Company Registration No. 07335020 (England and Wales)

URMSTON GRAMMAR

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2014

Haines Watts
Chartered Accountants
Bridge House
Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT

URMSTON GRAMMAR

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FOR THE YEAR ENDED 31 AUGUST 2014

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URMSTON GRAMMAR

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2014

Trustees	G Ball* T Booth K Chirema* L Foulkes (Resigned 28 November 2013) D Hesford (Resigned 4 April 2014)* S Horridge (Resigned 1 September 2014) P Marks* D Kirkam* A Marikar* E May* D Rose* D Siddique (Resigned 22 September 2014)* S Smith* R Wall* K Proctor* M Spinks (Resigned 31 December 2013)* S Jones (Resigned 1 September 2014) * Members of the finance and premises committee
Members	E May S Smith D Kirkham
Senior management team	
- Principal	R Wall
- Vice principal	G Ball
- Vice principal	M Weems
- Vice principal	Y Lyons
- Assistant principal	M Parker
- Head of faculty/senior teacher	A Elston
- Chief executive	M Spinks (resigned 31 December 2013)
Director of finance	J Daley
Company registration number	07335020 (England and Wales)
Registered office	Newton Road Urmston Manchester M41 5UG
Independent auditor	Haines Watts Bridge House Ashley Road Hale Altrincham WA14 2UT
Bankers	Lloyds TSB Bank Plc King Street Manchester M2 3AU

URMSTON GRAMMAR

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

The trustees present their annual report together with the audited financial statements of the academy trust (Urmston Grammar) for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in North Trafford. It has a pupil capacity of 1015 and had a roll of 881 in the school census spring 2014.

Structure, governance and management

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

The trustees of Urmston Grammar Academy are also directors of the charitable company for the purposes of company law. The charitable company is known as Urmston Grammar Academy.

Details of the trustees who served throughout the year as noted are included in the reference and administrative details on page 1.

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 £10, for the debts and liabilities contracted before they ceased to be a member.

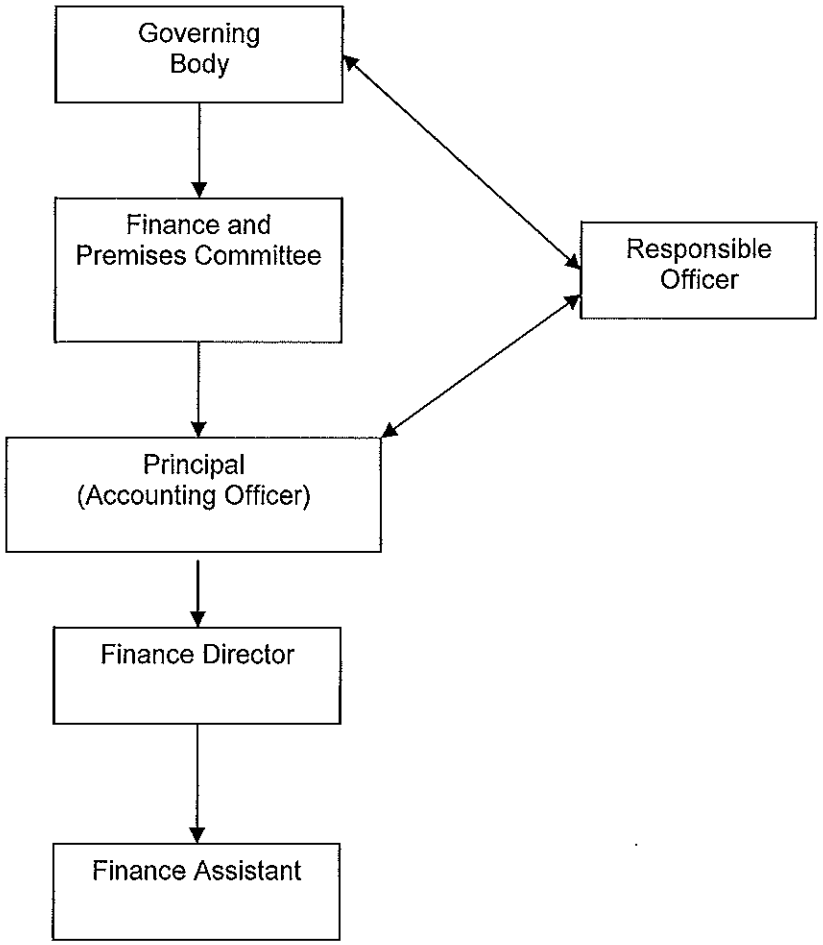
Trustees' indemnities
In accordance with normal commercial practice the academy has purchased professional indemnity and directors' and officers' insurance to protect the trustees from claims arising from negligence, errors or omissions occurring whilst on academy business.

Method of recruitment and appointment or election of trustees
The members of the trust are responsible for the appointment of trustees except parent trustees and staff trustees who will be appointed through an election process directed by the governing body.

Policies and procedures adopted for the induction and training of trustees
Trustees are appointed based on the skills that they will bring to the governing body or based on a proposal to the governing body by representative groups. On appointment, trustees receive information relating to the trust, attend a briefing and receive an induction pack on the role and responsibilities of trustees.

During the year, trustees are offered all necessary training.

Organisational structure



All trustees are members of the full governing body. In addition trustees are members of committees which report to the full governing body.

The board of trustees meets once each term to receive reports from its sub-committees and manage its strategic objectives. The board has two sub-committees:

- Finance and Premises, which meet termly to consider the academy's budgets and financial performance, premises matters and requirements, the responsible officer's report and risk management.
- Personnel and Curriculum, which meets termly to consider curricular issues and academic performance against targets, pupil discipline and rewards, staffing matters and remuneration.

The day to day management is delegated to the principal, who has appointed a senior leadership team, which meets weekly to advise the principal on the day to day responsibilities. In addition to the senior leadership team the finance director, also advises on key financial issues and day to day financial matters.

Risk management

The trustees have assessed the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy. The trustees have implemented a number of systems to assess risks that the academy faces, especially in the operational areas (eg in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (eg vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

Connected organisations, including related party relationships
Urmston Grammar is not connected to any other organisations as defined by the relevant Charities SORP. The members, directors, trustees, senior staff and their families are regarded as related parties in accordance with the definitions in the Charities SORP.

Objectives and activities

Objects and aims
The principal object and activity of the charitable company is the operation of Urmston Grammar to provide education for pupils of different abilities between the ages of 11 and 18.

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Children, Schools and Families.

The main objectives of the academy are summarised below:-

- to raise achievement and aspirations for all through the use of innovation and new technologies;
- to deliver a personalised curriculum which is fit for the 21st century through an outstanding learning infrastructure; and
- to ensure that all pupils are actively engaged in the curriculum and are making good progress.

Objectives, strategies and activities
The academy's objective for the year ended 31 August 2014 was to raise the attainment level of all students through care and well-being, curriculum structure, teaching and learning, and leadership development.

Student roll:	the total number on roll for the year to 31 August 2014 was 881
Admissions:	Urmston Grammar uses a selective process to admit pupils to year 7. Parents have to apply to the academy for their child to sit an entrance examination. Those who are successful are then ranked in order of the admissions criteria that can be found in our admissions policy. Admission to the academy's 6th form is done with GCSE exam results. Currently the requirements are 3 A's and 2 B's.
Permanent exclusions:	the aim is to have exclusions only in exceptional circumstances. These exclusions are dealt with through the governing body and the SLT.
Staffing:	the average number of (full time equivalent) staff employed during the year to 31 August 2014 was 103.

Public benefit
Urmston Grammar will promote for the benefit of inhabitants of Urmston and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities with the object of improving their greater health and wellbeing.

The academy's trustees have complied with their duty to have due regard to the guidance on public benefit by the Charity Commission in exercising their powers or duties.

Strategic report

Achievements and performance
Students in year 11 in the year to 31 August 2014 at Urmston Grammar excelled themselves again with record results at Key Stage 4.

All students of all abilities achieved exceptionally well: 100% of students achieved 5 or more GCSE equivalent passes and 100% of students achieved 5 or more GCSE equivalent passes at higher grades A*-C.

Urmston Grammar's 6th form achieved an A Level pass rate of 99% and 59% of all grades were A* to B grades.

Key performance indicators
All of the trust's trustees are expected to monitor key areas of the academy. They are required to:

- maintain the percentage of all staffing costs against income received both centrally and locally at around 80%. Especially as the trust employs both the catering and cleaning staff;
- ensure that there are always sufficient funds in all bank accounts;
- ensure that procedures set out in the finance manual are adhered to;
- make sure levels of delegation are not changed without being put to the trustees for approval;
- generate sufficient surplus funds to invest in the education of its students and any capital building projects under discussion;
- monitor that the pupil premium funding is used effectively to support the FSM/Ever 6 pupils and ensure that they make comparable progress to their peers;
- ensure the pupil admission number (PAN) is sustained and that the ability of the year 7 entrants is maintained to reflect the academic status of a selective grammar school;
- ensure sufficient progress is made by pupils as they move through the key stages in preparation for GCSE and AS/A levels;
- ensure examination results at GCSE, AS and A Level do not fall below the expected level of achievement and that individuals meet or exceed FFT targets;
- monitor attendance and see that it remains above 95%;
- increase quality assurance procedures used to monitor the quality of teaching;
- use performance management procedures to continue to improve the quality of teaching;
- continue professional development to support individual and whole school targets;
- ensure the policy and practice supports outstanding behaviour and safety of pupils at the school;
- use the quality assurance procedures to monitor the quality of leadership in, and management of, the school;
- ensure that the taught and extended curriculum support the spiritual, moral, social and cultural development of students at the school;
- make sure that the education provided by the school meets the needs of the range of pupils at the school;
- ensure and monitor the school's performance compared to all other schools and similar schools nationally; and
- ensure they fulfil their statutory duties, particularly with regard to safeguarding.

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

Financial review
The majority of the academy's income is obtained from 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 EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the EFA, and from other government bodies. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund.

During the year ended 31 August 2014, total expenditure of £5,519,000 was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year was £33,000.

At 31 August 2014 the net book value of fixed assets was £19,771,000. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

Under accounting Standard FRS17, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the unrestricted fund. This resulted in the pension fund showing a deficit of £555,000 which has been carried forward to 2015. It should be noted that this does not present a liquidity problem for the academy and that we are reviewing contributions to the pension scheme in order to see a reduction in the pension deficit in future years.

Financial and risk management objectives and policies
The academy holds a risk register and a risk management policy. The trustees have assessed the major risks to which the academy is exposed and a formal review of the academy's risk management is undertaken on an annual basis. The finance manual also highlights any key financial risks and responsibilities.

Reserves policy
The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure stream, the need to match income with commitments and the nature of reserves. The trustees determined that the appropriate level of free reserves should be equivalent to 5% of the GAG, approximately £238,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets restricted fund and pension reserve) is £407,000.

Investment policy
Management of cash flow should ensure that there are always sufficient funds in the main bank accounts to cover operational costs. Trustees are committed to ensuring that all funds are managed in such a way as to maximise return whilst minimising risk, seeking to ensure that any cash not required for operating expenses is placed on deposit at the most favourable rate. The approval of the accounting officer is required before any investment is made and a report is presented to the finance committee.

Principal risks and uncertainties
Urmston Grammar holds a risk management policy and a risk register highlighting events that may occur, the likelihood of the risk (rated from high to low) and the person responsible. Measures of control and mitigation in order to manage the risk have been put in place.

Plans for future years
For the coming financial year, the academy plans to implement the following key objectives:

- Continue to raise attainment and aspirations across the whole school community.
- Use the quality assurance framework and CPD to support the improvement in teaching and learning.
- Explore alternative additional funding streams to improve the security and fabric of the school building, to ensure the safety of pupils and to enhance their educational experience.
- To continue to develop distributed leadership across the school community.

Auditors

In so far as the trustees are aware:

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

This trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 3.11.14 and signed on its behalf by:

.....

E May
Chair of trustees

URMSTON GRAMMAR

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

Scope of responsibility
As trustees, we acknowledge we have overall responsibility for ensuring that Urmston Grammar 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 Urmston Grammar and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance
The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of possible
G Ball	3	3
T Booth	3	3
K Chirema	3	3
L Foulkes (resigned 28 November 2013)	0	0
D Hesford (resigned 4 April 2014)	2	2
S Horridge (resigned 1 September 2014)	3	3
P Marks	2	3
S Jones (resigned 1 September 2014)	0	3
D Kirkam	3	3
A Marikar	2	3
E May	3	3
K Proctor*	1	3
D Rose	1	3
D Siddique (resigned 22 September 2014)	3	3
S Smith	1	3
M Spinks (resigned 31 December 2013)	1	3
R Wall	3	3

The finance and premises committee is a sub-committee of the main governing body. Its purpose is to report to the full governing body on a timely basis the finance of the academy.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of possible
G Ball	3	3
K Chirema	2	3
D Hesford (resigned 4 April 2014)	1	2
P Marks	2	3
D Kirkam	3	3
A Marikar	2	3
E May	2	3
D Rose	3	3
D Siddique (resigned 22 September 2014)	3	3
S Smith	1	3
M Spinks (resigned 31 December 2013)	1	1
K Proctor	2	3
R Wall	3	3

The board of trustees is collectively responsible for the overall direction of the academy and its strategic management. This involves determining the guiding principles within which the academy operates, setting general policy, adopting an annual development plan and budget, monitoring the academy activities and making major decisions about capital expenditure and senior staff appointments.

The board of trustees is also responsible for ensuring that the academy meets all its statutory obligations and through the principal, the accounting officer (academy chief executive) and finance director that it complies with financial regulations. The board of trustees recognises that it would be impractical to undertake all the day to day activities itself in discharging its responsibilities and that it is necessary to delegate some of its functions through committees and to the principal and senior leadership team (SLT) of the academy.

The SLT of the academy comprises the principal, three vice principals, one assistant principal and one senior teacher. The SLT controls the academy at an executive level implementing the policies laid down by the trustees and reporting back to them. In addition to the SLT, heads of faculty/department are responsible for each curriculum area and the vice principals are responsible for the day to day running of the academy, in particular organising teaching and support staff, facilities and pupils.

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's 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 Urmston Grammar for the year ended 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 trust is exposed together with the operation, 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 on-going process of identifying, evaluating and managing the academy's significant risks that have been in place for the period ended 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 trust's system of internal control is based on a framework of regular management and 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 review by the finance and premises 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 defining purchasing (assets purchase or capital investment) guidelines;
- delegation of authority and segregations of duties; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However, the trustees have appointed David Kirkham, a trustee, as responsible officer (RO).

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

The RO this year only managed to report back to the trustees on two out of the three meetings this academic year. On both occasions the RO reported back that there were no issues and that all procedures were being followed.

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 senior leadership team.
- The finance committee.
- The trustees of the academy.
- The responsible officer.
- External auditors.
- The finance director and managers with responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on 3.11.14 and signed on its behalf by:

.....
E May
Chair of trustees

.....
R Wall
Accounting officer

URMSTON GRAMMAR

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2014

As accounting officer of Urmston Grammar I have considered my responsibility to notify the academy trust 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 trust and Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Approved on 3.11.14 and signed by:

.....

R Wall
Accounting officer

URMSTON GRAMMAR

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2014

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

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

In preparing these accounts, the trustees are required to:

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

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

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

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

Approved by order of the board of trustees on 3.11.14 and signed on its behalf by:

.....

E May
Chair of trustees

URMSTON GRAMMAR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF URMSTON GRAMMAR

FOR THE YEAR ENDED 31 AUGUST 2014

We have audited the accounts of Urmston Grammar 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 issued by the EFA.

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

Respective responsibilities of trustees and auditors
As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees, who are also the directors of Urmston Grammar for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

Scope of the audit of the accounts
An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the trustees' annual report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

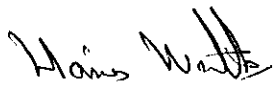
Opinion on accounts
In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the trustees' report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



John Whittick
Senior Statutory Auditor
Haines Watts
Chartered Accountants
Statutory Auditor

Bridge House
Ashley Road
Hale
Altrincham
WA14 2UT

Dated: 3/11/14

URMSTON GRAMMAR

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO URMSTON GRAMMAR AND THE EDUCATION FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2014

In accordance with the terms of our engagement letter dated 07 August 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 Urmston Grammar during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Urmston Grammar and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Urmston Grammar and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Urmston Grammar and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Urmston Grammar's accounting officer and the reporting accountant
The accounting officer is responsible, under the requirements of Urmston Grammar's funding agreement with the Secretary of State for Education dated [x] and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

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

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

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

Conclusion

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

Haines Watts

Reporting Accountant
Haines Watts

Dated: 3 MAY .....

URMSTON GRAMMAR

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	Unrestricted funds £000	Restricted funds £000	Fixed Asset fund £000	Total 2014 £000	Total 2013 £000
Incoming resources						
Resources from generated funds						
- Voluntary income	2	-	8	-	8	3
- Activities for generating funds	3	454	-	-	454	438
- Investment income	4	1	-	-	1	1
Resources from charitable activities						
- Funding for educational operations	5	-	4,825	264	5,089	4,807
Total incoming resources		455	4,833	264	5,552	5,249
Resources expended						
Costs of generating funds						
- Relating to voluntary income	7	421	-	-	421	375
Charitable activities						
- Educational operations	8	-	4,632	447	5,079	5,003
Governance costs	9	-	20	-	20	14
Total resources expended	6	421	4,652	447	5,520	5,392
Net incoming/(outgoing) resources before transfers		34	181	(183)	32	(143)
Gross transfers between funds		-	(117)	117	-	-
Net income/(expenditure) for the year		34	64	(66)	32	(143)
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension scheme	18	-	(199)	-	(199)	79
Net movement in funds		34	(135)	(66)	(167)	(64)
Fund balances at 1 September 2013		5	(52)	19,837	19,790	19,853
Fund balances at 31 August 2014		39	(187)	19,771	19,623	19,789

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

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

URMSTON GRAMMAR

BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible assets	**12**		19,771		19,836
Current assets					
Debtors	**13**	308		141	
Cash at bank and in hand		503		450	
		811		591	
Creditors: amounts falling due within one year	**14**	(290)		(320)	
Net current assets			521		271
Total assets less current liabilities			20,292		20,107
Creditors: amounts falling due after more than one year	**15**		(114)		-
Net assets excluding pension liability			20,178		20,107
Defined benefit pension liability	**18**		(555)		(318)
Net assets			19,623		19,789
Funds of the academy trust:					
Restricted income funds	**16**				
- Fixed asset funds			19,771		19,836
- General funds			368		266
- Pension reserve			(555)		(318)
Total restricted funds			19,584		19,784
Unrestricted funds	**16**		39		5
Total funds			19,623		19,789

The accounts were approved by order of the board of trustees and authorised for issue on 3.11.14

.....

E May
Chair of trustees

Company Number 07335020

URMSTON GRAMMAR

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes		31 August 2014 £000		31 August 2013 £000
Net cash inflow/(outflow) from operating activities	19		47		461
Returns on investments and servicing of finance					
Investment income		1		1	
Net cash inflow/(outflow) from returns on investments and servicing of finance			1		1
			48		462
Capital expenditure and financial investments					
Capital grants received		264		20	
Payments to acquire tangible fixed assets		(381)		(594)	
Net cash flow from capital activities			(117)		(574)
Net cash inflow/(outflow) before financing			(69)		(112)
Financing					
Repayment of long term bank loan		122		-	
Net cash inflow/(outflow) from funding			122		-
Increase/(decrease) in cash	20		53		(112)

1 Accounting policies

1.1 Basis of preparation

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

1.2 Going concern

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

1.3 Incoming resources

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

Grants receivable

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

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.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and the value of the donation is measurable.

Donations

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

Other income

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

Donated services and gifts in kind

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

1 Accounting policies

1.4 Resources expended

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

Costs of generating funds

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

Charitable activities

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

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Land and buildings	50 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	5 years straight line

1.6 Leasing and hire purchase commitments

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

1.7 Taxation

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

1 Accounting policies

1.8 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 18, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

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

1.9 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

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

2 Voluntary Income

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Other donations	-	8	8	3

3 Activities for generating funds

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Hire of facilities	21	-	21	27
Catering income	196	-	196	178
Contributions, sales and charges	237	-	237	233
	454	-	454	438

4 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Short term deposits	1	-	1	1

5 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
DfE / EFA grants				
General annual grant (GAG)	-	4,765	4,765	4,717
Capital grants	-	264	264	20
Other DfE / EFA grants	-	54	54	37
	-	5,083	5,083	4,774
Other government grants				
Local authority grants	-	6	6	33
Total funding	-	5,089	5,089	4,807

6 Resources expended

	Staff costs £000	Premises & equipment £000	Other costs £000	Total 2014 £000	Total 2013 £000
Academy's educational operations					
- Direct costs	3,051	402	414	3,867	3,806
- Allocated support costs	756	153	303	1,212	1,197
	3,807	555	717	5,079	5,003
Other expenditure					
Costs of generating voluntary income	100	-	321	421	375
Governance costs	-	-	20	20	14
	100	-	341	441	389
Total expenditure	3,907	555	1,058	5,520	5,392

Incoming/outgoing resources for the year include:	2014 £000	2013 £000
Operating leases	13	13
Depreciation of tangible assets	447	428
Fees payable to auditor		
- Audit	5	5
- Other services	3	4

7 Costs for generating income

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
School activities	202	-	202	166
Catering and vending costs	119	-	119	99
Catering staff	100	-	100	110
	421	-	421	375

8 Charitable activities - the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Direct costs				
Teaching and educational support staff costs	-	3,051	3,051	3,001
Depreciation	-	402	402	385
Technology costs	-	82	82	81
Educational supplies and services	-	190	190	175
Examination fees	-	101	101	137
Staff development	-	18	18	12
Educational consultancy	-	23	23	15
	-	3,867	3,867	3,806
Allocated support costs				
Support staff costs	-	718	718	660
Depreciation	-	45	45	43
Maintenance of premises and equipment	-	108	108	133
Cleaning	-	13	13	6
Energy costs	-	79	79	76
Rent and rates	-	35	35	57
Insurance	-	50	50	48
Security and transport	-	6	6	10
Pension service costs	-	38	38	29
Other support costs	-	120	120	135
	-	1,212	1,212	1,197
Total costs	-	5,079	5,079	5,003

9 Governance costs

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Legal and professional fees	-	15	15	9
Auditor's remuneration				
- Audit of financial statements	-	5	5	5
	-	20	20	14

10 Staff costs

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

	2014 Number	2013 Number
Teachers	57	59
Administration and support	40	38
Management	6	6
	103	103

Costs included within the accounts:	2014 £000	2013 £000
Wages and salaries	3,090	3,059
Social security costs	228	238
Other pension costs	477	444
	3,795	3,741
Supply teacher costs	112	51
Total staff costs	3,907	3,792

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

	2014 Number	2013 Number
£60,001-£70,000	-	1
£70,001-£80,000	-	1
£80,000 - £90,000	1	-

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

		2014	2013
Teachers' Pension Scheme	Numbers	1	2
	£000	12	14
Local Government Pension Scheme	Numbers	-	-
	£000	-	-

11 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £0 (2013: £0) were reimbursed to trustees.

The value of trustees' remuneration was as follows:

R Wall (principal and trustee)	£80,001 - £85,000 (2013: £75,001-£80,000)
G Ball (staff and trustee)	£55,001 - £60,000 (2013: £55,001-£60,000)
D Hesford (staff and trustee)	£40,001 - £45,000 (2013: £40,001-£45,000)
M Spinks (CEO and trustee)	£15,001 - £20,000 (2013: £60,001-£65,000)

M Spinks retired as CEO and trustee on 31 December 2013.
D Hesford retired as trustee on 4 April 2014.

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

Trustees' and officers' insurance
In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for this insurance is included in the total insurance cost.

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£000	£000	£000	£000
Cost				
At 1 September 2013	21,011	26	52	21,089
Additions	60	55	266	381
At 31 August 2014	21,071	81	318	21,470
Depreciation				
At 1 September 2013	1,205	18	30	1,253
Charge for the year	421	9	16	446
At 31 August 2014	1,626	27	46	1,699
Net book value				
At 31 August 2014	19,445	54	272	19,771
At 31 August 2013	19,806	8	22	19,836

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

13	**Debtors**	**2014 £000**	**2013 £000**
	Trade debtors	11	6
	VAT recoverable	39	57
	Prepayments and accrued income	258	78
		308	141

14	**Creditors: amounts falling due within one year**	**2014 £000**	**2013 £000**
	Government loans	8	-
	Trade creditors	5	-
	Taxes and social security costs	72	70
	Other creditors	5	3
	Accruals	200	247
		290	320

15	**Creditors: amounts falling due after more than one year**	**2014 £000**	**2013 £000**
	Government loans	114	-

	Analysis of loans	**2014 £000**	**2013 £000**
	Wholly repayable within five years	122	-
	Less: included in current liabilities	(8)	-
	Amounts included above	114	-
	Loan maturity		
	Debt due in one year or less	8	-
	In more than one year but not more than two years	15	-
	In more than two years but not more than five years	76	-
	In more than five years	23	-
		122	-

The Government loan is part of the funding approved by the EFA for the new boiler. The funding was delivered as a combination of capital grant and a 0% "Salix" loan.

16 **Funds**

	Balance at 1 September 2013	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2014
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant	261	4,765	(4,546)	(122)	358
Other DfE / EFA grants	-	54	(54)	-	-
Other government grants	-	6	(6)	-	-
Other restricted funds	5	8	(8)	5	10
Funds excluding pensions	266	4,833	(4,614)	(117)	368
Pension reserve	(318)	-	(38)	(199)	(555)
	(52)	4,833	(4,652)	(316)	(187)
Restricted fixed asset funds					
DfE / EFA capital grants	-	264	(2)	(5)	257
Inherited fixed asset fund	19,837	-	(435)	-	19,402
Capital expenditure from GAG or other funds	-	-	(10)	122	112
	19,837	264	(447)	117	19,771
Total restricted funds	19,785	5,097	(5,099)	(199)	19,584
Unrestricted funds					
General funds	5	455	(421)	-	39
Total funds	19,790	5,552	(5,520)	(199)	19,623

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

Restricted general funds are those resources that have been designated by the grant provider in meeting the objects of the academy.

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objects of the academy.

Unrestricted funds are those funds to which the board of trustees may use in the pursuance of the academy's objects and are expendable at the discretion of the trustees.

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

17 Analysis of net assets between funds

	Unrestricted funds £000	Restricted funds £000	Fixed asset funds £000	Total funds £000
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	-	-	19,771	19,771
Current assets	39	772	-	811
Creditors: amounts falling due within one year	-	(290)	-	(290)
Creditors: amounts falling due after one year	-	(114)	-	(114)
Defined benefit pension liability	-	(555)	-	(555)
	39	(187)	19,771	19,623

18 Pensions and similar obligations

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

Contributions amounting to £3,000 (2013: £nil) were payable to the schemes at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

18 Pensions and similar obligations

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

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

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

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust 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 trust has set out above the information available on the scheme.

18 Pensions and similar obligations

Local Government Pension Scheme
The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16 per cent for employers and 5.5 to 16% per cent for employees. The estimated value of employer contributions for the forthcoming year is £99000.

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

	2014 £000	2013 £000
Employer's contributions	82	67
Employees' contributions	31	26
Total contributions	113	93

Principal actuarial assumptions

	2014 %	2013 %
Rate of increase in salaries	3.7	4.6
Rate of increase for pensions in payment	2.6	2.8
Discount rate for scheme liabilities	3.7	4.6
Expected return on assets	5.5	5.9

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

Change in assumptions at 31 August 2014:	Approximate % increase to Employer	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	12%	250
1 year increase in member life expectancy	3%	61
0.5% increase in the Salary Increase Rate	5%	101
0.5% increase in the Pension Increase Rate	7%	144

18 Pensions and similar obligations

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

	2014 Years	2013 Years
Retiring today		
- Males	21.4	20.1
- Females	24.0	22.9
Retiring in 20 years		
- Males	24.0	22.5
- Females	26.6	25.0

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

	2014 Expected return %	2014 Fair value £000	2013 Expected return %	2013 Fair value £000
Equities	6.3	1,052	6.6	930
Bonds	3.2	267	3.9	233
Cash	3.3	74	3.6	52
Property	4.5	89	4.7	78
Total market value of assets		1,482		1,293
Present value of scheme liabilities - funded		(2,037)		(1,611)
Net pension asset / (liability)		(555)		(318)

The rates of return have been determined using the Hymans Robertson Asset Model (HRAM). The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model. The expected returns shown in this report have been calculated using 5,000 simulations of HRAM, calibrated using market data as at a recent date.

The actual return on scheme assets was £133,000 (2013: £171,000).

18 Pensions and similar obligations

Operating costs and income recognised in the statement of financial activities

	2014 £000	2013 £000
Financial expenditure/(income)		
Expected return on pension scheme assets	(78)	(52)
Interest on pension liabilities	77	60
	(1)	8
Other expenditure/(income)		
Current service cost	121	88
Past service cost	-	-
	121	88
Total operating charge/(income)	120	96

Actuarial gains and losses recognised in the statement of financial activities

	2014 £000	2013 £000
Actuarial (gains)/losses on assets: actual return less expected	(38)	(119)
Experience (gains)/losses on liabilities	237	40
(Gains)/losses arising from changes in assumptions	-	-
Total (gains)/losses	199	(79)
Cumulative (gains)/losses to date	199	-

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

	2014 £000	2013 £000
Opening defined benefit obligations	(1,611)	(1,433)
Current service cost	(121)	(88)
Interest cost	(77)	(60)
Contributions by employees	(31)	(26)
Actuarial gains/(losses)	(237)	(40)
Benefits paid	40	36
	(2,037)	(1,611)

18 Pensions and similar obligations

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

	2014 £000	2013 £000
Opening fair value of scheme assets	1,293	1,065
Expected return on assets	78	52
Actuarial gains/(losses)	38	119
Contributions by employers	82	67
Contributions by employees	31	26
Benefits paid	(40)	(36)
	1,482	1,293

History of experience gains and losses:

	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligations	(2,037)	(1,611)	(1,433)	(1,067)
Fair value of share of scheme assets	1,482	1,293	1,065	912
Surplus / (deficit)	(555)	(318)	(368)	(155)
Experience adjustment on scheme liabilities	(237)	(40)	24	-
Experience adjustment on scheme assets	38	119	235	(130)

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

	2014 £000	2013 £000
Net income	32	(143)
Capital grants and similar income	(264)	(20)
Investment income	(1)	(1)
FRS17 pension costs less contributions payable	39	21
FRS17 pension finance income	(1)	8
Depreciation of tangible fixed assets	447	428
(Increase)/decrease in debtors	(167)	7
Increase/(decrease) in creditors	(38)	161
Net cash inflow/(outflow) from operating activities	47	461

20 Reconciliation of net cash flow to movement in net funds

	2014 £000	2013 £000
Increase/(decrease) in cash	53	(112)
Local authority loans	(122)	-
Net funds at 1 September 2013	450	562
Net funds at 31 August 2014	381	450

21 Analysis of net funds

	At 1 September 2013 £000	Cash flows £000	Non-cash changes £000	At 31 August 2014 £000
Cash at bank and in hand	450	53	-	503
Debt due within one year	-	(122)	114	(8)
Debt due after one year	-	-	(114)	(114)
	-	(122)	-	(122)
Net balances	450	(69)	-	381

22 Commitments under operating leases

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

	Land and buildings		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Expiry date:				
- Within one year	-	-	-	-
- Between two and five years	-	-	12	12
	-	-	12	12

23 Related parties

Owing to the nature of the academy trust'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 trustees have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

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

24 Members' liability

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