,900

### 6 Charitable activities

	Unrestricted funds	Restricted funds	Total	Total
	£	£	2014	2013
	£	£	£	£
<b>Direct costs</b>				
Teaching and educational support staff costs	-	839,632	839,632	791,284
Technology costs	-	28,088	28,088	24,852
Educational supplies and services	-	35,659	35,659	50,513
Staff development	-	1,221	1,221	1,697
Educational consultancy	-	-	-	6,160
Other direct costs	16,262	10,278	26,540	19,139
	<u>16,262</u>	<u>914,878</u>	<u>931,140</u>	<u>893,645</u>
<b>Allocated support costs</b>				
Support staff costs	-	111,871	111,871	100,309
Depreciation	-	81,755	81,755	72,069
Recruitment and support	-	316	316	192
Maintenance of premises and equipment	-	22,436	22,436	19,836
Cleaning	-	27,385	27,385	26,989
Energy costs	-	13,031	13,031	13,125
Rent and rates	-	8,479	8,479	10,997
Insurance	-	29,881	29,881	32,738
Security and transport	-	1,353	1,353	1,725
Catering	-	17,721	17,721	16,690
Interest and finance costs	-	(1,000)	(1,000)	1,000
Other support costs	50,803	43,177	93,980	92,027
	<u>50,803</u>	<u>356,405</u>	<u>407,208</u>	<u>387,697</u>
<b>Total costs</b>	<u>67,065</u>	<u>1,271,283</u>	<u>1,338,348</u>	<u>1,281,342</u>

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 7 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Auditor's remuneration				
- Audit of financial statements	-	1,750	1,750	1,750
- Other audit costs	-	450	450	400
	<u>-</u>	<u>2,200</u>	<u>2,200</u>	<u>2,150</u>

### 8 Staff costs

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

	2014 Number	2013 Number
Teachers	10	13
Administration and support	16	14
Management	4	2
	<u>30</u>	<u>29</u>

#### Costs included within the accounts:

	2014 £	2013 £
Wages and salaries	735,275	698,603
Social security costs	47,799	44,132
Other pension costs	128,412	113,634
	<u>911,486</u>	<u>856,369</u>
Supply teacher costs	40,017	35,224
Staff development and other staff costs	1,221	1,697
	<u>952,724</u>	<u>893,290</u>

The number of employees whose annual remuneration was £60,000 or more was:

	2014 Number	2013 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<u>1</u>	<u>1</u>

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 8 Staff costs

(Continued)

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

		2014	2013
Teachers' Pension Scheme	Numbers	1	1
	£	10,191	9,499
		<u>          </u>	<u>          </u>
Local Government Pension Scheme	Numbers	-	-
	£	-	-
		<u>          </u>	<u>          </u>

### 9 Trustees' remuneration and expenses

The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £130 (2013: £447) were reimbursed to 1 trustees (2013: 1 trustees).

The value of trustees' remuneration was as follows:

R Green (headteacher and trustee): £80,000 - £85,000 (2013: £70,000 - £75,000).

A Bullock (staff trustee): £50,000 - £55,000 (2013: £50,000 - £55,000).

MH Corbett (staff trustee): £35,000 - £40,000 (2013: £35,000 - £40,000).

N Black (staff trustee): £20,000 - £25,000 (2013: £20,000 - £25,000).

Other related party transactions involving the trustees are set out within the related parties note.

#### Trustees' and officers' insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,136 (2013: £1,021).

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 10 Tangible fixed assets

	Leasehold land & buildings £	Computer equipment £	Furniture & equipment £	Total £
<b>Cost</b>				
At 1 September 2013	2,560,668	29,888	74,700	2,665,256
Additions	-	26,081	4,315	30,396
At 31 August 2014	2,560,668	55,969	79,015	2,695,652
<b>Depreciation</b>				
At 1 September 2013	85,355	14,704	12,254	112,313
Charge for the year	51,213	18,470	12,072	81,755
At 31 August 2014	136,568	33,174	24,326	194,068
<b>Net book value</b>				
At 31 August 2014	2,424,100	22,795	54,689	2,501,584
At 31 August 2013	2,475,313	15,184	62,446	2,552,943

### 11 Stocks

	2014 £	2013 £
School uniform	2,126	2,611

### 12 Debtors

	2014 £	2013 £
Trade debtors	267	-
VAT recoverable	10,728	14,010
Prepayments and accrued income	2,563	1,829
	13,558	15,839

### 13 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	5,566	16,718
Taxes and social security costs	31,047	30,135
Accruals	17,877	29,301
	54,490	76,154

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 14 Funds

	Balance at 1 September 2013	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2014
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant	-	1,022,176	(1,100,642)	78,466	-
Other DfE / EFA grants	-	94,332	(94,332)	-	-
Other government grants	-	754	(754)	-	-
Funds excluding pensions	-	1,117,262	(1,195,728)	78,466	-
Pension reserve	(46,000)	-	4,000	(110,000)	(152,000)
	(46,000)	1,117,262	(1,191,728)	(31,534)	(152,000)
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	57,888	6,801	(7,231)	-	57,458
Inherited fixed asset fund	2,484,248	-	(57,630)	-	2,426,618
Capital expenditure from GAG or other funds	10,807	-	(16,894)	23,595	17,508
	2,552,943	6,801	(81,755)	23,595	2,501,584
<b>Total restricted funds</b>	<b>2,506,943</b>	<b>1,124,063</b>	<b>(1,273,483)</b>	<b>(7,939)</b>	<b>2,349,584</b>
<b>Unrestricted funds</b>					
General funds	213,179	86,463	(80,174)	(102,061)	117,407
<b>Total funds</b>	<b>2,720,122</b>	<b>1,210,526</b>	<b>(1,353,657)</b>	<b>(110,000)</b>	<b>2,466,991</b>

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

*Restricted general funds* - The restricted general fund includes grants, receivable from the Education funding Agency and the Department for Education towards the principal activity of the academy, being the provision of education.

*Restricted fixed asset funds* - The restricted fixed asset fund includes the freehold property and furniture and equipment transferred to Biscovey Academy on 1 January 2012 and Education Funding Agency grants which have been received. The fund is being reduced by depreciation in the year.

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.

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
<b>Fund balances at 31 August 2014 are represented by:</b>				
Tangible fixed assets	-	-	2,501,584	2,501,584
Current assets	117,407	54,490	-	171,897
Creditors: amounts falling due within one year	-	(54,490)	-	(54,490)
Defined benefit pension liability	-	(152,000)	-	(152,000)
	<u>117,407</u>	<u>(152,000)</u>	<u>2,501,584</u>	<u>2,466,991</u>

### 16 Pensions and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cornwall 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 2014 and of the LGPS 31 March 2013.

Contributions amounting to £6,318 (2013: £6,172) were payable to the schemes at 31 August 2014 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

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

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

#### 16 Pensions and similar obligations

(Continued)

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

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

##### Teachers' Pension Scheme changes

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

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy 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 contributions are as noted below. The agreed contribution rates for future years are 23.9% for employers and between 5.5 and 7.5% for employees. The estimated value of employer contributions for the forthcoming year is £62,000.

The academy has entered into an agreement with the LGPS trustees to make additional annual contributions of £4,300 in addition to normal funding levels, over a period of 20 years, in order to bridge the scheme deficit.

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.

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

(Continued)

	2014	2013
	£	£
Employer's contributions	60,000	54,000
Employees' contributions	14,000	12,000
Total contributions	<u>74,000</u>	<u>66,000</u>

#### Principal actuarial assumptions

	2014	2013
	%	%
Rate of increase in salaries	4.5	5.1
Rate of increase for pensions in payment	2.7	2.8
Discount rate for scheme liabilities	3.7	4.6
Commutation of pensions to lump sums relating to pre-April 2008 services	40	40
Commutation of pensions to lump sums relating to post-April 2008 services	70	70

#### Sensitivity analysis

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

Change in assumptions as at 31 August 2014:

0.5% decrease in Real Discount Rate - 14% approximate increase to Employer Liability equating to approximately £98,000.

1 year increase in member life expectancy - 3% approximate increase to Employer Liability equating to approximately £21,000.

0.5% increase in the Salary Increase Rate - 8% approximate increase to Employer Liability equating to approximately £53,000.

0.5% increase in the Pension Increase Rate - 6% approximate increase to Employer Liability equating to approximately £42,000.

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

	2014	2013
	Years	Years
Retiring today		
- Males	22.2	21.3
- Females	24.4	23.4
Retiring in 20 years		
- Males	24.4	23.2
- Females	<u>26.8</u>	<u>25.6</u>

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

#### 16 Pensions and similar obligations

(Continued)

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

	2014 Expected return %	2014 Fair value £	2013 Expected return %	2013 Fair value £
Equities	6.2	290,000	6.6	189,000
Bonds	3.2	219,000	3.9	75,000
Property	4.5	33,000	4.7	15,000
Other assets	3.3	5,000	3.6	21,000
Total market value of assets		547,000		300,000
Present value of scheme liabilities - funded		(699,000)		(346,000)
Net pension asset / (liability)		(152,000)		(46,000)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. They have been calculated using 5,000 simulations of Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP, and calibrated using market data as at a recent date.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, yields applicable at the accounting date on suitable bond indices have been used.

The actual return on scheme assets was £38,000 (2013: £27,000).

#### Operating costs and income recognised in the statement of financial activities

	2014 £	2013 £
<b>Financial expenditure/(income)</b>		
Expected return on pension scheme assets	(19,000)	(11,000)
Interest on pension liabilities	18,000	12,000
	(1,000)	1,000
<b>Other expenditure/(income)</b>		
Current service cost	57,000	47,000
Past service cost	-	-
	57,000	47,000
<b>Total operating charge/(income)</b>	56,000	48,000

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

(Continued)

#### Actuarial gains and losses recognised in the statement of financial activities

	2014 £	2013 £
Actuarial (gains)/losses on assets: actual return less expected	(155,000)	(16,000)
Experience (gains)/losses on liabilities	143,000	-
(Gains)/losses arising from changes in assumptions	122,000	9,000
Total (gains)/losses	110,000	(7,000)
Cumulative (gains)/losses to date	116,000	6,000

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

	2014 £	2013 £
Opening defined benefit obligations	(346,000)	(266,000)
Current service cost	(57,000)	(47,000)
Interest cost	(18,000)	(12,000)
Contributions by employees	(14,000)	(12,000)
Actuarial gains/(losses)	(265,000)	(9,000)
Benefits paid	1,000	-
	(699,000)	(346,000)

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

	2014 £	2013 £
Opening fair value of scheme assets	300,000	207,000
Expected return on assets	19,000	11,000
Actuarial gains/(losses)	155,000	16,000
Contributions by employers	60,000	54,000
Contributions by employees	14,000	12,000
Benefits paid	(1,000)	-
	547,000	300,000

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

(Continued)

#### History of experience gains and losses:

	2014 £	2013 £	2012 £
Present value of defined benefit obligations	(699,000)	(346,000)	(266,000)
Fair value of share of scheme assets	547,000	300,000	207,000
Surplus / (deficit)	<u>(152,000)</u>	<u>(46,000)</u>	<u>(59,000)</u>
Experience adjustment on scheme liabilities	(143,000)	-	-
Experience adjustment on scheme assets	<u>155,000</u>	<u>16,000</u>	<u>7,000</u>

### 17 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2014 £	2013 £
Net income	(143,131)	(29,978)
Capital grants and similar income	(6,801)	(46,531)
Investment income	(255)	(318)
FRS17 pension costs less contributions payable	(3,000)	(7,000)
FRS17 pension finance income	(1,000)	1,000
Depreciation of tangible fixed assets	81,755	72,069
(Increase)/decrease in stocks	485	(1,223)
(Increase)/decrease in debtors	2,281	23,967
Increase/(decrease) in creditors	(21,664)	1,730
Net cash inflow/(outflow) from operating activities	<u>(91,330)</u>	<u>13,716</u>

### 18 Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
Increase/(decrease) in cash	(114,670)	(14,453)
Net funds at 1 September 2013	270,883	285,336
Net funds at 31 August 2014	<u>156,213</u>	<u>270,883</u>

### 19 Analysis of net funds

	At 1 September 2013 £	Cash flows £	Non-cash changes £	At 31 August 2014 £
Cash at bank and in hand	<u>270,883</u>	<u>(114,670)</u>	<u>-</u>	<u>156,213</u>

# BISCOVEY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2014**

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### **20 Related parties**

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account:

*E Orton* - partner of R Green, headteacher and trustee. Transactions totalling £28,501 (2013: £25,957) relating to employment as a supply teacher took place in the year. There were no amounts outstanding at 31 August 2014 (2013: £Nil).

### **21 Members' liability**

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