

Registered number: 08095439

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

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GREAT BOWDEN ACADEMY LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Members

Helen Trotter, Chair of Trustees^{1,4,5}
Les Dodd, Chair of Finance and Audit Committee^{1,4,5}
Rev. James Shakespeare^{1,5}

Trustees

Jan Shardlow^{2,4}
Georgina Connors²
Raoul Mercer¹
Michael Fletcher^{2,3}
Sarah Hill^{2,4}
Sue Fraser, Vice Chair¹
Julie Dunne, Business Manager^{1,3}
Jayne Wicks, Staff Trustee²
Lennie Rhodes^{1,3}
Isabel Dupey²
Gemma Christison¹
Bernard Evans
Stefanie Edwards, Head Teacher^{1,2,4}

- ¹ Finance and Audit Committee
- ² Curriculum Committee
- ³ Health and Safety / Premises Committee
- ⁴ Pay Committee
- ⁵ Headteachers Performance Management

Company registered number

08095439

Principal and registered office

Gunnsbrook Close Great Bowden, Market Harborough, Leicestershire, LE16 7HZ

GREAT BOWDEN ACADEMY LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Administrative details (continued)

Company secretary

Caroline Banks

Senior management team

Stefanie Edwards, Head Teacher
Julie Dunne, Business Manager
Dionne Kirby, Teacher
Jayne Wicks, Teacher

Independent auditor

MHA MacIntyre Hudson, Unit 11, Merus Court, Meridian Business Park, Leicester, LE19 1RJ

Bankers

National Westminster Bank Plc, Gateway House, 4 Penman Way, Grove Park, Enderby, Leicester, LE19 1SY

Solicitors

Legal Services, Leicestershire County Council

GREAT BOWDEN ACADEMY LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The Governors (Trustees) present their annual report together with the financial statements and auditor's reports of the charitable company for the year 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 trust operates an Academy for pupils aged 4 – 11 servicing a catchment area in Great Bowden, Market Harborough. The Academy has a capacity of 105. Currently there are 120 pupils on roll (Census date 2/10/2014).

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

Great Bowden Academy, a Church of England Primary School 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 Governors are Trustees of Great Bowden Academy and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Great Bowden Academy. Great Bowden Academy is part of the Harborough Collaborative Trust (HCT – 6 academies and 1 maintained school). It is also a strategic partner in the Affinity Teaching School Alliance – led by a teaching school in nearby Kibworth.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

b. 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..

c. TRUSTEES' INDEMNITIES

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. Governors benefit from indemnity insurance 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. The cost of this insurance in the year was £1,172.

d. PRINCIPAL ACTIVITIES

The Academy Trust's charitable objects are to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on and developing a school with a designated Church of England religious character offering a broad and balanced curriculum, conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship and in having regard to the advice of the Diocesan Board of Education.' (Great Bowden Academy Memorandum of Association).

The Department of Education provides funding for Great Bowden Academy on the understanding that education is provided for all pupils in the area local to the school regardless of ability.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

e. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

There are three 'Members' of the Academy Trust, comprising signatories to the Memorandum who are:

1. Helen Trotter
2. Les Dodd
3. Revd. James Shakespeare (representing the Diocese of Leicester Educational Trust – a corporate Foundation Member)

The processes involved in the recruitment of Governors is outlined in the Memorandum of Association, paragraphs 50-64.

f. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

New Governors are encouraged to undertake Governor induction training through the Local Authority Governor Development Service, which also offers a menu of extensive specialised training through the local network of schools to support all new Governors. They all receive a Governor handbook and are also inducted and trained by existing Governors and members of Academy staff as appropriate. Governors review their governance arrangements periodically, including consideration of the composition of the board in terms of skills, effectiveness, leadership and impact. A Governor skills matrix is updated regularly to identify areas of strength and weakness.

g. ORGANISATIONAL STRUCTURE

Great Bowden Academy is governed by a governing body which met 4 times during 2013/14. The members of the governing body are represented on Committees which meet three times a year or as required - Pay/Personnel, Finance and Audit, Health & Safety and Premises, and Teaching and Learning. The day to day operations of the Academy are delegated to the senior leadership team, headed by the Headteacher, who is also the Accounting Officer. The Academy has a business manager who works closely with the Headteacher. Governor approval is sought for all significant Academy decisions. The Financial Regulations Manual and suite of policies further outline this structure. The Scheme of Delegation is included in the Governors' Handbook.

h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Great Bowden Academy is part of local collaborative trust (LCT), "The Harborough Collaborative Trust" (HCT), a group of local primary academies joined in partnership through its LCT Articles of Association. The management board of the Trust comprises headteachers and Chairs of Governors of member schools and academies. They collaborate in the areas of common policy, curriculum provision, professional learning, school improvement and joint procurement. In addition, Great Bowden Academy is a strategic partner in the Affinity Teaching School Alliance, an organization supported by the National College of Teaching and Leadership, providing a forum for school to school support and other school improvement activities. The headteacher of Great Bowden Academy sits on the Management Board of the Affinity Teaching School Alliance and co-Chairs the Research and Innovation working group.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

i. RISK MANAGEMENT

A thorough risk management assessment has been conducted using guidelines provided by the EFA and has been assessed and approved via the Finance and Audit Committee along with the Statement of Internal Control. This assessment involves identifying the types of risk the Academy faces, prioritising them into strategic and reputational risks, operational, compliance and financial risks, assessing the likelihood of the occurrence and the impact that the occurrence will have on the Academy and putting in place controls to mitigate such risks. All of this is defined in the Academy Risk Register. The Risk Management Policy sits with the Risk Register in the Financial Manual Procedures and Policies. Reviewed via the Finance and Audit Committee on an annual basis, the Risk Register is a live document which will be reviewed regularly with Governors and management. There is a third document, The Risk Management Assessment and Procedures document, which is contained within the health and safety suite of policies and is used by school staff to risk assess and to mitigate against risk at a very detailed level.

a. OBJECTS AND AIMS

The Academy's Mission Statement is, 'Believing in a loving God, each other and ourselves, we will inspire everyone to learn and to achieve their dreams.' Its core values sum up the school's commitment to both to its pupils and its community in the words 'Inspire ~ Believe ~ Learn ~ Achieve'.

Great Bowden Academy is a professional learning community that continually strives to develop education of the highest quality for its pupils.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The significant objectives of the Academy for the year under review have been summarised below:

- 1. Establish consistently good or outstanding progress across the curriculum and across the school**
 - a) Establish a culture of professional learning and development with the expectation that all lessons are at least good and often outstanding with a clear focus on deep learning.
 - b) Effective use of assessment to support all learning.
 - c) Achievement is outstanding in English, Maths and Science in KS1 and 2 and in all areas in EYFS-(CVA increases).

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

2. Develop an outstanding curriculum which fulfils the school's core values

- a) Implement the requirements of the new National Curriculum.
- b) Develop a broad, rich, creative curriculum with an emphasis on the creative and expressive arts and underpinned by rigorous attention to basic skills.
- c) Improve provision in MFL.

3. Develop organisational conditions which enable outstanding pupil learning to thrive across the school

- a) Develop good and outstanding leadership at all levels by developing outstanding subject, pedagogical and leadership expertise.
- b) Improve the effectiveness of strategic senior leadership.
- c) Deliver high quality asset management and development to ensure that the learning environment meets the needs of growing numbers of pupils and supports outstanding pupil and professional learning.

a. ACHIEVEMENTS AND PERFORMANCE

Achievement in maths, reading and writing in the academic year 2013-2014 was significantly above the national average at Key Stages 1 and 2 and the proportions of children achieving a good level of development at the end of the Early Years Foundation Stage exceeded national norms.

Additionally:

- The Academy was successful in bidding for Academies Capital Maintenance funding to provide additional accommodation for rising numbers of pupils. A grant of £400K was received in April 2014.
- Great Bowden Academy staff are leaders in the local area in areas of school improvement, school business management, initial teacher training and the development of professional learning and its impact on pupil achievement.
- The Academy had an Ofsted inspection on 10th and 11th of September 2014 and received an outstanding judgement.

a. GOING CONCERN

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

b. KEY FINANCIAL PERFORMANCE INDICATORS

| KS2 % at levels | % at 4c+ (1 pupil = 6.3%) | National % at 4c+ | % at 4b+ | National at 4b | % at (L5+) | National % at L5+ | % at 6c+ |
|--|---------------------------------|---|----------|-----------------------------|------------|---|----------|
| Reading | 93.7 | 86 | 87.4 | 75 | 56.3 | 44 | 0 |
| Writing | 87.4 | 83 | 87.4 | - | 43.8 | 30 | 0 |
| GPS | 81.1 | 74 | 62.5 | 65 | 50 | 47 | 6.3 |
| Mathematics | 87.4 | 85 | 75 | 73 | 56.3 | 41 | 12.6 |
| % R,W & M | | L4+ | | L5+ | | L6 | |
| National | | 75 | | 21 | | 0 | |
| School | | 87.4 | | 37.5 | | 0 | |
| Y6 2013/14 progress over time | Y2-6 | Expected | | Difference from national | | Evaluation | |
| Reading | 14.5 | 12.0-13.6 | | +1.7 | | outstanding | |
| Writing | 15.7 | 12.4-14.0 | | +2.5 | | outstanding | |
| Mathematics | 14.9 | 12.2-13.8 | | +1.9 | | outstanding | |
| KS2 Levels of progress 1 pupil = 6.25% | % 2 levels of progress | National 2 levels of progress (2013) | | % 3 levels of progress | | National 3 levels of progress (2013) | |
| Reading | 100 | 88 | | 43.75 | | 30 | |
| Writing | 100 | 91 | | 37.5 | | 30 | |
| Mathematics | 100 | 88 | | 43.75 | | 31 | |

c. FINANCIAL REVIEW

The Governors are satisfied with the Academy's second year's financial performance and with its financial position at the year end. The Financial Regulations Manual and associated policies, under stringent review in the first year of operation, were adopted at the full Governors' meeting on 6th November 2013 and will be reviewed in November 2014.

The Principal sources of funding continues to be the General Annual Grant, with some further funding coming from the Headteacher's work as a Local Leader in Education (LLE) and specific grants from educational organisations such as LEEP (Leicestershire Excellence in Education Partnership).

a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The Academy Trust practises risk management principles through its Governing Body and the constituted committees. Any major risks highlighted at any committee are brought to the Governing Body with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by members of the Senior Leadership Team. The Academy operates using simple financial instruments, principally bank accounts, trade creditors, sundry debtors and creditors, all of which carry minimal risk and uncertainty.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

b. PRINCIPAL RISKS AND UNCERTAINTIES

The Principal risks facing the Academy are included in the Risk Register and Management Plan and include:

- strategic and reputational risks
- operational risks
- compliance risk
- financial risks

Control measures are in place to manage the identified risks, the key risks being:

- demand for student places decreases significantly
- demand for student places increases beyond capacity of school site
- inability to recruit appropriate and suitably qualified teaching staff
- Unforeseen large costs of repairs and maintenance
- government cuts in education funding
- the Academy's capacity to manage the speed of change of education policy.

Active promotion of the Academy is maintained and budgets monitored carefully over a 3 year period to manage any reduction in funding.

Mitigating Risks – Risk Management

Using guidelines provided by the EFA a comprehensive risk management assessment is in place. This was originally assessed and approved by the Finance and Audit Committee. The Risk Register is a live document and as such is reviewed regularly. Categories of risk are randomly chosen and discussed at Governor and management meetings. Governor assess the likelihood of the occurrence and the impact that it would have on the Academy and review controls to mitigate such risks. The Risk Management Policy sits with the Risk Register in the Financial Manual Procedures and Policies. There is a third document, The Risk Management Assessment and Procedures document, which is contained within the Health and Safety suite of policies and is used by school staff to risk assess and to mitigate against risk at a very detailed level of school life, for example activities such as trips and visits, use of specific rooms and equipment, etc.

c. RESERVES POLICY

The Trustees are committed to ensuring that the budget allocated for the purposes of public education in any one year is used to serve the interests of pupils at school in that year. The Academy aims to carry forward a small percentage of the budget in the interests of financial probity, but does not carry significant reserves.

As at 31st August 2014 the total funds comprised:

| | | |
|-----------------|-------------------|-----------|
| Unrestricted | | 32,000 |
| Restricted: | Fixed Asset funds | 532,000 |
| | GAG | 388,000 |
| Pension Reserve | | (333,000) |
| Total | | 619,000 |

The deficit on the pension reserve, £333,000 relates to the non-teaching staff pension scheme, where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 23. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Governors. The aim of the Governors is to increase this reserve to meet future working capital requirements.

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FOR THE YEAR ENDED 31 AUGUST 2014

d. INVESTMENT POLICY

The Academy operates a current bank account and a direct reserve bank account. At the end of each working day, funds in excess of £10,000 are automatically 'swept' into the direct reserve account where they can earn interest. This represents the extent of the academy's investments at the present time.

ETHICAL CODE OF CONDUCT FOR GOVERNORS AND STAFF

Governors and members of staff of the Academy are public servants and seek at all times to conduct themselves in accordance with best practice – see HM Treasury's 'Guidance on Codes of Practice for Board Members of Public Bodies,' and the 'Seven Principles of Public Life', see below. These seven principles provide the Academy with a cornerstone of governance and accountability and are themselves key risk mitigating factors. – (More on this in Governance Statement).

The Seven Principles of Public Life

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Under no circumstances must Governors or staff use public monies or official business for private profit.

The Governing Body should avoid obtaining goods and services that include elements of private use.

Excessive hospitality from prospective suppliers must not be accepted and any such hospitality or gifts that are received should be recorded in the register kept for that purpose. (It should be noted that, under the Prevention of Corruption Act, the burden of proof is placed on the recipient of favours.)

Governors and staff must act and be seen to act impartially. All members of the Governing Body and all senior staff (together with other staff with direct control of or access to substantial sums of money, or with influence on significant spending decisions – as defined by the Governing Body) shall complete a declaration of their business interests. These declarations shall be kept together as a single register of interests in accordance with the Financial Management Manual, which also gives further details on all aspects of this issue.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Governors have a duty to combat fraud as detailed in the Financial Management Manual. A Governor who suspects that fraudulent activity has taken place should raise their concerns initially with either the Chair of Governors or the Head Teacher, as they think most appropriate to the circumstances.

It is not permitted for Governors to receive any remuneration for their work as Trustees or in respect of any contract to which the Academy is a party or to hold any interest in property belonging to the Academy, except in the case of one of the following exceptions:

- Those listed in Articles 6.7 and 6.8 of the Articles.
- Governors may be paid all reasonable out of pocket travel, accommodation and other expenses

a. PLANS FOR FUTURE

The Governors and senior leadership team of the Academy design a strategic development plan to inform the future direction of the organisation on an annual basis. This plan is based on a review of the previous year's performance and an analysis of the school's needs and priorities in the medium and longer term. The Academy implements a rolling programme of improvement priorities in order to fulfil its mission and core values. This year the Academy is developing the school premises to accommodate expanding numbers of pupils and to make provision for leading edge practice in developing the quality of education and teachers' professional learning.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Great Bowden Academy and its Trustees do not act as custodian Trustees for any assets of any other charity.

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report was approved by order of the Governing Body on 3.12.14 and signed on the board's behalf by:



Helen Trotter
Chair of Trustees



Stefanie Edwards
Accounting Officer

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Great Bowden 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 Governing Body has delegated the day-to-day responsibility to the Head Teacher, 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 Great Bowden Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| Helen Trotter, Chair of Trustees | 4 | 4 |
| Les Dodd, Chair of Finance and Audit Committee | 4 | 4 |
| Rev. James Shakespeare | 4 | 4 |
| Jan Shardlow | 3 | 4 |
| Georgina Connors | 4 | 4 |
| Raoul Mercer | 0 | 4 |
| Michael Fletcher | 3 | 4 |
| Sarah Hill | 4 | 4 |
| Sue Fraser, Vice Chair | 3 | 4 |
| Julie Dunne, Business Manager | 3 | 4 |
| Jayne Wicks, Staff Trustee | 2 | 4 |
| Lennie Rhodes | 4 | 4 |
| Isabel Dupey | 3 | 4 |
| Gemma Christison | 4 | 4 |
| Bernard Evans | 4 | 4 |
| Stefanie Edwards, Head Teacher | 4 | 4 |

All apologies and reasons for absence were fully accepted and minuted.

The Finance and Audit Committee is a committee of the main Governing Body. Its purpose is to:

1. To provide guidance and assistance to the Head Teacher and Governing Body in all matters relating to administration and finance (particular reference should be made to the Academy's Financial Handbook);
2. To contribute to and monitor the Academy Improvement Plan in particular its financial implications;
3. To promote and monitor the Academy aims and operate value for money when considering major expenditure;
4. To consult with other committees where necessary;
5. To recommend the annual budget to the Governing Body, taking account of the School Improvement Plan;
6. To monitor and review income and expenditure on a regular basis and ensure compliance with the overall plan for the Academy, and with the financial regulations of the DfE/EFA, making recommendations where necessary;
7. To monitor and review medium to long term financial forecasts;
8. To monitor and review relevant policies, making recommendations to the Governing Body as required;

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GOVERNANCE STATEMENT (continued)

9. To ensure the annual financial statements are produced in accordance with the DfE/EFA/Companies Act requirements;
10. To award contracts by tender up to the level of authority delegated by the Governing Body; and
11. To recommend to the Governing Body the appointment of external auditors and to review the external audit reports, making recommendations where necessary.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|------------------|-------------------|-------------------|
| Helen Trotter | 4 | 4 |
| Stefanie Edwards | 4 | 4 |
| Les Dodd | 4 | 4 |
| Raoul Mercer | 1 | 4 |
| Julie Dunne | 4 | 4 |
| Lennie Rhodes | 4 | 4 |
| Gemma Christison | 3 | 4 |
| Sue Fraser | 1 | 4 |

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing 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 Great Bowden Academy for the year 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 Governing Body has reviewed the key risks to which the Academy is exposed together with the strategic, operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance and Audit 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; and
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council Internal Audit Services as internal auditor and as Responsible Officer (RO).

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GOVERNANCE STATEMENT (continued)

The Audit Team's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. It provides an objective and independent appraisal to management and the Governing Body of the Academy's systems and procedures, financial and otherwise, with regard to the business risk inherent in those systems and procedures. It evaluates the arrangements the Academy has in place to:

- Establish and monitor the achievement of its organisational objectives;
- Identify, assess and manage risks to the achievement of those objectives;
- Ensure compliance with its own policies and laws and regulations including company and charity law;
- Ascertain the integrity and reliability of financial and other information provided to its management and stakeholders, including that used in decision making;
- Ascertain that good systems of control are laid down and operate to promote the economic, efficient and effective use of resources and to safeguard assets;
- Prevent fraud and / or financial irregularity; and
- Promote efficient methods of working.

In addition to this the Governors from the Finance and Audit Committee has agreed to make random and at least termly audit checks on procedures and records of the systems of control. Both the Audit Team and the appointed Governor will report 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 Head Teacher 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 internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;

Governors can confirm that a full internal audit was carried out in May 2014 and a report of the findings were submitted to the Governing Body. The Accounting Officer has been advised of the implications of the result of their review of the system of internal control. An Audit Action Plan was initiated as a result of the recommendations and these are being addressed by the Business Manager and the Finance and Audit Committee to ensure any weaknesses are overcome and that continuous improvement of the system is in place.

REVIEWING GOVERNANCE AND PROMOTING TRANSPARENCY

The academy recognises that:

Trust members who hold positions of control and influence must avoid both real and perceived conflicts of interest. Certain transactions with connected parties of the trust may generate much public scrutiny and therefore adequate records and appropriate disclosures must be made. Governors must obtain the consent of the EFA for novel or contentious transactions – novel transactions are those of which the trust has no experience or are outside its normal business activity. Contentious transactions are those which might give rise to public criticism.

Furthermore:

Neither governors nor staff use public monies or official business for private profit.

The Governing Body avoids obtaining goods and services that include elements of private use.

Excessive hospitality from prospective suppliers is not accepted and any such hospitality or gifts that are received are recorded in the register kept for that purpose. (It should be noted that, under the Prevention of Corruption Act, the burden of proof is placed on the recipient of favours.)

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GOVERNANCE STATEMENT (continued)

Governors and staff act and are seen to act impartially. All members of the Governing Body and all senior staff (together with other staff with direct control of or access to substantial sums of money, or with influence on significant spending decisions – as defined by the Governing Body) complete a declaration of their business interests. These declarations are kept together as a single register of interests in accordance with the Financial Management Manual, which also gives further details on all aspects of this issue.

Governors have a duty to combat fraud as detailed in the Financial Management Manual. A Governor who suspects that fraudulent activity has taken place raises their concerns initially with either the Chair of Governors or the Headteacher, as they think most appropriate to the circumstances.

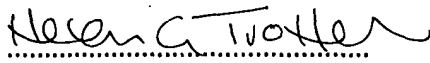
It is not permitted for governors to receive any remuneration for their work as trustees or in respect of any contract to which the academy is a party or to hold any interest in property belonging to the academy, except in the case of one of the following exceptions:


- Those listed in Articles 6.7 and 6.8 of the Articles.
- Governors may be paid all reasonable out of pocket travel, accommodation and other expenses legitimately incurred by them when acting in the capacity of governor, but not including any foreign travel. The Financial Management Manual gives further details.
- Nothing prevents the payment of governors who are also solicitors, accountants or other persons engaged in a profession, or any partner or connected person, when instructed by the Governing Body to act in a professional capacity on behalf of the Academy Trust.
- Both the Headteacher and any staff governors may receive remuneration or benefit in their capacity as employees of the academy trust, in accordance with the Articles.

No governor may participate in the part of a meeting or in a vote at which his remuneration is at issue, or whenever a conflict of interest might arise, in accordance with the provisions of the Articles.

Notwithstanding all of the above, Governors may benefit from any indemnity insurance purchased by the Trust (in accordance with Article 6.3 of the Articles).

Approved by order of the members of the Governing Body on 3.12.14 and signed on its behalf, by:


.....
Helen Trotter
Chair of Trustees


.....
Stefanie Edwards
Accounting Officer

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the Academy Governing Body are able to identify any material, irregular or improper use of funds by the Academy, 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 Governing Body and EFA.



.....
Stefanie Edwards
Accounting Officer

Date: 3.12.14

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

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

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

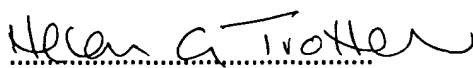
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

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


Helen Trotter
Chair of Trustees

Date: 31.2.14

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF GREAT BOWDEN ACADEMY LIMITED

We have audited the financial statements of Great Bowden Academy 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 Academies Accounts Direction 2014 issued by the Education Funding Agency.

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 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 Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF GREAT BOWDEN ACADEMY LIMITED

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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Robert Nelson BA FCA DCha (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Unit 11
Merus Court
Meridian Business Park
Leicester
LE19 1RJ

15 December 2014

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GREAT BOWDEN ACADEMY LIMITED AND THE EDUCATION FUNDING AGENCY

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

RESPECTIVE RESPONSIBILITIES OF GREAT BOWDEN ACADEMY'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Great Bowden Academy's funding agreement with the Secretary of State for Education dated 29 June 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 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 year 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 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.

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)


INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GREAT BOWDEN ACADEMY LIMITED AND THE EDUCATION FUNDING AGENCY (continued)

The work undertaken to draw our conclusions includes:

- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditor of the Academy;
- testing of a sample of grants received and other income streams;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of payroll payments to staff;
- evaluating the internal control procedures and reporting lines, and testing as appropriate; and
- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;

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 year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Unit 11
Merus Court
Meridian Business Park
Leicester
LE19 1RJ

15 December 2014

GREAT BOWDEN ACADEMY LIMITED**(A Company Limited by Guarantee)**

STATEMENT OF FINANCIAL ACTIVITIES**(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014**

| | | Unrestricted funds | Restricted funds | Restricted fixed asset funds | Total funds for 12 months ending 31 August 2014 £000 | Total funds for 14 months ending 31 August 2013 £000 |
|--|------|-----------------------|---------------------|------------------------------------|--|--|
| | Note | 2014 £000 | 2014 £000 | 2014 £000 | | |
| INCOMING RESOURCES | | | | | | |
| Incoming resources from generated funds: | | | | | | |
| Assets transferred on conversion | 2 | - | - | - | - | 314 |
| Voluntary income | 2 | - | 2 | - | 2 | 16 |
| Activities for generating funds | 3 | 25 | - | - | 25 | 20 |
| Investment income | 4 | - | - | - | - | 1 |
| Funding for Academy Trust's educational operations | 5 | - | 960 | 24 | 984 | 694 |
| TOTAL INCOMING RESOURCES | | 25 | 962 | 24 | 1,011 | 1,045 |
| RESOURCES EXPENDED | | | | | | |
| Costs of activities for generating funds | | | | | | |
| | | 13 | 8 | - | 21 | 23 |
| Charitable activities | 6 | - | 568 | 4 | 572 | 659 |
| Governance costs | 7 | - | 28 | - | 28 | 28 |
| TOTAL RESOURCES EXPENDED | 8 | 13 | 604 | 4 | 621 | 710 |
| NET INCOMING RESOURCES BEFORE TRANSFERS | | 12 | 358 | 20 | 390 | 335 |

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

| | | Unrestricted funds | Restricted funds | Restricted fixed asset funds | Total funds for 12 months ending 31 August 2014 £000 | Total funds for 14 months ending 31 August 2013 £000 |
|--|-------------|-------------------------------|-----------------------------|---|---|---|
| | Note | 2014 £000 | 2014 £000 | 2014 £000 | | |
| Transfers between funds | 17 | (13) | 12 | 1 | - | - |
| NET INCOME/(EXPENDITURE) FOR THE YEAR | | (1) | 370 | 21 | 390 | 335 |
| Actuarial losses on defined benefit pension schemes | | - | (79) | - | (79) | (27) |
| NET MOVEMENT IN FUNDS FOR THE YEAR | | (1) | 291 | 21 | 311 | 308 |
| Total funds at 1 September 2013 | | 33 | (236) | 511 | 308 | - |
| TOTAL FUNDS AT 31 AUGUST 2014 | | 32 | 55 | 532 | 619 | 308 |

All activities relate to continuing operations.

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

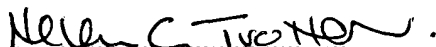
The notes on pages 25 to 44 form part of these financial statements.

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08095439

BALANCE SHEET
AS AT 31 AUGUST 2014

| | Note | £000 | 2014 £000 | £000 | 2013 £000 |
|---|------|--------------|--------------|--------------|--------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 532 | | 511 |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 301 | | 17 | |
| Cash at bank | | 167 | | 46 | |
| | | <u>468</u> | | <u>63</u> | |
| CREDITORS: amounts falling due within one year | 16 | <u>(48)</u> | | <u>(25)</u> | |
| NET CURRENT ASSETS | | | <u>420</u> | | <u>38</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>952</u> | | <u>549</u> |
| Defined benefit pension scheme liability | 23 | | <u>(333)</u> | | <u>(241)</u> |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITY | | | <u>619</u> | | <u>308</u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted funds: | | | | | |
| Restricted funds | 17 | 388 | | 5 | |
| Restricted fixed asset funds | 17 | 532 | | 511 | |
| | | <u>920</u> | | <u>516</u> | |
| Restricted funds excluding pension liability | | | | 516 | |
| Pension reserve | | <u>(333)</u> | | <u>(241)</u> | |
| Total restricted funds | | | <u>587</u> | | <u>275</u> |
| Unrestricted funds | 17 | | <u>32</u> | | <u>33</u> |
| TOTAL FUNDS | | | <u>619</u> | | <u>308</u> |

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


Helen Trotter
Chair of Trustees


Stefanie Edwards
Accounting Officer

The notes on pages 25 to 44 form part of these financial statements.

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

| | | For 12 months ending 31 August 2014 £000 | For 14 months ending 31 August 2013 £000 |
|--|-------------|---|---|
| | Note | | |
| Net cash flow from operating activities | 19 | 122 | 32 |
| Returns on investments and servicing of finance | 20 | - | 1 |
| Capital expenditure and financial investment | 20 | (1) | (7) |
| Cash transferred on conversion to an Academy Trust | | - | 20 |
| INCREASE IN CASH IN THE YEAR | | 121 | 46 |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

| | For 12 months ending 31 August 2014 £000 | For 14 months ending 31 August 2013 £000 |
|--|---|---|
| Increase in cash in the year | 121 | 46 |
| MOVEMENT IN NET FUNDS IN THE YEAR | 121 | 46 |
| Net funds at 1 September 2013 | 46 | - |
| NET FUNDS AT 31 AUGUST 2014 | 167 | 46 |

The notes on pages 25 to 44 form part of these financial statements.

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 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 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 Department for Education and the Education Funding Agency.

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

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs 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 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 Academy 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 financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £750 are capitalised.

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

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

| | |
|----------------------------------|---------------------|
| Leasehold property improvements- | 2% straight line |
| Fixtures and fittings | - 10% straight line |
| Computer equipment | - 33% straight line |

The land included in Leasehold land is not being depreciated.

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

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

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.

1.9 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the 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 in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as 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.

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

2. VOLUNTARY INCOME

| | Unrestricted funds | Restricted funds | Total funds for 12 months ending 31 August 2014 £000 | Total funds for 14 months ending 31 August 2013 £000 |
|---|--------------------|------------------|---|---|
| Local Authority surplus transferred on conversion | - | - | - | 20 |
| Fixed assets transferred on conversion | - | - | - | 500 |
| LGPS deficit transferred on conversion | - | - | - | (206) |
| Subtotal detailed disclosure | - | - | - | 314 |
| Donations | - | 2 | 2 | 13 |
| Other income | - | - | - | 3 |
| Subtotal | - | 2 | 2 | 16 |
| Voluntary income | - | 2 | 2 | 330 |

3. ACTIVITIES FOR GENERATING FUNDS

| | Unrestricted funds | Restricted funds | Total funds for 12 months ending 31 August 2014 £000 | Total funds for 14 months ending 31 August 2013 £000 |
|--------------------|--------------------|------------------|---|---|
| Hire of facilities | 1 | - | 1 | 1 |
| Catering | 13 | - | 13 | 10 |
| Other income | 11 | - | 11 | 9 |
| | 25 | - | 25 | 20 |

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

4. INVESTMENT INCOME

| | Unrestricted funds | Restricted funds | Total funds for 12 months ending 31 August 2014 £000 | Total funds for 14 months ending 31 August 2013 £000 |
|--------------------------|--------------------|------------------|---|---|
| Bank interest receivable | - | - | - | 1 |

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds | Restricted funds | Total funds for 12 months ending 31 August 2014 £000 | Total funds for 14 months ending 31 August 2013 £000 |
|--------------------------------------|--------------------|------------------|---|---|
| DfE/EFA revenue grants | | | | |
| General Annual Grant (GAG) | - | 498 | 498 | 627 |
| Pupil Premium | - | 10 | 10 | 7 |
| Capital grants | - | 405 | 405 | 5 |
| Start up grants | - | - | - | 25 |
| Other EFA/DfE grants | - | - | - | 5 |
| | - | 913 | 913 | 669 |
| Other government grants | | | | |
| Other local authority revenue grants | - | 33 | 33 | - |
| | - | 33 | 33 | - |
| Other funding | | | | |
| Trips and parental contributions | - | 15 | 15 | 8 |
| Insurance claims | - | 1 | 1 | 5 |
| Other income | - | 9 | 9 | 4 |
| Other non government grants | - | 13 | 13 | 8 |
| | - | 38 | 38 | 25 |
| | - | 984 | 984 | 694 |

GREAT BOWDEN ACADEMY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

6. CHARITABLE ACTIVITIES

| | Total funds for 12 months ending 31 August 2014 £000 | Total funds for 14 months ending 31 August 2013 £000 |
|---|---|---|
| DIRECT COSTS - EDUCATIONAL OPERATIONS | | |
| Wages and salaries | 286 | 343 |
| National insurance | 14 | 20 |
| Pension costs | 49 | 49 |
| Depreciation | 4 | 3 |
| Educational supplies | 6 | 13 |
| Staff development | 8 | 7 |
| Other direct costs | 17 | 23 |
| Insurance | 4 | 2 |
| | 388 | 460 |
| SUPPORT COSTS - EDUCATIONAL OPERATIONS | | |
| Wages and salaries | 77 | 84 |
| National insurance | 3 | 4 |
| Pension costs | 15 | 14 |
| Pension finance costs (note 13) | 8 | 10 |
| Travel and subsistence | 1 | 1 |
| Recruitment and support | 1 | 1 |
| Maintenance of premises and equipment | 23 | 34 |
| Cleaning | 2 | 1 |
| Rent and rates | 3 | 2 |
| Energy costs | 4 | 4 |
| Insurance | 13 | 17 |
| Legal and professional | 2 | 1 |
| Other support costs | 31 | 25 |
| Bank charges and interest | 1 | 1 |
| | 184 | 199 |
| Total direct and support costs | 572 | 659 |

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FOR THE YEAR ENDED 31 AUGUST 2014

7. GOVERNANCE COSTS

| | Unrestricted funds | Restricted funds | Total funds for 12 months ending 31 August 2014 | Total funds for 14 months ending 31 August 2013 |
|-----------------------------|--------------------|------------------|---|---|
| | 2014 £000 | 2014 £000 | 2014 £000 | 2013 £000 |
| Internal audit costs | - | 1 | 1 | 1 |
| Auditors' remuneration | - | 7 | 7 | 5 |
| Legal and professional fees | - | 20 | 20 | 22 |
| | <u>-</u> | <u>28</u> | <u>28</u> | <u>28</u> |

8. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

| | Staff costs | Premises costs | Other costs | Total | Total |
|--------------------------------------|--------------|----------------|--------------|---|---|
| | 2014 £000 | 2014 £000 | 2014 £000 | For 12 months ending 31 August 2014 £000 | For 14 months ending 31 August 2013 £000 |
| Costs of generating voluntary income | 4 | - | 17 | 21 | 23 |
| Costs of generating funds | <u>4</u> | <u>-</u> | <u>17</u> | <u>21</u> | <u>23</u> |
| Educational Operations | 344 | - | 44 | 388 | 460 |
| Support costs | 106 | 26 | 52 | 184 | 199 |
| Charitable activities | <u>450</u> | <u>26</u> | <u>96</u> | <u>572</u> | <u>659</u> |
| Governance | <u>-</u> | <u>-</u> | <u>28</u> | <u>28</u> | <u>28</u> |
| | <u>454</u> | <u>26</u> | <u>141</u> | <u>621</u> | <u>710</u> |

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9. NET INCOMING RESOURCES

This is stated after charging:

| | For 12 months ending 31 August 2014 £000 | For 14 months ending 31 August 2013 £000 |
|--|--|--|
| Depreciation of tangible fixed assets: | | |
| - owned by the Academy | 4 | 3 |
| Auditor's remuneration | 7 | 5 |
| Governance internal audit costs | 1 | 1 |
| Operating lease rentals: | | |
| - other operating leases | 1 | 1 |
| | <u>1</u> | <u>1</u> |

10. STAFF

a. Staff costs

Staff costs were as follows:

| | For 12 months ending 31 August 2014 £000 | For 14 months ending 31 August 2013 £000 |
|-------------------------------|--|--|
| Wages and salaries | 366 | 432 |
| Social security costs | 17 | 24 |
| Other pension costs (note 23) | 63 | 64 |
| | <u>446</u> | <u>520</u> |
| FRS 17 adjustment | 8 | 10 |
| | <u>454</u> | <u>530</u> |

b. Staff numbers

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

| | For 12 months ending 31 August 2014 No. | For 14 months ending 31 August 2013 No. |
|----------------------------|---|---|
| Teachers | 7 | 5 |
| Administration and support | 11 | 6 |
| Management | 2 | 2 |
| | <u>20</u> | <u>13</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF (continued)

c. Higher paid staff

No employee received remuneration amounting to more than £60,000 in year.

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 4 Trustees (2013 - 4) in respect of defined benefit pension schemes.

The Head Teacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration (including employer's pension contributions) fell within the following bands:

| | For 12 months ending 31 August 2014 £000 | For 14 months ending 31 August 2013 £000 |
|----------------------------------|---|---|
| Stefanie Edwards (Head Teacher) | 55-60 | 65-70 |
| Jayne Wicks (Staff Trustee) | 30-35 | 40-45 |
| Georgina Connors (Staff Trustee) | 0-5 | 0-5 |
| Julie Dunne (Staff Trustee) | 35-40 | 35-40 |

During the year ended 31 August 2014, travel and subsistence expenses totalling £899 (2013 - £865) were reimbursed to 3 Trustees (2013 - 4).

12. 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 £3,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,172 (2013 - £1,380). The cost of this insurance is included in the total insurance cost.

13. PENSION FINANCE COSTS

| | For 12 months ending 31 August 2014 £000 | For 14 months ending 31 August 2013 £000 |
|--|---|---|
| Expected return on pension scheme assets | 13 | 9 |
| Interest on pension scheme liabilities | (21) | (19) |
| | <u>(8)</u> | <u>(10)</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
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14. TANGIBLE FIXED ASSETS

| | Leasehold land £000 | Leasehold property improvements £000 | Fixtures and fittings £000 | Computer equipment £000 |
|--------------------------|---------------------------|---|----------------------------------|-------------------------------|
| Cost or valuation | | | | |
| At 1 September 2013 | 497 | 4 | 3 | 10 |
| Additions | - | 22 | 2 | 1 |
| At 31 August 2014 | 497 | 26 | 5 | 11 |
| Depreciation | | | | |
| At 1 September 2013 | - | - | - | 3 |
| Charge for the year | - | - | - | 4 |
| At 31 August 2014 | - | - | - | 7 |
| Net book value | | | | |
| At 31 August 2014 | 497 | 26 | 5 | 4 |
| At 31 August 2013 | 497 | 4 | 3 | 7 |
| | | | | Total £000 |
| Cost or valuation | | | | |
| At 1 September 2013 | | | | 514 |
| Additions | | | | 25 |
| At 31 August 2014 | | | | 539 |
| Depreciation | | | | |
| At 1 September 2013 | | | | 3 |
| Charge for the year | | | | 4 |
| At 31 August 2014 | | | | 7 |
| Net book value | | | | |
| At 31 August 2014 | | | | 532 |
| At 31 August 2013 | | | | 511 |

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NOTES TO THE FINANCIAL STATEMENTS
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15. DEBTORS

| | 2014 £000 | 2013 £000 |
|--------------------------------|--------------|--------------|
| Trade debtors | 2 | - |
| VAT recoverable | 6 | 3 |
| Prepayments and accrued income | 293 | 14 |
| | <u>301</u> | <u>17</u> |

16. CREDITORS:
Amounts falling due within one year

| | 2014 £000 | 2013 £000 |
|------------------------------|--------------|--------------|
| Taxation and social security | 5 | 7 |
| Other creditors | 7 | 7 |
| Accruals and deferred income | 36 | 11 |
| | <u>48</u> | <u>25</u> |

Deferred income

| | £000 |
|--------------------------------------|-----------|
| Deferred income at 1 September 2013 | 1 |
| Resources deferred during the year | 25 |
| Amounts released from previous years | (1) |
| | <u>25</u> |
| Deferred income at 31 August 2014 | <u>25</u> |

At the balance sheet date the Academy Trust was holding funds received in advance for dinner money, trips, free school meals, money to provide facilities for the provision of free school meals and rates reimbursement in relation to 2014/15.

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17. STATEMENT OF FUNDS

| | Brought forward £000 | Incoming resources £000 | Resources expended £000 | Transfers in/(out) £000 | Gains/ (losses) £000 | Carried forward £000 |
|--|-------------------------------------|--|--|--|-------------------------------------|-------------------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 33 | 25 | (13) | (13) | - | 32 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | - | 498 | (510) | 12 | - | - |
| Pupil Premium | - | 10 | (10) | - | - | - |
| Capital grants | 5 | 405 | (24) | - | - | 386 |
| Other local authority revenue grants | - | 33 | (31) | - | - | 2 |
| Other income | - | 7 | (7) | - | - | - |
| Other non- government grants | - | 8 | (8) | - | - | - |
| Insurance claims | - | 1 | (1) | - | - | - |
| LGPS Defined Benefit Pension Scheme | (241) | - | (13) | - | (79) | (333) |
| | <u>(236)</u> | <u>962</u> | <u>(604)</u> | <u>12</u> | <u>(79)</u> | <u>55</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed asset fund | 511 | 24 | (4) | 1 | - | 532 |
| Total restricted funds | <u>275</u> | <u>986</u> | <u>(608)</u> | <u>13</u> | <u>(79)</u> | <u>587</u> |
| Total of funds | <u>308</u> | <u>1,011</u> | <u>(621)</u> | <u>-</u> | <u>(79)</u> | <u>619</u> |

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

General Annual Grant (GAG)

Funds from the Education Funding Agency for the provision of education, in line with the funding agreement. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

17. STATEMENT OF FUNDS (continued)

Other DfE/EFA grants

Other funds provided by the DfE/EFA for particular purposes within the academy's educational operations.

Pupil Premium

Additional funds from the Education Funding Agency to support their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

Capital grants

This consists of Devolved Formula Capital (DFC) and other capital funding from the Education Funding Agency. The DFC is to be used for ICT items, improvements to building and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

Other income

These consist of income from all other sources to be used primarily for the Academy's educational operations.

LGPS Defined Benefit Pension Scheme

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. The fund is in deficit given the nature of the liability, however, this is not payable immediately.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds | Restricted funds | Restricted fixed asset funds | Total funds 12 months ending 31 August 2014 £000 | Total funds for 14 months ending 31 August 2013 £000 |
|-------------------------------|-----------------------|---------------------|------------------------------------|--|--|
| | 2014 £000 | 2014 £000 | 2014 £000 | 2014 £000 | 2013 £000 |
| Tangible fixed assets | - | - | 532 | 532 | 511 |
| Current assets | 32 | 436 | - | 468 | 63 |
| Creditors due within one year | - | (48) | - | (48) | (25) |
| Pension scheme liability | - | (333) | - | (333) | (241) |
| | <u>32</u> | <u>55</u> | <u>532</u> | <u>619</u> | <u>308</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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19. NET CASH FLOW FROM OPERATING ACTIVITIES

| | For 12 months ending 31 August 2014 £000 | For 14 months ending 31 August 2013 £000 |
|---|--|--|
| Net incoming resources before revaluations | 390 | 335 |
| Returns on investments and servicing of finance | - | (1) |
| Fixed assets transferred from Local Authority on conversion | - | (500) |
| Depreciation of tangible fixed assets | 4 | 3 |
| Capital donations | (5) | (7) |
| Capital grants from DfE/EFA | (19) | - |
| Cash transferred on conversion to Academy Trust | - | (20) |
| Increase in debtors | (284) | (17) |
| Increase in creditors | 23 | 25 |
| Pension liability transferred on conversion | - | 206 |
| FRS 17 adjustments | 13 | 8 |
| Net cash inflow from operations | 122 | 32 |

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | For 12 months ending 31 August 2014 £000 | For 14 months ending 31 August 2013 £000 |
|--|--|--|
| Returns on investments and servicing of finance | | |
| Interest received | - | 1 |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (25) | (14) |
| Capital donations | 5 | 7 |
| Capital grants from DfE/EFA | 19 | - |
| Net cash outflow capital expenditure | (1) | (7) |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

21. ANALYSIS OF CHANGES IN NET FUNDS

| | 1 September 2013 £000 | Cash flow £000 | Other non-cash changes £000 | 31 August 2014 £000 |
|---------------------------|--------------------------------|-------------------|--------------------------------------|---------------------------|
| Cash at bank and in hand: | 46 | 121 | - | 167 |
| Net funds | 46 | 121 | - | 167 |

22. CAPITAL COMMITMENTS

At 31 August 2014 the Academy had capital commitments as follows:

| | 2014 £000 | 2013 £000 |
|---|--------------|--------------|
| Contracted for but not provided in these financial statements | 391 | - |

23. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Leicestershire 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 £7,321 were payable to the scheme at 31 August 2014 (2013 - £7,006) 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.

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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.

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 from April 2012 on a 40:80:100% basis.

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £36,000, of which employer's contributions totalled £28,000 and employees' contributions totalled £8,000. The agreed contribution rates for future years are 13% for employers and 6.5% 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.

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

| | Expected return at 31 August 2014 % | Fair value at 31 August 2014 £000 | Expected return at 31 August 2013 % | Fair value at 31 August 2013 £000 |
|-------------------------------------|---|--|---|--|
| Equities | 6.30 | 150 | 6.60 | 131 |
| Bonds | 3.30 | 36 | 3.80 | 54 |
| Property | 4.50 | 21 | 4.70 | 19 |
| Cash | 3.30 | 6 | 3.60 | 2 |
| Total market value of assets | | 213 | | 206 |
| Present value of scheme liabilities | | (546) | | (447) |
| Deficit surplus in the scheme | | (333) | | (241) |

The amounts recognised in the Balance Sheet are as follows:

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|-------------------------------------|---|---|
| Present value of funded obligations | (546) | (447) |
| Fair value of scheme assets | 213 | 206 |
| Net liability | (333) | (241) |

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|--|---|---|
| Current service cost | (33) | (27) |
| Interest on pension liabilities | (21) | (19) |
| Expected return on pension scheme assets | 13 | 9 |
| Total | (41) | (37) |

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

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|---|---|---|
| Opening defined benefit obligation | 447 | 350 |
| Current service cost | 33 | 27 |
| Interest cost | 21 | 19 |
| Contributions by scheme participants | 8 | 9 |
| Actuarial losses | 38 | 42 |
| Benefits paid | (1) | - |
| Closing defined benefit obligation | 546 | 447 |

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

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|-------------------------------------|---|---|
| Opening fair value of scheme assets | 206 | 144 |
| Expected return on assets | 13 | 9 |
| Actuarial (losses)/gains | (41) | 15 |
| Contributions by employer | 28 | 29 |
| Contributions by employees | 8 | 9 |
| Benefits paid | (1) | - |
| Total | 213 | 206 |

The Academy expects to contribute £32,000 to its Defined Benefit Pension Scheme in 2015.

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23. PENSION COMMITMENTS (continued)

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

| | 2014 | 2013 |
|----------|---------|---------|
| Equities | 70.00 % | 64.00 % |
| Bonds | 17.00 % | 26.00 % |
| Property | 10.00 % | 9.00 % |
| Cash | 3.00 % | 1.00 % |

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

| | 2014 | 2013 |
|--|--------|--------|
| Discount rate for scheme liabilities | 3.70 % | 4.60 % |
| Expected return on scheme assets at 31 August | 5.50 % | 5.70 % |
| Rate of increase in salaries | 4.40 % | 5.10 % |
| Rate of increase for pensions in payment / inflation | 2.60 % | 2.80 % |

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

| | 2014 | 2013 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.2 | 20.9 |
| Females | 24.3 | 23.3 |
| Retiring in 20 years | | |
| Males | 24.2 | 23.3 |
| Females | 26.6 | 25.6 |

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

| | 2014 | 2013 |
|--|-------|-------|
| | £000 | £000 |
| Defined benefit obligation | (546) | (447) |
| Scheme assets | 213 | 206 |
| Deficit | (333) | (241) |
| Experience adjustments on scheme liabilities | (38) | (42) |
| Experience adjustments on scheme assets | (41) | 15 |

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24. OPERATING LEASE COMMITMENTS

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

| | Land and buildings | | | Other |
|-----------------------|--------------------|------|------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| | £000 | £000 | £000 | £000 |
| Expiry date: | | | | |
| Within 1 year | - | - | 1 | - |
| Between 2 and 5 years | - | - | - | 1 |

25. RELATED PARTY TRANSACTIONS

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 a Trustees 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.

No related party transactions took place in the year of account.

26. CONTROLLING PARTY

The Academy is ultimately controlled by the Governing Body, which includes the Head Teacher.

27. 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

28. COMPANY LIMITED BY GUARANTEE

The Academy Trust is a company limited by guarantee and does not have share capital.