

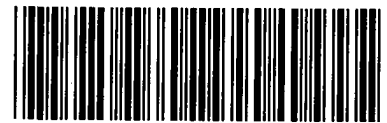
Monkton Infants School

(A company limited by guarantee)

Governors' Report and Financial Statements

31 August 2014

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Monkton Infants School

(A company limited by guarantee)

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Reference and Administrative Details of the Academy, its Governors and Advisers For the Year Ended 31 August 2014

Trustees	Mr WF Armstrong, Chair Ms S Furlong Mrs A Laws (resigned 2 April 2014) Mrs A Pigott Mrs J Finlay, Principal (resigned 31 August 2014) Mrs J Hansen Mrs VA Byass, Responsible Officer Mrs C Askwith, Acting Principal (resigned from the governing body 23 March 2014, re-appointed 1 September 2014) Ms H Burton Mrs A Airson Mrs E Fairbrother (appointed 5 September 2013) Mrs M Olsen (appointed 17 June 2014)
Company registered number	08354212
Charity registered number	08354212
Principal and registered office	St. Simon Street South Shields Tyne and Wear NE34 9SD
Company secretary	Miss C Flynn
Chief executive officer	Mrs C Askwith
Independent auditors	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	Lloyds Plc 101 Kings Street South Shields South Tyneside NE33 1DT
Solicitors	Bond Dickinson LLP St Anns Wharf 112 Quayside Road Newcastle upon Tyne NE1 3DX

Monkton Infants School

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Governors' Report

For the Year Ended 31 August 2014

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Monkton Infants School (the academy) for the ended 31 August 2014. The Governors confirm that the Annual Report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The trust operates an academy for pupils aged 4-7 serving a catchment area in South Tyneside. The separate Nursery Unit caters for children aged 3 to 4 years. It has a pupil capacity of 258 and had a roll of 210 as at July 2014.

Structure, governance and management

Constitution

The academy is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 1 February 2013.

The principal object of the academy is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school which shall offer a broad and balanced curriculum.

There have been no changes in the objectives since the last annual report.

Member's 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 £1, for the debts and liabilities contracted before they ceased to be a member.

Organisational structure

During the year the Academy has operated a unified leadership structure. The structure consists of two levels: the Governors and the Senior Leadership Team. The Leadership Team work closely with middle leaders through the link strategy, thus ensuring that "leadership" and "management" is devolved accordingly within the Academy.

Governors are responsible for setting general policy, adopting the annual "Development Plan" and agreeing the budget. This also involves monitoring the Academy by the use of budgets, agreeing major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Leadership team consist of the: Headteacher, and a Deputy Headteacher who provide the strategic leadership for the Academy implementing the policies laid down by the Governors and reporting back to them via the Headteacher. The Senior Leadership team is responsible for the day to day running of the Academy, the financial management of the Academy funds and the appointment of staff through interview panels that may contain a Governor.

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Governors' Report (continued) For the Year Ended 31 August 2014

Recruitment and appointment of Governors

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal or any post held ex-officio. Subject to the remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

The make-up of the Governing Body is as follows:

- Principal
- 3 Co-opted governors
- 3 Parent governors
- 2 Staff governors
- 1 Local Authority governor

Induction and training of Governors

The training and induction provided for new Governors depends on their existing experience. Where necessary induction and training is provided on educational, legal and financial matters. The Academy buys into an annual Service Level Agreement for Governor training and support. All new Governors are given a tour of the Academy and the chance to meet with staff and students. All newly appointed Governors are provided with an induction pack which contains copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake in their role as a Governor. As there are normally only one or two new Governors a year, induction is undertaken formally and is tailored to the individual.

The Academy buys into a Governor Services Service Level Agreement and a training session is provided specifically for the induction of newly appointed governors which is recognised by a certificate at the end of the training. Every year governors receive a personal training planner which highlights training sessions available and governors are encouraged to attend.

Member's 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 £1, for the debts and liabilities contracted before they ceased to be a member.

Governors Indemnities

The Academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on Academy business.

Objectives and Activities

Objects and aims

The principle object and activity of the Company is the operation of Monkton Infants School to provide education for students of different abilities between the ages of 3 and 7.

In accordance with the articles of association the Academy Trust's objects is specifically to advance, for the public benefit, education in the United Kingdom.

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Governors' Report (continued) For the Year Ended 31 August 2014

Objectives, strategies and activities

The Academy's main objectives are encompassed in its mission statement:

Monkton Infants School strives to help all children to develop their full potential within a happy, safe and challenging environment. We create a positive and supportive ethos in which academic and personal development can flourish through a broad, relevant and balanced curriculum.

Many people, especially staff and governors, have contributed to formulating aims for the Academy, which are given below. Governors and staff are committed to working very hard to make them a reality in the daily working life of the school.

Our aims are:

- To ensure all children are making good progress in all areas of development.
- To help pupils secure high academic attainment.
- To provide a creative, engaging and broad and balanced curriculum.
- To foster a love of learning and school life in pupils.
- To work effectively with parents/carers and the wider community for mutual benefit.
- To provide highly skilled and motivated staff and governors.
- To secure a high quality learning environment in which children can flourish.

Public benefit

The company's aims and objectives are set out within this report. The activities set out in this report have been undertaken to further the company's charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission and the Trustees have paid due regard to this guidance in deciding what activities the school should undertake.

Strategic Report

Achievements and performance

Key performance indicators

Once again we celebrated excellent end of Key Stage 1 results in July. The curriculum was reviewed and revised in response to the requirements of the New National Curriculum, and was ready to be implemented in September. A process of 'assessing without levels' is currently being trialled across school.

Attendance for 2013/14 was 94.6%.

Review of activities

The Academy has performed well over the year and all pupils have made at least satisfactory, but generally good, progress in all areas of learning. The curriculum is broad and balanced and enrichment activities are utilised regularly in order to stimulate/ maintain the interest of the pupils. Outside visits and visitors are used effectively to add interest to topics: e.g. walks around the local area, visits to Durham Cathedral, the Newcastle Synagogue, a farm, Beamish, the beach, Newcastle Keep. Visitors have included: an artist to work with

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Governors' Report (continued) For the Year Ended 31 August 2014

children, the police, health professionals, musicians. The enriched curriculum, combined with colourful resources and a variety of teaching approaches ensure children develop a love of learning and become resilient and resourceful when faced by a new challenge.

Parents are supportive of the Academy and have attended weekly community assemblies, concerts and performances throughout the year. They were involved with the Garden Project, working with the staff from the RHS, and also attended Family Learning sessions lead by Sunderland Football Club. Parents' evenings were held twice during the year, in order to inform parents as to their child's progress, these meetings were well attended.

The learning environment within the Academy is utilised in such a way as to enhance learning and provide a safe and welcoming place in which to learn. Staff are motivated and knowledgeable; they undertake regular training in all areas of the curriculum to ensure their subject knowledge is relevant and effective.

Financial review

Principle risks and uncertainties

Monkton Infants School has in place procedures to identify and mitigate financial risks. The principle risks and uncertainties are centred around the changes in the level of funding from the DfE/EFA. In addition the Academy is a member of the Tyne and Wear Pension Fund (LGPS), which results in the recognition of a significant deficit on the Academy balance sheet. The governors monitor these risks regularly.

Financial report

Most of the Academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the period 1 September 2013 and 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA).

The Academy also receives grants for fixed assets from the DfE/EFA. In accordance with the charities Statement of recommended practice, "Accounting and Reporting by Charities" (SORP 2005), such grants are shown in the SOFA as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period 1 September 2013 and 31 August 2014, total expenditure of £846,891 was exceeded by recurrent grant funding from the DfE/EFA together with the incoming resources. The excess of income over expenditure for the period (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £201,107.

All of the expenditure shown in the SOFA is in furtherance of the Academy's objectives.

At 31 August 2014 the net book value of fixed assets was £1,233,968 and movements in tangible fixed assets are shown in the Financial Statements. The assets are used exclusively for providing education and the associated support services to the students of the academy.

The provision of Financial Reporting Standard 17 "Retired Benefits" (FRS17) have been applied in full, resulting in a deficit of £165,000 recognised on the balance sheet.

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Governors' Report (continued) For the Year Ended 31 August 2014

The Academy held fund balances at 31 August 2014 of £1,219,922 comprising of £1,106,299 of restricted funds and £113,623 of unrestricted funds.

Reserves policy

The Governors aim to hold sufficient reserves to meet the day to day commitments of the Academy, and to invest surplus funds to earn an acceptable rate of return without undue risk.

Investment policy

The General Purposes Committee will discuss investment potential with the Academy's banker over the coming weeks. The academies level of free reserves (total funds less the amount held in fixed assets and restricted funds) are in surplus by £113,623 at the end of the financial year.

Going concern

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

Plans for future periods

- The school roll this academic year, has decreased by 8% over 2014-15.
- Governors have agreed to spend £20,000 on refurbishment works including a new cloakroom and library area for children.
- The outdoor spaces on both sites are being developed to provide more learning opportunities for all children.
- New technologies will be kept under constant review to ensure the use of cutting-edge technology opportunities for pupils.
- Funding will be allocated to ensure extra support for pupils through improved staffing ratios - with a focus on supporting children with Special Educational Needs.
- The remaining balance of the £200,000 worth of capital is being used for continuing capital works.

Disclosure of information to auditors

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

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

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Governors' Report (continued) For the Year Ended 31 August 2014

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed reappointed and UNW LLP will therefore continue in office.

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 11 December 2014 and signed on the board's behalf by:



**Mr WF Armstrong
Chair of Trustees**

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Governance Statement

Scope of Responsibility

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

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

Governance

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

Governor	Meetings attended	Out of a possible
Mr WF Armstrong, Chair	3	3
Ms S Furlong	3	3
Mrs A Laws	0	3
Mrs A Pigott	3	3
Mrs J Finlay, Principal	3	3
Mrs J Hansen	2	3
Mrs VA Byass, Responsible Officer	3	3
Mrs C Askwith, Deputy Head Teacher	2	3
Ms H Burton	3	3
Mrs A Airson	0	3
Mrs E Fairbrother	0	0
Mrs M Olsen	0	0

During 2013-14, Clare Askwith, Agnes Airson and Alexandra Laws left the Governing Body. Janice Hansen also resigned as Chair of Governors, and this role was taken over by Walter Armstrong. Walter is no longer the Responsible Officer; Vivian Byass has now taken up this role. Julie Finlay retired as Principal at the end of 2013-14 and this post has been taken up by Clare Askwith, as Acting Principal for 2014-15, and as a result Clare Askwith rejoined the governing body from 1 September 2014.

Governance reviews:

Due to recent changes to the composition of the Governing Body of the Academy, the Acting Principal intends to carry out an audit of Governor skills with a view to securing the 'Governor Mark'.

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to provide further assistance to the Senior Leadership team in managing the financial and regulatory aspects of the Academy.

Attendance at meetings in the year was as follows:

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Governance Statement (continued)

Governor	Meetings attended	Out of a possible
Mrs J Finlay	3	3
Mrs J Hansen	3	3
Mr WF Armstrong	2	3
Mrs VA Byass	3	3

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 Monkton Infants School 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 board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mrs V Byass, a Governor, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

After the first visit from the RO in the Autumn Term no more visits were conducted due to Health issues and

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Governance Statement (continued)

then a change in Governor roles.

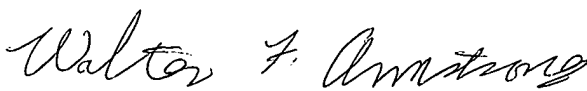
Review of Effectiveness

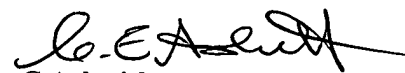
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the board of trustees on 11 December 2014 and signed on its behalf, by:


Mr WF Armstrong
Chair of Trustees


Mrs C Askwith
Accounting Officer

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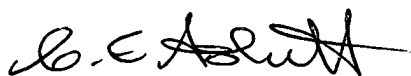
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Statement on Regularity, Propriety and Compliance

As Accounting Officer of Monkton Infants School I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the academy board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2013).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



Mrs C Askwith
Accounting Officer

Date: 11 December 2014

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Governors' Responsibilities Statement For the Year Ended 31 August 2014

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 11 December 2014 and signed on its behalf by:



Mr WF Armstrong
Chair of Trustees

Independent Auditors' Report to the Board of Governors of Monkton Infants School

We have audited the financial statements of Monkton Infants School for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Governors and auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements 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 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

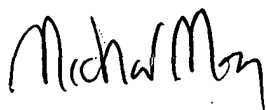
In our opinion the information given in the Governors' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Board of Governors of Monkton Infants School

Matters on which we are required to report by exception

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

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



Michael Morris FCA ACCA (Senior Statutory Auditor)
For and on behalf of UNW LLP (Statutory Auditor)
Chartered Accountants
Newcastle upon Tyne
11 December 2014

Monkton Infants School

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Independent Reporting Accountants' Assurance Report on Regularity to Monkton Infants School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 5 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Monkton Infants School 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 Monkton Infants School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Monkton Infants School 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 Monkton Infants School and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Monkton Infants School's accounting officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the 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 2013 to 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.

The work undertaken to support our conclusion includes:

- testing a sample of expenditure to verify that the trusts procurement procedures have been followed for the items selected;
- testing a sample of payments to ensure they are correctly authorised in accordance with the trust policies;

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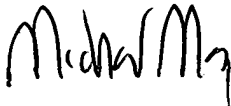
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Independent Reporting Accountants' Assurance Report on Regularity to Monkton Infants School and the Education Funding Agency (continued)

- testing a sample of expenditure to verify the nature of spend is in line with funding agreements;
- testing a sample of income and expenditure to ensure systems and controls are being implemented in line with the trust policies;

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.



Michael Morris FCA ACCA

For and on behalf of UNW LLP, Statutory Auditor

Chartered Accountants

Newcastle upon Tyne

11 December 2014

Monkton Infants School

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Statement of Financial Activities

(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

For the Year Ended 31 August 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	2	-	-	-	-	1,192,684
Investment income	3	260	-	-	260	53
Incoming resources from charitable activities	4	12,145	944,701	-	956,846	504,718
Other incoming resources	5	5,749	44,563	-	50,312	-
Total incoming resources		18,154	989,264	-	1,007,418	1,697,455
Resources expended						
Charitable activities		-	811,226	29,135	840,361	470,560
Governance costs	10	-	6,530	-	6,530	6,500
Total resources expended	6	-	817,756	29,135	846,891	477,060
Net incoming resources before transfers		18,154	171,508	(29,135)	160,527	1,220,395

Monkton Infants School

(A company limited by guarantee)

Statement of Financial Activities (continued) For the Year Ended 31 August 2014

		Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	18	-	(148,629)	148,629	-	-
Net income for the year		18,154	22,879	119,494	160,527	1,220,395
Actuarial gains and losses on defined benefit pension schemes		-	25,000	-	25,000	(186,000)
Net movement in funds for the period		18,154	47,879	119,494	185,527	1,034,395
Total funds at 1 September 2013		95,469	(175,547)	1,114,473	1,034,395	-
Total funds at 31 August 2014		113,623	(127,668)	1,233,967	1,219,922	1,034,395

All activities relate to continuing operations.

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

The notes on pages 21 to 37 form part of these financial statements.

Monkton Infants School

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Balance Sheet

As at 31 August 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	15		1,233,968		1,114,474
Current assets					
Debtors	16	21,672		25,870	
Cash at bank		196,569		172,082	
		<u>218,241</u>		<u>197,952</u>	
Creditors: amounts falling due within one year	17	(67,287)		(89,031)	
Net current assets			<u>150,954</u>		<u>108,921</u>
Total assets less current liabilities			<u>1,384,922</u>		<u>1,223,395</u>
Defined benefit pension scheme liability	23	(165,000)		(189,000)	
Net assets including pension scheme liability			<u><u>1,219,922</u></u>		<u><u>1,034,395</u></u>
Funds of the academy					
Restricted funds:					
Restricted funds	18	37,332		13,453	
Restricted fixed asset funds	18	1,233,967		1,114,473	
		<u>1,271,299</u>		<u>1,127,926</u>	
Restricted funds excluding pension liability					
Pension reserve		(165,000)		(189,000)	
		<u>1,106,299</u>		<u>938,926</u>	
Total restricted funds			<u>1,106,299</u>		<u>938,926</u>
Unrestricted funds	18	113,623		95,469	
Total funds			<u><u>1,219,922</u></u>		<u><u>1,034,395</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 11 December 2014 and are signed on their behalf, by:

Mr WF Armstrong
Chair of Trustees



The notes on pages 21 to 37 form part of these financial statements.

Monkton Infants School

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Cash Flow Statement For the Year Ended 31 August 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	20	173,116	180,842
Capital expenditure and financial investment	21	(148,629)	(8,760)
Increase in cash in the year		<u>24,487</u>	<u>172,082</u>

Reconciliation of Net Cash Flow to Movement in Net Funds For the Year Ended 31 August 2014

	2014 £	2013 £
Increase in cash in the year	<u>24,487</u>	<u>172,082</u>
Movement in net funds in the year	<u>24,487</u>	<u>172,082</u>
Net funds at 1 September 2013	<u>172,082</u>	<u>-</u>
Net funds at 31 August 2014	<u>196,569</u>	<u>172,082</u>

The notes on pages 21 to 37 form part of these financial statements.

Monkton Infants School

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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 Governors.

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.

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.

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

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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.

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 Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 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 less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	50 years straight line
Fixtures and fittings	-	7 years straight line
Computer equipment	-	3 years straight line

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

1. Accounting Policies (continued)

1.7 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.

1.8 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.

Monkton Infants School

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

2. Voluntary income

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	-	-	-	1,119,500
Government grants	-	-	-	73,184
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Voluntary income	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,192,684</u>

3. Investment income

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	260	-	260	53
	<u>260</u>	<u>-</u>	<u>260</u>	<u>53</u>

4. Incoming resources from charitable activities

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Educational Operations	12,145	944,701	956,846	504,718
	<u>12,145</u>	<u>944,701</u>	<u>956,846</u>	<u>504,718</u>

Funding for Academy's educational operations

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants				
General Annual Grant	-	524,405	524,405	291,134
Other DfE/EFA grants	2,688	296,341	299,029	116,829
School standard fund	9,457	-	9,457	8,056
Other non capital government grants	-	2,904	2,904	10,158
Local authority nursery funding	-	121,051	121,051	78,541
	<u>12,145</u>	<u>944,701</u>	<u>956,846</u>	<u>504,718</u>

Monkton Infants School

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

5. Other incoming resources

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Other income	5,749	44,563	50,312	-

6. Resources expended

	Staff costs 2014 £	Other costs 2014 £	Total 2014 £	Total 2013 £
Educational Operations	532,387	25,093	557,480	325,223
Support costs	59,405	223,476	282,881	145,337
Charitable activities	591,792	248,569	840,361	470,560
Governance	-	6,530	6,530	6,500
	591,792	255,099	846,891	477,060

7. Analysis of resources expended by activities

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Educational Operations	557,480	282,881	840,361	470,561

Monkton Infants School

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

8. Direct costs

	Educational Operations	Total 2014	Total 2013
	£	£	£
Pension income	1,000	1,000	1,000
Educational support costs	33,788	33,788	17,034
Staff development	5,438	5,438	1,001
Other costs	8,353	8,353	4,668
Insurance	1,512	1,512	3,628
Teaching and educational staff costs	25,843	25,843	39,765
Wages and salaries	381,986	381,986	196,965
National insurance	26,828	26,828	13,740
Pension cost	72,732	72,732	35,977
	557,480	557,480	313,778

9. Support costs

	Educational Operations	Total 2014	Total 2013
	£	£	£
Educational support costs	5,839	5,839	4,392
Other costs	38,294	38,294	27,548
Insurance	15,419	15,419	5,634
Technology costs	5,706	5,706	6,028
Cleaning	5,060	5,060	2,265
Rent and rates	11,554	11,554	5,489
Light and heat	13,499	13,499	10,213
Security and transport	929	929	583
Catering costs	30,695	30,695	17,225
Legal and professional fees	93	93	9,581
Support staff costs	24,998	24,998	2,910
Maintenance of premises and equipment	42,255	42,255	17,741
Wages and salaries	51,177	51,177	29,775
National insurance	8,228	8,228	3,611
Depreciation	29,135	29,135	13,787
	282,881	282,881	156,782

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

10. Governance costs

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	6,530	6,530	6,500

11. Net incoming resources

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets: - owned by the charity	29,135	13,786
Auditors' remuneration	6,530	6,500
Governance Internal audit costs	-	-

12. Staff

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	433,163	226,740
Social security costs	35,056	17,350
Other pension costs (Note 23)	72,732	35,977
	540,951	280,067
Supply teacher costs	25,843	39,767
Agency staff - Non teachers	24,998	2,910
	591,792	322,744

Monkton Infants School

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

12. Staff (continued)

b. Staff numbers

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

	2014 No.	2013 No.
Teaching Staff	7	6
Administration and support staff	8	9
	<hr/>	<hr/>
	15	15
	<hr/>	<hr/>

c. Higher paid staff

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	1	1
	<hr/>	<hr/>

The above employee participates in the Teachers Pension Scheme. During the year ended 31 August 2014 employer's pension contributions for this person amounted to £10,110 (2013: £4,070).

The head teacher and other staff governors 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 governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors. The value of governors remuneration was as follows:

J Finlay (head teacher)	£70,000-£75,000
C Askwith	£55,000 - £60,000
H Burton	£30,000- £35,000

No governors were reimbursed expenses for their role as governors.

13. Governors' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £690,000 on any one claim and the cost for the year ended 31 August 2014 was £375 (2013 - £375). The cost of this insurance is included in the total insurance cost.

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

14. Other finance income

	2014 £	2013 £
Expected return on pension scheme assets	21,000	10,000
Interest on pension scheme liabilities	(22,000)	(11,000)
	<u>(1,000)</u>	<u>(1,000)</u>

15. Tangible fixed assets

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2013	1,102,000	11,050	15,210	1,128,260
Additions	125,616	16,070	6,943	148,629
At 31 August 2014	<u>1,227,616</u>	<u>27,120</u>	<u>22,153</u>	<u>1,276,889</u>
Depreciation				
At 1 September 2013	11,445	883	1,458	13,786
Charge for the year	20,445	2,805	5,885	29,135
At 31 August 2014	<u>31,890</u>	<u>3,688</u>	<u>7,343</u>	<u>42,921</u>
Net book value				
At 31 August 2014	<u>1,195,726</u>	<u>23,432</u>	<u>14,810</u>	<u>1,233,968</u>
At 31 August 2013	<u>1,090,555</u>	<u>10,167</u>	<u>13,752</u>	<u>1,114,474</u>

16. Debtors

	2014 £	2013 £
Other debtors	14,114	9,986
Prepayments and accrued income	7,558	15,884
	<u>21,672</u>	<u>25,870</u>

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

17. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	17,002	42,115
Other taxation and social security	17,991	15,938
Other creditors	20,930	-
Accruals and deferred income	11,364	30,978
	<u>67,287</u>	<u>89,031</u>

18. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	<u>95,469</u>	<u>18,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,623</u>
Restricted funds						
Restricted revenue funds	13,453	989,264	(816,756)	(148,629)	-	37,332
Pension reserve	(189,000)	-	(1,000)	-	25,000	(165,000)
	<u>(175,547)</u>	<u>989,264</u>	<u>(817,756)</u>	<u>(148,629)</u>	<u>25,000</u>	<u>(127,668)</u>
Restricted fixed asset funds						
Restricted fixed asset Funds	<u>1,114,473</u>	<u>-</u>	<u>(29,135)</u>	<u>148,629</u>	<u>-</u>	<u>1,233,967</u>
Total restricted funds	<u>938,926</u>	<u>989,264</u>	<u>(846,891)</u>	<u>-</u>	<u>25,000</u>	<u>1,106,299</u>
Total of funds	<u>1,034,395</u>	<u>1,007,418</u>	<u>(846,891)</u>	<u>-</u>	<u>25,000</u>	<u>1,219,922</u>

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

The restricted fixed asset fund represents all the fixed assets of the Academy, including the leasehold buildings of the school, which are restricted to be applied for educational purposes in furtherance of the Academy's objects.

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

18. Statement of funds (continued)

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.

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	95,469	18,154	-	-	-	113,623
Restricted funds	(175,547)	989,264	(817,756)	(148,629)	25,000	(127,668)
Restricted fixed asset funds	1,114,473	-	(29,135)	148,629	-	1,233,967
	<u>1,034,395</u>	<u>1,007,418</u>	<u>(846,891)</u>	<u>-</u>	<u>25,000</u>	<u>1,219,922</u>

19. Analysis of net assets between funds

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	1,233,967	1,233,967	1,114,473
Current assets	180,909	37,332	-	218,241	197,953
Creditors due within one year	(67,286)	-	-	(67,286)	(89,031)
Provisions for liabilities and charges	-	(165,000)	-	(165,000)	(189,000)
	<u>113,623</u>	<u>(127,668)</u>	<u>1,233,967</u>	<u>1,219,922</u>	<u>1,034,395</u>

Monkton Infants School

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

20. Net cash flow from operations

	2014 £	2013 £
Net incoming resources before revaluations	160,527	1,220,395
Less fixed assets transferred on conversion	-	(1,119,500)
Depreciation of tangible fixed assets	29,135	13,786
Decrease/(increase) in debtors	4,199	(25,870)
(Decrease)/increase in creditors	(21,745)	89,031
FRS 17 adjustments	1,000	3,000
Net cash inflow from operations	173,116	180,842

21. Analysis of cash flows for headings netted in cash flow statement

	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(148,629)	(8,760)

22. Analysis of changes in net funds

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	172,082	24,487	-	196,569
Net funds	172,082	24,487	-	196,569

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 the Tyne & Wear Pension Fund. 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 August 2013.

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

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

23. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

23. Pension commitments (continued)

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.

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 £37,000, of which employer's contributions totalled £30,000 and employees' contributions totalled £7,000. The agreed contribution rates for future years are 14.1% for employers and 6.4% 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.

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

23. Pension commitments (continued)

The amounts recognised in the Balance Sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(516,000)	(473,000)
Fair value of scheme assets	351,000	284,000
	<hr/>	<hr/>
Net liability	(165,000)	(189,000)
	<hr/>	<hr/>

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

	2014 £	2013 £
Current service cost	(30,000)	(14,000)
Interest on obligation	(22,000)	(11,000)
Expected return on scheme assets	21,000	10,000
	<hr/>	<hr/>
Total	(31,000)	(15,000)
	<hr/>	<hr/>
Actual return on scheme assets	-	(14,000)
	<hr/>	<hr/>

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

	2014 £	2013 £
Opening defined benefit obligation	473,000	254,000
Current service cost	30,000	14,000
Interest cost	22,000	11,000
Contributions by scheme participants	7,000	4,000
Actuarial (Gains)/losses	(16,000)	190,000
	<hr/>	<hr/>
Closing defined benefit obligation	516,000	473,000
	<hr/>	<hr/>

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

23. Pension commitments (continued)

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

	2014 £	2013 £
Opening fair value of scheme assets	284,000	254,000
Expected return on assets	21,000	10,000
Actuarial gains and (losses)	9,000	4,000
Contributions by employer	30,000	12,000
Contributions by employees	7,000	4,000
	<u>351,000</u>	<u>284,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £(6,000) (2013 - £(31,000)).

The academy expects to contribute £34,000 to its Defined Benefit Pension Scheme in 2015.

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

	2014	2013
European equities	67.20 %	66.60 %
European bonds	15.10 %	15.20 %
Property	9.10 %	8.90 %
Cash	2.60 %	2.30 %
Other	6.00 %	7.00 %

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

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.50 %
Rate of increase in salaries	3.60 %	4.70 %
Rate of increase for pensions in payment / inflation	3.10 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.80 %
Rate of increase to deferred pensions	2.10 %	2.80 %

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

23. Pension commitments (continued)

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

	2014	2013
Retiring today		
Males	23	21.7
Females	24.6	23.9
Retiring in 20 years		
Males	25	23.5
Females	26.9	25.8

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

Defined benefit pension schemes

	2014 £	2013 £	2012 £	2011 £	2010 £
Defined benefit obligation	(516,000)	(473,000)	(215,000)	-	-
Scheme assets	351,000	284,000	26,000	-	-
Deficit	(165,000)	(189,000)	(189,000)	-	-
Experience adjustments on scheme liabilities	16,000	(190,000)	(190,000)	-	-
Experience adjustments on scheme assets	9,000	4,000	4,000	-	-

24. 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 governors 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.

There were no related party transactions in the year (2013: £nil).