

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

Registered number: 08561360

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EXTOL ACADEMY TRUST
(A company limited by guarantee)

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EXTOL ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2014**

Directors

Julie Deville (appointed 7 June 2013)
Stephen Wallace (appointed 7 June 2013)
Carole Bradley (appointed 3 October 2013)
Paul Hamilton (appointed 6 March 2014)
Jacqueline Butterworth (appointed 7 June 2013)

Company registered number

08561360

Principal and registered office

Eldon Grove Academy, Eldon Grove, Hartlepool, Cleveland, TS26 9LY

Clerk to directors

Geraldine Fitchett-Bell

Senior management team

J Deville, Executive Headteacher
C Bradley, Head of School
A Brahimi, Deputy Headteacher

Independent auditors

Waltons Clark Whitehill Limited, Maritime House, Harbour Walk, The Marina, Hartlepool, TS24 0UX

Bankers

Lloyds Commercial, 102 Grey Street, Newcastle upon Tyne, NE1 6AG

Solicitors

Bond Dickinson, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne, NE1 3DX

Members

Jacqueline Butterworth (Chair)
Patricia Vaughan
Michael Bretherick

EXTOL ACADEMY TRUST
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DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2014

The directors present their annual report together with the audited financial statements and auditors' report of Extol Academy Trust (the academy) for the period to 31 August 2014. The directors 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 annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Trust operates a primary academy in Hartlepool. It has a pupil capacity of 420 plus 78 nursery places and has a roll of 482 in the school census on 2 October 2014.

Structure, governance and management

● **CONSTITUTION**

Extol Academy Trust is a charitable company limited by guarantee and exempt charity (registration number 8561360). The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

Details of the directors who served during the year are included in the Reference and Administrative details on page1

● **MEMBERS' LIABILITY**

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

TRUSTEES' INDEMNITIES

Subject to the provisions of the Companies Act 2006 and Article 6.3 every director or other officer or auditor of the Company shall be indemnified out of the assets of the company against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted by then to the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

● **METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF DIRECTORS**

The initial members of the Multi Academy Trust were nominated by the Governing Body of Eldon Grove School. The number of directors as set out in the Articles of Association and Funding Agreement shall not be less than 3.

Subject to Articles 48-49, the Company shall have the following directors:

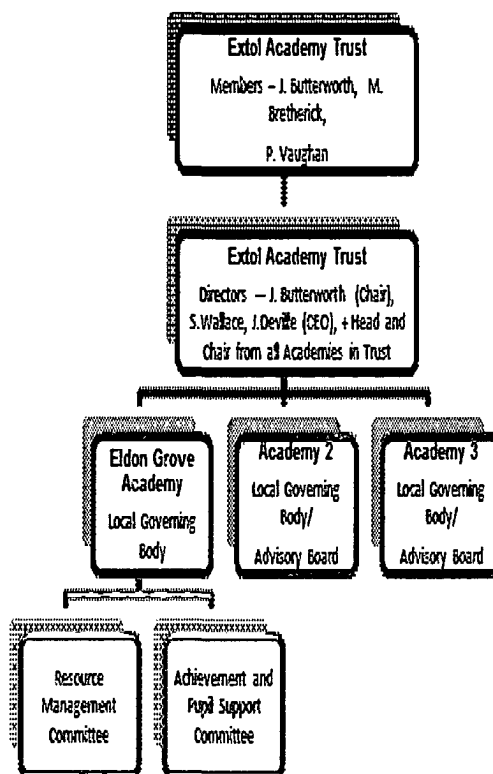
- Up to 6 directors, appointed under Article 50;
- the Chief Executive Officer;
- up to 5 Principals appointed pursuant to Article 51A;
- up to 5 Chairs of the Local Governing Bodies appointed pursuant to Article 51B;
- a minimum of 2 parent directors if appointed under Articles 53-56D.

The management of the academy is the responsibility of the directors who are elected and co opted under the terms of the Trust deed.

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

● **ORGANISATIONAL STRUCTURE**



Extol Academy Trust Board is ultimately responsible to the Department for Education and must ensure that its academies act in accordance with the Master Funding Agreement, Supplementary Funding Agreement, Academies Financial Handbook and all other relevant legislation. The Academy Board has established a Local Governing Body in Eldon Grove Academy in accordance with the Local Governing Body Terms of reference. Each Local Governing Body receives delegated authority from the Trust Board as set out in Scheme of Delegation; to support the Board in fulfilling its obligation.

Local Governing Body Membership

- Head of School
- Representative from Academy Trust (CEO)
- 3 Parental Representatives
- 2 Staff
- Five Representatives from the Local Community

● **POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS**

During the year 2013/14 the directors held five meetings.

Following their appointment/election all new trustees/directors/governors will receive an induction to their role from Chair of Trustees and Executive Headteacher. This will include a tour of the Academy and the opportunity to meet members of the Senior Leadership Team, staff and pupils.

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

Training and induction will be dependent on their existing experience. Extol Academy is committed to providing training opportunities so as to enable directors to undertake their role more effectively, and provides them with copies of policies, procedures, minutes, accounts, budgets, plans and other documentation.

● **RISK MANAGEMENT**

Extol Academy has been through a process to assess its current and future risks and to identify and implement strategies for addressing these risks. The Trust Board have reviewed the risks to which the Trust is exposed, and considered in particular those relating to the strategic development of the Trust, as well as its operational activities, and its finances.

The Academy has an effective system of internal controls and this is explained in more detail in the governance statement. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Objectives and Activities

● **OBJECTS AND AIMS**

The principle objective and activity of the Academy, in accordance with the Articles of Association, 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 schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies").

Ethos:

- Everyone can succeed
- Everyone deserves the widest opportunities to achieve success
- Good pupil behaviour is expected at all times
- Outstanding standards are expected
- External factors must not be a barrier to learning or success
- Staff are expected to provide the highest standards as role models

● **OBJECTIVES, STRATEGIES AND ACTIVITIES**

The overarching target for all schools in our Trust:

Each school should be an outstanding school; developing young people who achieve highly and are well rounded, ambitious individuals equipped in all respects for a modern, diverse society.

● **ACTIVITIES FOR ACHIEVING OBJECTIVES**

The Academy endeavours to make a real difference to schools within the Trust. We have invested in resources to develop educational performance.

- Highly effective leadership and management; NSS - Executive Headteacher NLE
- A proven track record of successfully raising standards and achievement

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

- Successful impact on narrowing the gap for FSM pupils
- The capacity to facilitate further improvement in other schools; i.e. SLEs, Inclusion Lead

● **PUBLIC BENEFIT**

The primary purpose of the Trust is to provide the highest quality of education to the communities it serves. We see the role within the schools as being integral to the community, in raising aspirations and helping local people strive for a better life.

The directors have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Commission.

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

During the period, priority has been given to the development of capacity within the organisation. As a National Support School it has developed its senior and middle leaders through nationally recognised accredited training; to allow key personnel to support other local schools whilst maintaining high performance within Eldon Grove Academy.

The following tables demonstrate real areas of strength in the performance of the Academy and this had been validated by an external LA review when the Academy was judged as "Outstanding" in all areas.

National Results 2014 KS1 Assessments

Early Indication of National Results 2014: KS1 Assessments

%	L2c+	L2b+	L3+
Reading	89	79	29
Writing	85	67	15
Mathematics	91	78	23

KS1 Teacher Assessments

%	L2c+	L2b+	L3+
Reading	89.3	82.1	30.4
Writing	87.5	76.8	19.6
Mathematics	92.9	82.1	25

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

Key Stage Two

% Achieving L4 or above in Reading, Writing and Maths

School	National
86.5%	75%

% Achieving L5 or above in Reading, Writing and Maths

School	National
36.5%	21.0%

National Results for KS2 2014

%	Level 4+	Level 5+
Reading	86	44
Writing	83	30
Mathematics	85	41

School Results for KS2 2014

%	Level 4+	Level 5+
Reading	90.4	51.9
Writing	96.2	53.8
Mathematics	92.3	50

% Making expected progress

Reading	Writing	Mathematics
92.2%	100%	98%

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

% Making better than expected progress

Reading	Writing	Mathematics
33.3%	58.8%	45.1%

Attendance Data

	2011/12		2012/13		2013/14	
	School	National	School	National	School	National
Overall Attendance	95.9	95.6	95.3	95.2	96.3	*
Persistent Absence	2.8	3.4	0.8	3.6	0.2	*
Exclusions FTE	0	0.89	0	*	0	*
Exclusions PEX	0	0.02	0	*	0	*

* data not yet confirmed

● **GOING CONCERN**

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

● **INVESTMENT POLICY AND PERFORMANCE**

The academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Our aim is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The school does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

● **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties are centred around changes in the level of EFA/DfE funding. In addition the Trust is a member of a local government pension scheme, which has resulted in the the recognition of a significant deficit on the Trust's balance sheet.

● **RESERVES POLICY**

The directors will review the level of reserves of the Trust annually. The Trustees agree that the Trust should hold an appropriate level of balances in order to deal with unexpected or unforeseen events

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

● **FINANCIAL REVIEW**

The majority of the Trust's income is obtained from Department for Education via the Education Funding Agency, in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received and the associated expenditure are shown in the Statement of Financial Activities.

In addition capital grants are received and these are shown as restricted income in the fixed asset fund. Total income for the year excluding capital funds and funds transferred on conversion was £2,408k and expenditure, excluding depreciation and the deficit on the pension scheme transferred on conversion, was £2,409k giving a deficit for the year of £1k.

All expenditure in the year was in furtherance of the Trust's objectives.

At 31 August 2014 the net book value of fixed assets was £4,296k and the movements in the year are shown in note 14. All assets are used exclusively for providing education and associated support services to pupils of the Trust.

The provision of FRS 17 Retirement Benefits have been applied resulting in a deficit of £248k. Payments to fund the deficit will be made out of future income.

As at the 31 August the Trust held fund balances of £4,381k being £4,108k restricted funds and £272k of unrestricted funds.

● **FUTURE DEVELOPMENTS**

Extol Academy Trust is keen to develop its MAT to encompass other schools, either by schools joining the Trust as a converter academy or by the Trust acting as sponsor for an underperforming school. To this end we are in constant dialogue with the Regional School Commissioner and the DfE.

(END OF STRATEGIC REPORT)

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

This report, incorporating the strategic report, was approved by order of the board of directors, as the company directors, on _____ and signed on the board's behalf by:


Jacqueline Butterworth
Chair of Directors

18/12/14

EXTOL ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of directors has delegated the day-to-day responsibility to the Executive 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 Extol Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the directors' report and in the directors' responsibilities statement. The board of directors has formally met 5 times during the period. Attendance during the period at meetings of the board of directors was as follows:

Director	Meetings attended	Out of a possible
Julie Deville	5	5
Stephen Wallace	3	5
Carole Bradley	3	5
Paul Hamilton	5	5
Jacqueline Butterworth	5	5

The Trust does not have a committee structure and the finance and audit committee roles are carried out by the full board of directors.

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 Extol Academy Trust for the period 7 June 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 directors 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 directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 7 June 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 directors.

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

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GOVERNANCE STATEMENT (continued)

- which are reviewed and agreed by the board of directors;
- regular reviews by the board of directors 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 directors has considered the need for a specific internal audit function and has decided to appoint Noel Adamson of Hartlepool Borough Council as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the internal auditor reports to the board of directors on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

The Internal Auditor attended the school on 11th July 2014.

The aim of the audit was to review procedures in place to ensure that staff are correctly paid and goods and services are procured in accordance with the school's Financial Procedures.

The final report gave reasonable assurance that the school's control environment is operating as intended.

REVIEW OF EFFECTIVENESS

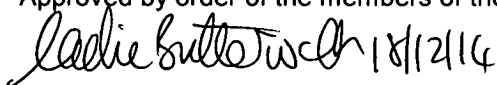
As Accounting Officer, the Executive Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the internal auditor;
- 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 board of directors and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of directors on

and signed on its behalf, by:



Jacqueline Butterworth
Chair of Directors



Julie Deville
Accounting Officer


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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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


Julie Deville
Accounting Officer

Date: 18.12.14

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DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2014

The directors (who act as governors of Extol Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the directors' 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 directors to prepare financial statements for each financial year. Under company law the directors 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 directors 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 directors 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 directors 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 directors 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 directors on

- and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Jacqueline Butterworth', followed by the date '12/12/14'.

Jacqueline Butterworth
Chair of Directors

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF EXTOL ACADEMY TRUST

We have audited the financial statements of Extol Academy Trust for the period 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 DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement, the directors (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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' 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 period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the 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 directors' report, incorporating the strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF EXTOL ACADEMY TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

H O'Driscoll

Heather O'Driscoll FCA (senior statutory auditor)

for and on behalf of

Waltons Clark Whitehill Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

Date: 18/12/14

EXTOL ACADEMY TRUST
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EXTOL
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 25 April 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Extol Academy Trust during the period 7 June 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 Extol Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Extol Academy Trust 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 Extol Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF EXTOL ACADEMY TRUST'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Extol Academy Trust's funding agreement with the Secretary of State for Education dated 27 June 2013, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 7 June 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 draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EXTOL
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 7 June 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.



Heather O'Driscoll FCA (senior statutory auditor)

Waltons Clark Whitehill Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

Date: 18/12/14

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Funds transferred from Local Authority on conversion	2	301,346	36,000	4,352,912	4,690,258
Other voluntary income	2	13,990	-	-	13,990
Activities for generating funds	3	114,790	-	-	114,790
Investment income	4	392	-	-	392
Incoming resources from charitable activities	5	-	2,278,820	9,113	2,287,933
TOTAL INCOMING RESOURCES		430,518	2,314,820	4,362,025	7,107,363
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	7	14,955	24,460	-	39,415
Charitable activities	8	143,188	2,193,940	76,420	2,413,548
Governance costs	9	-	32,243	-	32,243
Other resources expended	10	-	123,000	-	123,000
TOTAL RESOURCES EXPENDED	6	158,143	2,373,643	76,420	2,608,206
NET INCOMING / (OUTGOING)					
RESOURCES BEFORE TRANSFERS		272,375	(58,823)	4,285,605	4,499,157
Transfers between funds	17	-	(10,472)	10,472	-
NET INCOME FOR THE PERIOD		272,375	(69,295)	4,296,077	4,499,157
Actuarial gains and losses on defined benefit pension schemes		-	(118,000)	-	(118,000)
NET MOVEMENT IN FUNDS FOR THE PERIOD		272,375	(187,295)	4,296,077	4,381,157
<i>Total funds at 7 June 2013</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
TOTAL FUNDS AT 31 AUGUST 2014		272,375	(187,295)	4,296,077	4,381,157

All of the academy's activities derive from acquisitions in the current financial period.

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


The notes on pages 21 to 41 form part of these financial statements.

EXTOL ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08561360

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £
FIXED ASSETS			
Tangible assets	14		4,296,077
CURRENT ASSETS			
Debtors	15	52,311	
Cash at bank		384,777	
		<u>437,088</u>	
CREDITORS: amounts falling due within one year	16	<u>(104,008)</u>	
NET CURRENT ASSETS			333,080
TOTAL ASSETS LESS CURRENT LIABILITIES			4,629,157
Defined benefit pension scheme liability	22		<u>(248,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>4,381,157</u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Restricted funds	17	60,705	
Restricted fixed asset funds	17	4,296,077	
		<u>4,356,782</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(248,000)</u>	
Total restricted funds			4,108,782
Unrestricted funds	17		272,375
TOTAL FUNDS			<u>4,381,157</u>

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

 18/12/14

Jacqueline Butterworth
Chair of Directors

The notes on pages 21 to 41 form part of these financial statements.

EXTOL ACADEMY TRUST
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2014

	Note	2014 £
Net cash flow from operating activities	19	57,512
Returns on investments and servicing of finance	20	392
Capital expenditure and financial investment	20	(44,930)
Cash transferred on conversion to an academy trust	21	371,803
INCREASE IN CASH IN THE PERIOD		384,777

All of the cash flows are derived from acquisitions in the current financial period.

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

	2014 £
Increase in cash in the period	384,777
MOVEMENT IN NET FUNDS IN THE PERIOD	384,777
NET FUNDS AT 31 AUGUST 2014	384,777

The notes on pages 21 to 41 form part of these financial statements.

EXTOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 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. 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, 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 directors.

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.

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 sale of uniforms, 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.

EXTOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 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 directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The directors 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 directors 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 £1,000 are capitalised. New projects which require purchasing in bulk will also be capitalised with subsequent replacements written off to repairs in the year of purchase.

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 not charged on longterm leasehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	50 years straight line
Plant & machinery	-	10 years straight line
Computer equipment	-	3-5 years straight line

EXTOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 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 22, 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.

1.9 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Eldon Grove Primary School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Extol Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Funds transferred from Local Authority on conversion	301,346	4,388,912	4,690,258
Donations	13,990	-	13,990
Voluntary income	315,336	4,388,912	4,704,248

3. FUNDRAISING INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Catering income	60,709	-	60,709
Breakfast club	3,727	-	3,727
Provision of staff	531	-	531
Uniform sales	14,779	-	14,779
Educational visits and trips	28,594	-	28,594
Receipts from supply teacher insurance claims	6,450	-	6,450
	114,790	-	114,790

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Investment income	392	-	392

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
DfE/EFA revenue grants			
General annual grant (GAG)	-	1,868,225	1,868,225
Pupil premium	-	137,159	137,159
Capital grants	-	9,113	9,113
Sponsorship grant	-	45,000	45,000
Nursery milk income	-	1,556	1,556
	-	2,061,053	2,061,053
Other government grants			
School improvement grant	-	16,520	16,520
Funding for higher educational needs	-	65,566	65,566
Early year's funding	-	131,043	131,043
	-	213,129	213,129
Other funding			
NLE Deployment fund	-	11,000	11,000
Teacher training income	-	1,751	1,751
New heads support grant	-	1,000	1,000
	-	13,751	13,751
	-	2,287,933	2,287,933

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

6. RESOURCES EXPENDED

	Staff costs	Non pay expenditure Premises	Other costs	Total
	2014	2014	2014	2014
	£	£	£	£
Costs of generating voluntary income	-	-	39,415	39,415
Costs of generating funds	-	-	39,415	39,415
Direct costs	1,669,985	-	165,568	1,835,553
Support costs	85,252	207,065	285,678	577,995
Charitable activities	1,755,237	207,065	451,246	2,413,548
Governance	10,000	-	22,243	32,243
Other resources expended	-	-	123,000	123,000
	1,765,237	207,065	635,904	2,608,206

7. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Trips and activities	422	24,460	24,882
Uniforms	14,533	-	14,533
	14,955	24,460	39,415

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

8. CHARITABLE ACTIVITIES

	Total funds 2014 £
DIRECT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	1,382,442
National insurance	91,329
Pension cost	196,214
Educational supplies	80,485
Staff development and training	10,322
Insurance	21,483
HR and professional costs	8,972
Other staff costs	44,306
	<hr/> 1,835,553 <hr/>
SUPPORT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	63,053
National insurance	2,454
Pension cost	19,744
Depreciation	76,420
Uniforms	9,000
Catering	80,696
Postage and telephone	9,206
Repairs and maintenance	101,328
Energy costs	23,091
Rates	26,793
Cleaning	36,017
Travel	8,832
Insurance	21,804
Printing postage and stationery	32,529
HR and professional costs	38,015
Bank and finance charges	524
Other staff costs	33,489
Pension finance cost	(5,000)
	<hr/> 577,995 <hr/>
	<hr/> 2,413,548 <hr/> <hr/>

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

9. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Governance internal audit costs	-	1,943	1,943
Auditors' remuneration	-	9,000	9,000
Accountancy fees	-	950	950
Legal and professional fees	-	2,166	2,166
Legal fees for conversion	-	8,184	8,184
Wages & salaries	-	10,000	10,000
	<u>-</u>	<u>32,243</u>	<u>32,243</u>

10. OTHER RESOURCES EXPENDED

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Pension deficit inherited on conversion	<u>-</u>	<u>123,000</u>	<u>123,000</u>

11. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £
Depreciation of tangible fixed assets:	
- owned by the charity	76,420
Auditors' remuneration	9,000
Governance internal audit costs	1,943
Operating lease rentals:	
- other operating leases	20,361
Accountancy fees	<u>950</u>

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

12. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £
Wages and salaries	1,426,808
Social security costs	93,783
Other pension costs (Note 22)	215,958
	<hr/> 1,736,549
Supply teacher costs	17,180
Compensation payments	11,508
	<hr/> <hr/> 1,765,237

b. Staff severance payments

Included in compensation payments is one payment exceeding £5,000 totalling £11,508. This is in respect of a non statutory/non contractual severance payment.

c. Staff numbers

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

	2014 No.
Teaching staff	46
Administration and support	6
	<hr/> 52

d. Higher paid staff

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

	2014 No.
In the band £60,001 - £70,000	1
In the band £80,001 - £90,000	1
	<hr/> 2

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

12. STAFF (continued)

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2014 employer's pension contributions for these staff amounted to £23,600.

Related party transactions - directors' remuneration and expenses

The principal and other staff directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the academy trust in respect of their role as directors. The value of directors' remuneration was as follows:

J Deville (Executive Headteacher and director): £80,000 - £85,000

C Bradley (staff director): £60,000 - £65,000

During the year ended 31 August 2014, travel and subsistence expenses totalling £1,988 were reimbursed to 4 trustees.

Other related party transactions involving the trustees are set out in note 24.

13. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the period ended 31 August 2014 was £2,254. The cost of this insurance is included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Plant & machinery £	Computer equipment £	Total £
Cost or valuation				
Additions	30,170	-	23,873	54,043
Assets inherited on conversion	4,252,000	52,124	14,330	4,318,454
At 31 August 2014	4,282,170	52,124	38,203	4,372,497
Depreciation				
Charge for the period	60,640	6,081	9,699	76,420
At 31 August 2014	60,640	6,081	9,699	76,420
Net book value				
At 31 August 2014	4,221,530	46,043	28,504	4,296,077

Included in long term leasehold property is land at cost of £1,679,000 which is not depreciated.

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

15. DEBTORS

	2014 £
Trade debtors	152
VAT	21,333
Accrued income	30,826
	<u>52,311</u>

16. CREDITORS:
Amounts falling due within one year

	2014 £
Trade creditors	455
Accruals and deferred income	103,553
	<u>104,008</u>
	£
Deferred income	
Resources deferred during the year	<u>31,492</u>

At the balance sheet date the academy was holding funds received in advance relating to grant funding for free school meals in the 2014-15 academic year.

17. STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Carried forward £
Unrestricted funds						
Unrestricted funds	-	430,518	(158,143)	-	-	272,375

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

17. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant	-	1,868,226	(1,804,549)	(10,472)	-	53,205
Pupil Premium	-	148,159	(148,159)	-	-	-
Teacher Training Income	-	1,750	(1,750)	-	-	-
NLE Deployment Fund	-	11,000	(11,000)	-	-	-
Sponsor Grant	-	45,000	(37,500)	-	-	7,500
Funding for Higher Educational Needs	-	65,566	(65,566)	-	-	-
Early Years Funding	-	131,043	(131,043)	-	-	-
Nursery Milk Income	-	1,556	(1,556)	-	-	-
New Heads Support Grant	-	1,000	(1,000)	-	-	-
School Improvement Grant	-	16,520	(16,520)	-	-	-
Start Up Grant	-	25,000	(25,000)	-	-	-
Pension Reserve	-	-	(130,000)	-	(118,000)	(248,000)
	-	2,314,820	(2,373,643)	(10,472)	(118,000)	(187,295)

Restricted fixed asset funds

Assets Transferred on Conversion	-	4,352,912	(71,691)	(34,458)	-	4,246,763
Other Capital Grants	-	9,113	(2,946)	34,458	-	40,625
Capital expenditure from GAG	-	-	(1,783)	10,472	-	8,689
	-	4,362,025	(76,420)	10,472	-	4,296,077
Total restricted funds	-	6,676,845	(2,450,063)	-	(118,000)	4,108,782
Total of funds	-	7,107,363	(2,608,206)	-	(118,000)	4,381,157

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

General Annual Grant - this is the money provided to the academy for normal school running costs.

The Pupil Premium is paid based upon the number of pupils with service parents or who are entitled to free school meals. This funding has paid for support assistants within classrooms.

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

17. STATEMENT OF FUNDS (continued)

The Teacher Training Income was for the training of new teachers.

The NLE Deployment Fund was to help St Peter's Elwick Church of England Primary School.

The Sponsor Grant was additional funding supplied for help with the costs of conversion and improvement of a second academy when one is added to the trust. This funding remains unspent at the year end.

The Funding for Higher Educational Needs and Early Years has been used to pay for classroom assistants.

Nursery Milk Income is money received from the NHS to pay for milk for nursery children.

The New Heads Support Grant was funding from the Department for Education for the mentoring and coaching support of a new head.

The School Improvement Grant was funding from Hartlepool Borough Council for school improvement at Hart and Elwick Primary schools.

The Assets Transferred on Conversion represents the land and buildings and other assets transferred to the school at nil consideration from Hartlepool Borough Council upon conversion to an Academy. This fund is being depreciated in line with the assets represented.

Other Capital Grants are government funds received for the purchase of capital equipment and expenditure on repairs projects. The amount carried forward represents assets purchased in the period at their net book value and funding yet to be spent.

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.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

Eldon Grove Primary School	325,580
Central fund	7,500
	<hr/>
Total before fixed asset fund and pension reserve	333,080
Restricted fixed asset fund	4,296,077
Pension reserve	(248,000)
	<hr/>
Total	4,381,157
	<hr/>

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

17. STATEMENT OF FUNDS (continued)

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Eldon Grove Primary School	1,684,721	83,251	78,835	549,587	2,396,394
Central fund	-	-	1,650	38,365	40,015
	<u>1,684,721</u>	<u>83,251</u>	<u>80,485</u>	<u>587,952</u>	<u>2,436,409</u>

SUMMARY OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/(losses) £	Carried forward £
General funds	-	430,518	(158,143)	-	-	272,375
Restricted funds	-	2,314,820	(2,373,643)	(10,472)	(118,000)	(187,295)
Restricted fixed asset funds	-	4,362,025	(76,420)	10,472	-	4,296,077
	<u>-</u>	<u>7,107,363</u>	<u>(2,608,206)</u>	<u>-</u>	<u>(118,000)</u>	<u>4,381,157</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
Tangible fixed assets	-	-	4,296,077	4,296,077
Current assets	272,375	164,713	-	437,088
Creditors due within one year	-	(104,008)	-	(104,008)
Provisions for liabilities and charges	-	(248,000)	-	(248,000)
	<u>272,375</u>	<u>(187,295)</u>	<u>4,296,077</u>	<u>4,381,157</u>

EXTOL ACADEMY TRUST
(A company limited by guarantee)

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

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £
Net incoming resources before revaluations	4,499,157
Returns on investments and servicing of finance	(392)
Assets on conversion	(4,690,257)
Depreciation of tangible fixed assets	76,420
Capital grants from DfE	(9,113)
Increase in debtors	(52,311)
Increase in creditors	104,008
FRS 17 adjustments	130,000
Net cash inflow from operations	57,512

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

	2014 £
Returns on investments and servicing of finance	
Interest paid	392
	392
	2014 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(54,043)
Capital grants from DfE	9,113
Net cash outflow capital expenditure	(44,930)

21. CONVERSION TO AN ACADEMY TRUST

On 1 July 2013 Eldon Grove Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Extol Academy Trust from Hartlepool Borough Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. CONVERSION TO AN ACADEMY TRUST (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	4,252,000	4,252,000
- Other tangible fixed assets	-	-	66,454	66,454
Budget surplus/(deficit) on LA funds	301,346	36,000	34,457	371,803
LGPS pension surplus/(deficit)	-	(123,000)	-	(123,000)
Net assets/(liabilities)	<u>301,346</u>	<u>(87,000)</u>	<u>4,352,911</u>	<u>4,567,257</u>

The above net assets include £371,803 that was transferred as cash.

22. 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 Hartlepool Borough 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.

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

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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22. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

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

Teachers' Pension Scheme Changes

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

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

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

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

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

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 period ended 31 August 2014 was £80,000, of which employer's contributions totalled £58,100 and employees' contributions totalled £21,900. The agreed contribution rates for future years are 16.4% for employers and 5.5-12.5% 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.

As described in note 21 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The 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 £
Equities	7.50	481,927
Government bonds	2.90	11,153
Property	6.80	31,698
Corporate bonds	3.30	25,828
Cash	1.10	22,893
Other	7.50	13,501
Total market value of assets		587,000
Present value of scheme liabilities		(835,000)
(Deficit)/surplus in the scheme		(248,000)

The amounts recognised in the balance sheet are as follows:

	2014 £
Present value of funded obligations	(835,000)
Fair value of scheme assets	587,000
Net liability	(248,000)

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

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

	2014 £
Current service cost	(70,000)
Interest cost	5,000
	<hr/>
Total	(65,000)
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Actual return on scheme assets	54,000
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Movements in the present value of the defined benefit obligation were as follows:

	2014 £
Obligation transferred from local authority	577,000
Current service cost	70,000
Contributions by scheme participants	22,000
Actuarial losses	133,000
Benefits paid	(1,000)
Interest cost	34,000
	<hr/>
Closing defined benefit obligation	835,000
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Movements in the fair value of the academy's share of scheme assets:

	2014 £
Opening fair value of scheme assets	454,000
Actuarial gains and (losses)	15,000
Contributions by employer	58,000
Contributions by employees	22,000
Benefits paid	(1,000)
Expected return on assets	39,000
	<hr/>
	587,000
	<hr/>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £118,000.

The academy expects to contribute £49,000 to its defined benefit pension scheme in 2015.

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

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

	2014
Equities	82.10 %
Government bonds	5.40 %
Corporate bonds	4.40 %
Property	5.40 %
Cash	3.90 %
Other	2.30 %

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

	2014
Discount rate for scheme liabilities	3.70 %
Expected return on scheme assets at 31 August	5.70 %
Rate of increase in salaries	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %
Inflation assumption (CPI)	2.10 %

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

	2014
Retiring today	
Males	22.9
Females	25.1
Retiring in 20 years	
Males	25.4
Females	27.7

Amounts for the current period are as follows:

Defined benefit pension schemes

	2014 £
Defined benefit obligation	(835,000)
Scheme assets	587,000
Deficit	(248,000)
Experience adjustments on scheme liabilities	(133,000)
Experience adjustments on scheme assets	15,000

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FOR THE PERIOD ENDED 31 AUGUST 2014

23. OPERATING LEASE COMMITMENTS

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

	2014 £
Expiry date:	
Between 2 and 5 years	2,940

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which a directors 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 period of account.

25. 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.

26. ACCOUNTING PERIOD

These financial statements have been prepared from the date of incorporation, 7 June 2013, to 31 August 2014.