



Alcester Academy
(a company limited by guarantee)

**Annual Report and Financial Statements
for the year ended 31 August 2015**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members

Mr M Dean

Mr D Bailey, (appointed as a member 9th December 2014 resigned 22nd January 2015)

Mr A Granger, (appointed as a member 9th December 2014 resigned 7th July 2015)

Mrs S Foster, (appointed as a member 9th December 2014)

Mrs G Forman, (appointed as a member 9th December 2014)

Trustees

Mr P Hyde Head Teacher and Accounting Officer

Miss K Buckthorp

Mr M Dean, Chair

Mrs G Forman

Mrs S Foster

Mr M Gittus

Mr A Granger –resigned 7th July 2015

Mrs C Hodgetts

Mrs J Dunbar

Mrs H Black

Mr L Hall – resigned 24th March 2015

Mrs F Williams

Mr A Dean, Responsible Officer

Mr D Bailey – resigned 22nd January 2015

Mrs C Leeson

Mrs E Castro – appointed 24th March 2015

Mrs H Allen – appointed 10th September 2015

Company registered number

07700251

Registered office

Gerard Road, Alcester, Warwickshire, B49 6QQ

Company secretary

Mrs L Kirby

Senior Leadership Team

Mr P Hyde, Head Teacher

Mrs S Mellors, Deputy Head

Miss K Buckthorp – Assistant Head

Independent Auditors

Smith Cooper Limited, 158 Edmund Street, Birmingham, B3 2HB

Bankers

Lloyds TSB Bank plc, 4 The Cross, Worcester, WR1 3PY

Solicitors

Browne Jacobson LLP, 44 Castle Gate, Nottingham, NG1 7BJ

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015**

The Trustees present their annual report together with the Financial Statements and Auditors reports of the Charitable Company for the year ending 31 August 2015. The annual report serves the purposes of both Trustees' report and directors' report under company law.

The Trustees confirm that the annual report and financial statements of the Academy comply with current statutory requirements, the requirements of the Academy's Accounts Direction 2014/15 and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The trust operates an Academy for pupils aged 11-16 serving a catchment area in South Warwickshire. It has a pupil capacity of 650 and had 506 in the school census on May 2015.

The principal object of the Academy is:-

a) to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum and

b) to promote for the benefit of individuals living in South Warwickshire and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

Structure, Governance and Management

Constitution

The Academy is a charitable company limited by guarantee which was constituted under a Memorandum of Association dated 11th July 2011.

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department for Education.

The members of the company are the signatories to the Memorandum, any person appointed by the Secretary of State, the chairman of the Trustees, and any person appointed under Article 16.

Member 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.

Organisation structure

The strategic management of the Academy is the responsibility of the Trustees who are elected and co opted under the terms of the Articles of Association. The governing body comprises:-

- Up to 1 Trustee appointed under article 50
- Up to 1 LA Trustee if appointed under article 51
- 7 Parent Trustees appointed under articles 53-58
- Up to 3 staff Trustees appointed under article 58a, not including the Head Teacher
- Up to 6 Community Trustees, appointed under article 58b
- Any additional Trustees, if appointed, under articles 62,62a or 68a
- The Head Teacher by virtue of office
- Any further Trustees, if appointed under articles 63 or 68a

The Academy may also have any co-opted Trustees appointed under article 59.

The board of Trustees meet seven times a year. The Finance and Audit Committee are a sub-group who meet six times a year, and if necessary on special occasions. The other permanent sub-committees are Standards and Behaviour and Attendance. Also, there is an HR sub-committee who meet each half term and when necessary.

Most members of the Board of Trustees are on one of the standing committees and the Head Teacher and chairman are ex-officio members of all Committees.

Terms of reference exist for each committee and are reviewed annually.

Trustees

The following were in office.

Committee membership at 31st August 2015

Miss K Buckthorp	B+A
Mr M Dean	Ex officio on all committees
Mrs G Forman	F+A Chair, HR
Mrs S Foster	Standards Chair, HR
Mr M Gittus	
Mrs C Hodgetts(link DSEN&CP)	B+A
Mrs J Dunbar	Standards
Mrs H Black	Standards
Mrs F Williams	HR, B+A
Mr A Dean	B+A Chair
Mrs C Leeson	Standards
Mr P Hyde	Ex officio on all committees
Mrs E Castro	

(DSEN: Designated Special Educational Needs, CP: Child Protection)

Committees

F+A - Finance and Audit, Standards, B+A- Behaviour and Attendance, HR - Human Resources.

The day to day running of the Academy is delegated to the Head teacher, supported by the Senior Leadership Team (SLT).

Policies and procedures adopted for the induction and training of Trustees

As set out in the Articles of Association, Members may appoint up to one Trustee. The Local Authority (LA) may appoint a LA Trustee and parents of existing pupils may appoint a Parent Trustee. The key considerations for appointment of Trustees include personal experience, professional and specialist skills. New Trustees undertake induction to the workings of the Academy. Training is offered to all Trustees and is provided through a number of sources. Trustees, with the exception of the Head Teacher, are appointed for a four year term. At the end of this period they can offer themselves either for re-appointment or re-election as appropriate.

Trustees' remuneration

No member of the board of Trustees received any remuneration in respect of their trustee duties during the year ended 31 August 2015. Mr Hyde, Miss Buckthorp, Mr Hall and Mrs Black are remunerated as employees of Alcester Academy.

Trustees' indemnities

The structure of the Academy consists of a Board of Trustees (who act as the trustees for the charitable activities of Alcester Academy) and who are also the directors of the Academy for the purposes of the company. The Academy has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

Decision making

The Board of Trustees has overall responsibility for the Academy. They ensure that grants from the EfA are used only for the purposes intended and that funds from sponsors are correctly recorded and used. They also approve the Academy's Strategic Plan and Annual Budget. They are responsible for the appointment of the Head Teacher. The Board of Trustees also empowers a number of sub-committees to carry out their responsibilities for governance, approval, monitoring and reporting in a number of specific areas e.g. the

Finance and Audit Committee

The operational running of the Academy is the responsibility of the Head Teacher and his Senior Leadership Team (SLT). The Head sits on all Trustee Committees; he is responsible to the Board of Trustees and reports to them regularly.

Related Parties and other Charities and Organisations

The Academy Trust is not part of any wider network, nor does it have relationships with any other related parties or charitable organisations.

Objectives and Activities

Objects and Aims

The Academy Trust's principal activities are 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 an academy offering a broad and balanced curriculum.

Objectives, Strategies and Activities

The Trust's objective for the year ending 31 August 2015 was to establish an environment where all staff and pupils strive to be the best that they can be.

The main academic objectives of the Academy are to raise standards of learning and improve outcomes by

Developing Leadership - Alcester Academy aims to maintain effective leaders across the Academy who demonstrate a commitment to raising pupil aspirations, maintaining the highest standards and constantly strive for improvement for all staff and pupils.

Student Achievement - Almost all students, including those with SEN, make rapid and sustained progress across the curriculum. Students are able to apply a wide range of skills including literacy, numeracy and communication. This means they are very well prepared for the next stages in learning, training or employment.

Behaviour and Safety - Students will display high levels of engagement, courtesy, collaboration and co-operation at all times. Attitudes to learning are excellent and punctuality and attendance is above average for similar academies.

Teaching and Learning – To develop teaching across the Academy that is never less than consistently good. This is underpinned by staff having the highest expectations of all students resulting in students that learn very well in all areas and develop as resilient, confident and independent learners.

- To provide value for money for the funds expended
- To conduct all business in accordance with the highest standards of integrity, probity and openness

Public Benefit

The Trust will promote for the benefit of inhabitants of Alcester and the surrounding area the provision of facilities for education, recreation or other leisure time occupation of individuals particularly, but not exclusively, young people.

The Academy Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties and its supplementary guidance on education.

Strategic Report

Risk Management arrangements

The Board of Trustees are responsible for the management of the risks faced by the Academy. The Academy has in place a formal risk management process to assess risks. The risk register is reported to the Board of Trustees at least annually so that they can be satisfied that there are systems in place to remove or mitigate any exposure to those risks.

A formal review of the risk management process is undertaken on an annual basis and key controls in place include:

- Formal agendas for all committee activity
- Terms of reference for all governing body and delegated committees under the direction of the governing body.
- Pecuniary interests of Trustees reviewed at each meeting
- Comprehensive budgeting and management reporting
- Established organisational structure and clear lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for the protection of the vulnerable

The Trustees intend to carry out their next review in June 2016. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Achievements and Performance including Key Performance Indicators

The performance of the Academy is monitored against the aims and objectives. This is carried out initially by the Head teacher and the SLT, but at a higher level monitoring and governance is exercised by the Trustee sub-committees and the Board of Trustees'.

There are a number of performance measures and key performance indicators are used in the school and they form an important part of the management reporting framework. They are used to enable the SLT and various trustee sub-committees to actively monitor performance and take corrective action.

They mainly cover the pupils, teaching staff and the schools finances;

Academic indicators for example track the exam attainment of the pupils within the school and also against external league tables; the progress of the pupils, particularly those with AEN (Additional educational needs) and those for whom Pupil Premium is received; also the number of students leavers on the NEET register (Not in employment, education or training).

Teaching staff have annual performance appraisals linked to pupil performance with relevant objectives and targets.

Financial indicators include budget targets, income and costs per pupil, the pupil to teacher ratio, and the staff cost and supports cost overhead ratios.

Review of Academic Activities:

The academy has made significant improvement to its performance for 2014-15, with 80% of students achieving 5 A*-C including English and Maths. Our performance at 5A*-C shows that 83% of students achieve this benchmark. Through considered curriculum changes and a rigorous intervention programme we have improved our performance for all indicators at above the National Average, with the majority of measures now falling significantly above the national average.

Wider measures show an improvement in progress for all students. Our value added has improved to be significantly above the national average as have our capped average points score. We do still have a progress gap for disadvantaged pupils, but this is narrower than it was for 2013-14 and in many instances is smaller than the gap that exists nationally.

The academy recognises the importance of preparing students for the next phase of their education. We offer a broad careers programme as well as a highly focused programme for those at risk of not securing a place in education, employment or training. As a direct consequence of this the academy secured progression into the next phase of education for all but two students; we believe one of these students is engaged in an

apprenticeship. The other student is likely to remain as NEET as support from any agency is being declined. Our NEETs figure is below 2% and this is significantly below the county average.

Looking ahead, the changes to the senior leadership structure of the academy are now having a positive impact upon all areas of the academy. We are due to be re-inspected and expect the outcome to grade the academy at no less than Good in all measures.

Academic improvement priorities

Whole school improvement priorities for the year 2015-16 have been identified as:

Achievement:

Raise attainment in those few subjects not yet above the national average such that attainment in all subjects is above National Averages

Continue to narrow the gap between Pupil Premium and non-Pupil Premium students.

Inspire students of all abilities to aim high and secure transition into post 16 education/training.

Teaching and Learning:

Further improve the quality of Teaching and Learning such that lessons are never less than good.

Improve the quality of home learning completed by all students

Behaviour and Attendance:

Further improve behaviour through the promotion of independence within lessons

Develop a culture of success through reward

Develop students understanding of the need to be safe online, including cyber bullying

Develop a programme of Super Learning Days and Tutor Activities that positively promote high moral values throughout the academy

Develop student leadership and student voice

Leadership and Management:

Continue to promote the 'outward face' of the academy

Adapt to national changes in developing a curriculum that is cost effective and caters for the needs of students of all abilities

Going concern

After making appropriate enquiries, the governing body 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.

Equal Opportunities

The trustees recognise that equal opportunities are an integral part of good practice within the workplace. The Academy has established equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. The average number of employees at Alcester Academy during the accounting period was 86. Alcester Academy recruits widely and encourages applications from all for any vacancy that exists in the Academy and is aware of the requirements placed upon it by both the Equality Act 2010 and the Disability Equality Duty in the Disability Discrimination Act.

Employee Consultation

Arrangements to provide information and consult employees on matters affecting them are in place principally through regular staff meetings. In addition, 'Staff Voice', a body which includes representatives from all main elements of the staff base, meets every half term to discuss various matters in relation to the Academy, and feedback from this meeting is presented to the Board of Trustees.

Financial Review

Movement on reserves

The Statement of Financial Activities (page 19) and Note 14 Funds (page 31) show the movements on funds. The Funds are the Restricted General Fund (which includes the General reserve and the Pension reserve), the Fixed assets fund or reserve and the Unrestricted General Fund.

The general reserve in which the educational activities are accounted shows an income of £3,178,000 and expenditure of £3,000,000 hence a net surplus of £178,000 for the year; and has a cumulative balance of £1,258,000. This balance will be used to finance the academy over the coming years if pupil numbers decline.

The unrestricted reserve is where fund raising and non-educational activities are accounted. This has a surplus of £6,000 and a carry forward balance of £17,000, mainly as a result of interest earned on bank deposits. This unrestricted reserve can be used for any purpose.

The fixed asset reserve is where the capital activities of the academy are accounted. The movement represents capital grant income, capital purchases and depreciation of fixed assets. The net movements for the year were a £170,000 surplus with a carry forward surplus of £8,105,000. This surplus is £689,000 higher than the net Asset value this represents EFA grants awarded mainly for the renewal of windows.

Finally, the pension reserve represents the value of the Local Government Pension Scheme (LGPS) which is in deficit. In the year, the deficit increased by £29,000 and the reserve now has a negative balance of £1,044,000. The academy has no influence over the pension reserve which is subject to an annual independent actuarial valuation.

Financial Performance

Overall, the academy has done very well this year to achieve a surplus of £178,000 on the general reserve. This is despite a 13% reduction in income, due to falling pupil numbers. The Academy has continued to reduce its cost base successfully during the year through staff planning and tight budgetary control. Next year's Grant income is budgeted to fall by a further 12% but the Academy still aiming to breakeven.

Reserves Policy

The Academy's reserves policy is to maintain the General reserve at a sufficient level to sustain operations during the years when EFA grant funding may not be sufficient to cover annual costs. The Unrestricted reserve is to be used for financing any potential commercial opportunities.

Investment Policy

The Academy's policy is to ensure funds that are not immediately required to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. Presently approximately 50% of the Academies reserves are held on fixed interest bank deposits for terms between 3 and 12 months. The Academy does not consider the investment of surplus funds as a primary activity, rather as an act of good stewardship as and when circumstances allow.

Financial monitoring

The principal financial management policies adopted continue to be regular financial reviews, of income and expenditure through the analysis of actuals, budgets, forecasts and plans. These are conducted regularly with the Head teacher and at the Finance and Audit Committee meetings.

Financial Plans for the future

The Academy has a five year Strategic Plan in place. This Plan is based on achieving a number of academic and financial targets. The Academy's site capital requirements are continuously reviewed and in 2015 the Academy learnt that it had been awarded a further significant Capital Maintenance Fund grant of £469,000 for the replacement of windows. This is following a grant received last year for the replacement of the roof. This work was nearly complete at yearend. These two recent grants will extend the useful life of the school buildings.

There is also an ongoing Staff Development programme in place to ensure the teaching staff are well supported and assisted to enable them to achieve good academic results.

Principal Risks and Uncertainties

The Academy has a Risk Management Policy, a risk register and risk review process. The objective is to, where it is considered necessary put in place measures of control and mitigation in order to effectively manage risk.

The principal risk facing the Academy is the medium term demand for the Academy's services. There are falling pupil numbers in South Warwickshire and hence a drop in the grant funding. This risk is being managed through the implementation of a five year rolling financial plan, which involves regular monitoring and forecasting. The overall aim of which is to build up reserves to enable the Academy to sustain itself until pupil numbers recover. Associated with the principle risk are the secondary risks which would harm the medium term demand such an unfavourable Ofsted report, competition for pupils from other local schools and other competing demands for EfA and Local Authority funding.

In addition there are the usual risks of accidents and natural disasters and the need to maintain standards across the Academy. Control measures are in place to address all the above risks and to continue to monitor the internal and external environment for new potential risk.

Funds Held on Behalf of Others

The Academy operates School Fund accounting records for the purpose of managing income and expenditure for trips, activities and other events undertaken for students. The School Fund income and expenditure and creditor balances are included in the year end accounts of the Academy for the period ending 31 August 2015.

Provision of information to Auditors

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

- so far as that the Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Smith Cooper Limited, have indicated their willingness to continue in office. The Trustees will propose a motion re-appointing the auditors at a meeting of the members of the company.

The Trustees report incorporating a strategic report was approved by order of the board of trustees and the company directors on 15th December 2015 and signed on its behalf by:



Paul Hyde, Head Teacher
Trustee and Accounting Officer



M Dean
Chair of Trustees

GOVERNANCE STATEMENT

Scope and responsibilities

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

The governing body has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform to 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 Alcester Academy and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The governing body has formally met 7 times during the year. Attendance at meetings of the governing body was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Hyde, Head Teacher	7	7
Miss K Buckthorp	6	7
Mr M Dean, Chair	7	7
Mrs G Forman	6	7
Mrs S Foster	5	7
Mr M Gittus	1	7
Mr A Granger	6	7
Mrs C Hodgetts	6	7
Mrs J Dunbar	4	7
Mrs H Black	4	7
Mr L Hall	2	4
Mrs F Williams	7	7
Mr D Bailey	3	3
Mrs C Leeson	7	7
Mr A Dean	6	7
Mrs E Castro	3	3

The Finance and Audit Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the board of trustees, by enabling more detailed consideration to be given to the best means of fulfilling the board of trustees responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

Attendance at F & A meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs G Forman	5	6
Mr A Granger	5	6
Mr L Hall	1	4
Mr P Hyde	3	6

In addition four Trustees attended one meeting as observers.

Review of Value for Money

As accounting officer the Head Teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayers resources received.

The accounting officer considers how the trust's use of resources has provided good value for money during each year, and reports to the board of trustees where value for money can be improved (including the use of benchmarking data when available).

The accounting officer improved value for money this year by:

- Alcester Academy Trust achieved record GCSE results in Mathematics in 2014/15
- 80% of students achieved 5 A* - C including English & Maths.
- Progress rates in English and Maths are well above the national averages.
- Our value added result is significantly above the national average.
- The Trust has invested its Pupil Premium allocation over the last 2 years into interventions; resources and staffing that specifically target barriers to learning such as behaviour, punctuality and attendance. As a result of this focussed practice, our Pupil Premium 'gap' is less than the gap that exists nationally in all measures.

NEET (Not in employment, education or training)

- The Trust prides itself that for the last 2 years it has achieved NEET figures well below national averages and Warwickshire averages. Only 2 students failed to secure a place in education, employment or training in 2014-15. This is a significant achievement given the current economic climate and is another measure that demonstrates that the Trust invests its money in curriculum delivery, interventions, vocational courses and careers guidance effectively.

To ensure that standards are continually raised the Trust also:

- Operated a programme of lesson observations throughout the academic year;
- Operated a programme of departmental monitoring, evaluation and review throughout the academic year;
- Implemented a programme of coaching and mentoring for teaches judged as requiring improvement;
- Appointed and worked with a School Improvement Partner to agree targets and assess progress;
- Continuously assessed the progress for students at KS2 to KS3, KS2 to KS4;
- Worked with a network of educational professionals to support on-going school improvement towards ambitious targets.

The Trust ensured that the staffing structure was deployed to support an improved curriculum. Most recent examples of this are:

- The introduction of a new curriculum "pathway" and leadership structure at KS4 to further improve standards
- Appointment of an additional literacy and numeracy leader to improve standards for pupil premium students
- Improved focus on the progress of the most vulnerable groups of students
- Improved and increased intervention at KS4 via one-to-one tuition and assertive mentoring.
- Employed additional staff in English and Maths to further drive up standards
- Implementation of a Saturday School programme to offer an additional 3 hours per week of focussed support for individuals.

Annual Report and Financial Statements for the year ended 31 August 2015

The Trust also invested funding in a number of key areas to benefit individual and groups of students as follows:

- Refinement of our pastoral leadership structure
- Investment in behaviour & engagement strategies aimed at students at risk of exclusion.
- College courses resulting in vocational qualifications that can lead to post 16 pathways
- Intervention strategies including one-to-one, small group work and assertive mentoring
- Vocational learning i.e. alternative curriculum opportunities
- The impact of these investments in 2014/15 were:
 - 100% A* - G in GCSE
 - 80% of students achieved 5A*-C including English and Maths
 - 83% of our students achieved 5 A* - C in 2015

Gifted and Talented

- The Trust also had an active programme to support the gifted and talented students through partnerships with a number of organisations.
- 21% of students achieved 1 or more A* to A at GCSE.

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 trust 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 Alcester Academy for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The governing body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ending 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing guidelines.
- delegation of authority and segregation of duties.

The Academy has a set of operational policies and procedures in place which are kept up to date. The board of trustees appointed external Auditors to perform these checks on a quarterly basis. The external auditors report to the board of trustees via the Finance and Audit committee on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities. During the year internal control checks included; fixed assets, payroll, credit cards, related party transactions, submissions to the EFA, purchases, expense claims, bank and cash, school fund accounting, financial reporting and control reconciliations.

Review of Effectiveness

Annual Report and Financial Statements for the year ended 31 August 2015

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

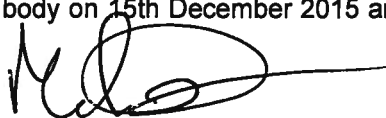
- the work of the Responsible Officer
- the work of the external auditor;
- the work of an external financial consultant
- the finance sections ongoing internal control checks;
- the work of the managers within the Academy who have management control responsibilities

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 Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 15th December 2015 and signed on their behalf, by:



Paul Hyde, Head Teacher
Trustee and Accounting Officer



M Dean
Chair of Trustees

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Alcester Academy I have considered my responsibility to notify the Academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and 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 board of trustees are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook.

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



**Paul Hyde, Head Teacher
Accounting Officer**

15th December 2015

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 August 2015**

Trustees (who act as trustees for charitable activities of Alcester Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction 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 financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the governing body on 15th December 2015 and signed on its behalf by:



M Dear
Chair of Trustees

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
TO THE MEMBERS OF ALCESTER ACADEMY**

We have audited the financial statements of Alcester Academy for the year ended 31st 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 Accounts Direction 2014 to 2015 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 Trustees and Auditors

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

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

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on Other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Smith Cooper Limited

Adrian Jones (Senior statutory auditor)

for and on behalf of:

Smith Cooper Limited

Chartered Accountants
Statutory Auditors

158 Edmund Street
Birmingham
B3 2HB

Date:
15th December 2015

INDEPENDENT REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY TO ALCESTER ACADEMY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 4th September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014-2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Alcester Academy during the year 1 September 2014 to 31 August 2015 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 Alcester Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Alcester Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Alcester Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Alcester Academy's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Alcester Academy's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1st September 2014, 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 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1st September 2014 to 31 August 2015 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 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- consideration on a sample basis of whether all activities of the Academy are in keeping with the Academy's framework and charitable objectives;
- confirmation on a sample basis, that expenditure does not contravene the funding agreement;
- understanding the internal control framework and testing on a sample basis the regularity and propriety of purchases;
- a review of minutes of applicable committee meetings;
- a review of internal audit reports;

Annual Report and Financial Statements for the year ended 31 August 2015

- testing on a sample basis, that the use of credit cards and expense claims adheres to the Academy's internal control principles; were not used to procure items for personal benefit and that there were no improper transactions;
- reviewing records for indications of transactions with related parties and consideration as to whether any such transactions are in accordance with the Financial Handbook
- testing to ensure that extra-contractual payments to staff have been made in accordance with the Financial Handbook;
- enquiries of the trustees and testing where appropriate, as to the existence of any borrowing agreements, leases or land and building transactions to ensure that they were in line with the funding agreement and Financial Handbook;
- a review to ensure any debt write offs over 1% of total income or £45,000 (whichever is smaller) have been approved by the Secretary of State.

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 1st September 2014 to 31st August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Smith Cooper Limited

Adrian Jones

for and on behalf of

Smith Cooper Limited

Reporting Accountants

158 Edmund Street
Birmingham
B3 2HB

Date:
15th December 2015

Annual Report and Financial Statements for the year ended 31 August 2015

Statement of Financial Activities for the Year Ended 31 August 2015 (including Statement of Total Recognised Gains and Losses).

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000	Total 2014 £000
Incoming Resources						
<i>Incoming resources from generated funds:</i>						
Investment income	2	4	-	-	4	4
<i>Incoming resources from charitable activities:</i>						
Funding for academy educational operations	3	-	3,140	478	3,618	4,560
Other incoming resources	4	2	38	-	40	49
Total incoming resources		6	3,178	478	3,662	4,613
Resources expended						
<i>Cost of generating funds:</i>						
<i>Charitable activities:</i>						
Academy's educational trust operations	6	-	2,973	308	3,281	3,615
Governance costs	7	-	27	-	27	23
Total resources expended	5	-	3,000	308	3,308	3,638
Net incoming / (outgoing) resources before transfers		6	178	170	354	975
Gross transfers between funds	14	-	-	-	-	-
Net income/(expenditure) for the year		6	178	170	354	975
Other recognised gains and losses						
Actuarial gains / (losses) on defined benefit pension	22	-	18	-	18	(240)
Net movement in funds		6	196	170	372	735
Reconciliation of funds						
Total funds brought forward at 1st September 2014		11	18	7,935	7,964	7,229
Total funds carried forward at 31 August 2015		17	214	8,105	8,336	7,964

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

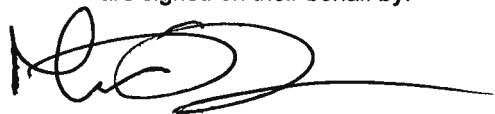
Summary income and expenditure account for the year ended 31 August 2015

Income	Note	2015 £'000	2014 £'000
Activities in furtherance of the charity's objects		3,180	3,659
Activities for generating funds		4	4
		<u>3,184</u>	<u>3,663</u>
Charitable expenditure			
Costs of generating funds		-	-
Costs of activities in furtherance of the charity's objects		2,521	2,787
Support costs		760	828
Management and administration expenses		27	23
		<u>3,308</u>	<u>3,638</u>
Operating surplus for the year		(124)	25
Realised (loss)/gain on sale of investments		-	-
		<u>(124)</u>	<u>25</u>
Surplus for the year			

Annual Report and Financial Statements for the year ended 31 August 2015

Balance Sheet as at 31 August 2015		2015	2015	2014	2014
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		7,416		7,009
Current assets					
Debtors	12	147		911	
Cash at bank and in hand		2,123		1,267	
		<u>2,270</u>		<u>2,178</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(306)</u>		<u>(208)</u>	
Net current assets			<u>1,964</u>		<u>1,970</u>
Total assets less current liabilities			<u>9,380</u>		<u>8,979</u>
Net assets excluding pension liability			<u>9,380</u>		<u>8,979</u>
Pension scheme liability	22	(1,044)		(1,015)	
Net assets including pension liability			<u>8,336</u>		<u>7,964</u>
Funds of the academy:					
Restricted income funds					
Fixed asset fund	14		8,105		7,935
General fund	14		1,258		1,033
Pension reserve	14		(1,044)		(1,015)
Total restricted fund			<u>8,319</u>		<u>7,953</u>
Unrestricted income funds					
General fund	14		17		11
Total unrestricted funds			<u>17</u>		<u>11</u>
Total funds			<u>8,336</u>		<u>7,964</u>

The financial statements on pages 20 to 40 were approved by the Trustees, and authorised for issue on 15th December 2015 and are signed on their behalf by:



Mike Dean
Chair of Trustees

Cash Flow Statement for the Year Ended 31 August 2015

	Note	2015	2014
		£000	£000
Net cash inflow from operating activities	17	1,089	(426)
Returns on investments and servicing of finance	18	4	4
Capital expenditure and financial investment	19	(237)	926
Increase in cash in the year	20	856	504
Reconciliation of net cash flow to movement in net funds :			
Net funds at 1 September 2014		1,267	763
Net funds at 31 August 2015		2,123	1,267

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

1. Statement of Accounting Policies

Basis of Preparation

The financial statements 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 2013-2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 financial statements.

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.
- **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 it 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 academy trust's policies.

Resources Expended

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

- **Costs of generating funds**
These are those costs incurred in attracting voluntary income and 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 Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**Tangible Fixed Assets**

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

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 on a straight-line basis over its expected useful life, as follows:

Long leasehold buildings	4%
Building Improvements	10%
Fixtures, fittings and equipment	20%
ICT equipment	20%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Stock

No items are held as stock.

Taxation

The academy trust is considered to pass the test 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.

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 costs 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 29, 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 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.

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**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, sponsors and other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds and include grants from the Education Funding Agency, sponsors and other funders.

2 Investment Income

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2015	Total 2014
	£000	£000	£000	£000	£000
Short term deposits	4	-	-	4	4
	4	-	-	4	4

3 Funding for academy's educational operations

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2015	Total 2014
	£000	£000	£000	£000	£000
DFE / EFA revenue grants					
General Annual Grant (GAG)	-	2,971	-	2,971	3,469
Capital Grants	-	-	478	478	950
Other DfE / EFA grants	-	107	-	107	118
	-	3,078	478	3,556	4,537
Other Government grants					
Local authority grants – SEN	-	17	-	17	6
Other grants	-	45	-	45	17
	-	62	-	62	23
Total Funding	-	3,140	478	3,618	4,560

Annual Report and Financial Statements for the year ended 31 August 2015

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

4 Other incoming resources

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2015	Total 2014
	£000	£000	£000	£000	£000
School Fund		38		38	47
Lettings	2	-	-	2	2
	2	38	-	40	49

5 Resources Expended

	Staff Costs	Premises costs	Other Costs	Total 2015	Total 2014
	£000	£000	£000	£000	£000
Costs of activities for generating funds	-	-	-	-	-
Academy's educational operations :					
Direct costs	2,083	308	129	2,520	2,787
Allocated support costs	282	246	233	761	828
Governance costs incl. allocated support costs	-	-	27	27	23
	2,365	554	389	3,308	3,638

Incoming/outgoing resources for the year include:

	2015	2014
	£000	£000
Operating leases - equipment	8	7

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**6 Charitable Activities – Academy's educational operations**

	Total 2015	Total 2014
	£000	£000
Direct costs		
Teaching staff	1,688	1,849
Educational support staff	395	488
Depreciation	308	306
Educational supplies	70	85
Examination fees	44	44
Staff development	5	5
Educational consultancy	10	10
	<hr/> 2,520	<hr/> 2,787
Allocated support costs		
Support staff	282	374
Recruitment	7	11
Maintenance of premises and equipment	66	64
Maintenance of grounds	15	14
Utilities	63	43
Rates	18	18
Cleaning and caretaking	84	68
ICT	52	76
Insurance	49	43
Bank interest and charges	1	1
Other support costs	124	116
	<hr/> 761	<hr/> 828
	<hr/> 3,281	<hr/> 3,615

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**7 Governance costs**

	Total 2015	Total 2014
	£000	£000
Legal and professional fees	14	13
Auditor's remuneration :		
Audit of financial statements	8	7
Other Audit costs	3	2
Support staff costs	2	1
Other costs	-	-
	27	23

8 Staff costs

Staff costs during the period were :

	Total 2015	Total 2014
	£000	£000
Wages and salaries	1,870	2,100
Social security costs	131	144
Pension costs	318	374
	2,319	2,618
Supply teacher costs	26	63
Staff restructuring costs	20	31
	2,365	2,712

Included in Staff restructuring are contractual (payments in lieu) redundancy payments totalling £20,000 (2014 £31,000). Individually the payments were £15,087 and £4,827.

The average number of persons (including Senior Leadership Team) employed by the academy during the year expressed as Full Time Equivalents (FTEs) was as follows:

	2015 No. FTEs	2014 No. FTEs
Teachers	30.0	36.5
Classroom support	5.8	5.5
Administration support	19.3	23.4
Management	3.0	3.0
	58.1	68.4

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

The number of employees whose emoluments, including salary and other taxable benefits in cash or kind, but excluding pension payments, fell within the following bands was as follows:

	2015	2014
	No.	No.
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001- £90,000	0	0

The above employees participated in the Teachers' Pension Scheme. During the year to 31 August 2015 pension contributions for these staff amounted to £19,000. (2014: £19,000).

9 Related Party Transactions -Trustees remuneration and expenses

The Head teacher and other staff trustees only receive remuneration in respect of the services they provide as members of the academy's 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. The value of the trustees' remuneration (including pension payments) when matched to their periods of office, were as follows:

P Hyde, Head teacher and trustee		
Remuneration including	£80,001-85,000	(2014:£75,001-80,000)
Employer's pension		
K Buckthorp, staff trustee		
Remuneration including	£55,001-60,000	(2014: £55,001-60,000)
Employers Pension		
L Hall, staff trustee		
Remuneration including	£40,001-45,000	(2014: £40,000-45,000)
Employers Pension		
H Black, staff trustee		
Remuneration including	£25,001-30,000	(2014: £25,001-30,000)
Employers Pension		

During the year ended 31 August 2015, the amount received by former Head teacher J.Brooks, as remuneration including employers pension was £nil (2014: £5,001- £10,000)

During the year ended 31 August 2015, the amount of travel and subsistence expenses reimbursed to Trustees was £nil. (2014: £81.20)

10 Trustees' and Officers' Insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim. The cost of insurance for the year ended 31 August 2015 was included in an amalgamated fee of £46,000 (2014: £46,000). The year's insurance fee also covers employers, public and building insurances.

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

11 Tangible Fixed Assets

	Leasehold Land	Leasehold Buildings	Building Improvements, Furniture and Equipment	Computer Equipment	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 September 2014	1,120	6,367	334	50	-	7,871
Additions	-	-	9	0	706	715
Disposals	-	-	-	-	-	-
At 31 August 2015	1,120	6,367	343	50	706	8,586
Depreciation						
At 1 September 2014	-	763	72	27	-	862
Charged in year	-	236	62	10	-	308
Disposals	-	-	-	-	-	-
At 31 August 2015	-	999	134	37	-	1,170
Net book values						
At 31 August 2015	1,120	5,368	209	13	706	7,416
At 31 August 2014	1,120	5,604	262	23	-	7,009

12 Debtors

	2015	2014
	£000	£000
Trade debtors	13	18
VAT recoverable	99	32
Other debtors	25	833
Prepayments and accrued income	10	28
	147	911

Other Debtors includes the remaining value of the EFA Capital maintenance grant of £469,000 yet to be received by the Academy.

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**13 Creditors: amounts falling due within one year**

	2015	2014
	£000	£000
Trade creditors	194	110
Taxation and social security	40	44
Accruals and deferred income	72	54
	<u>306</u>	<u>208</u>

Deferred income

	2015	2014
	£000	£000
Balance brought forward	31	30
Resources deferred in the year	56	31
Amounts released from previous years	(31)	(30)
Deferred income at 31 August 2015	<u>56</u>	<u>31</u>

Deferred income at 31 August 2015 relates to Pupil Premium £23,000, SEN £7,000, Teacher Agency £11,000 and other miscellaneous £15,000 (2014 Total: £31,000).

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

14 Funds

	Balance at 1 September 2014	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2015
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	720	2,971	(2,746)	-	945
Other DfE/EFA grants	-	109	(109)	-	-
Other government grants – SEN	258	61	(61)	-	258
Other	55	37	(37)	-	55
Pension reserve	(1,015)	-	(47)	18	(1,044)
	18	3,178	(3,000)	18	214
Restricted fixed asset funds					
DfE/EFA capital grants	1,176	478	-	-	1,654
Capital expenditure from GAG	45	-	-	-	45
Transfer on conversion to academy	6,714	-	(308)	-	6,406
	7,935	478	(308)	-	8,105
Total restricted funds	7,953	3,656	(3,308)	18	8,319
Unrestricted funds					
Unrestricted funds	11	6	-	-	17
Total unrestricted funds	11	6	-	-	17
Total funds	7,964	3,662	(3,308)	18	8,336

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

- (i) General Annual Grant is used for the educational operations of the academy. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on GAG that could be carried forward at 31 August 2015.
- (ii) Other DfE and local government grants are used for the specific purposes intended
- (iii) Other restricted general funds include Town Trust, Examinations and payments towards trips
- (iv) The Pension reserve is the surplus / deficit in the Local Government Pension Scheme
- (v) Fixed assets funds includes fixed assets transferred on conversion, capital grants, Additions and Depreciation
- (vi) Unrestricted funds includes surpluses from activities for generating funds (Catering and Hire of facilities), surpluses transferred on conversion (cash) and voluntary donations to be spent at the discretion of the Trustees.

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**15 Analysis of net assets between funds**

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	7,416	7,416
Current assets	17	1,564	689	2,270
Current liabilities	-	(306)	-	(306)
Pension scheme liability	-	(1,044)	-	(1,044)
Total net assets	17	214	8,105	8,336

16 Financial commitments**Operating Leases**

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£000	£000
Other:		
Expiring within one year	-	-
Expiring within two and five years inclusive	35	12
Expiring in over five years	-	-
	35	12

Future Commitments

The remaining capital commitments with AA Projects, are to complete the window replacement at a value of £442,000. This is funded by an Academies Capital Maintenance Fund grant and a Salix loan.

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**17 Reconciliation of net income to net cash inflow from operating activities**

	2015	2014
	£000	£000
Net income	354	975
Depreciation	308	306
Capital grants from DfE and other capital income	(478)	(950)
Interest receivable (note 2)	(4)	(4)
FRS 17 pension operating charge loss on curtailment	5	12
FRS 17 pension operating charge less contributions payable (note 22)	19	30
FRS 17 pension net finance cost (note 22)	23	25
(Increase) / decrease in debtors	764	(868)
Increase in creditors	98	48
Net cash inflow from Operating Activities	1,089	(426)

18 Returns on investments and servicing of finance

	2015	2014
	£000	£000
Interest received	4	4
Net cash inflow from returns on investment and servicing of finance	4	4

19 Capital expenditure and financial investment

	2015	2014
	£000	£000
Purchase of tangible fixed assets	(715)	(24)
Capital grants from DfE / EFA	478	950
Net cash (outflow)/inflow from capital expenditure and financial investment	(237)	926

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**20 Analysis of changes in net funds**

	Balance at 1 September 2014	Cash flows	Balance at 31 August 2015
	£000	£000	£000
Cash in hand and at bank	1,267	856	2,123
	1,267	856	2,123

21 Members liability

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

22 Pension and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Warwickshire County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS relates to the period to the 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 year.

Teachers' Pension Scheme**Introduction**

The Teachers' Pension Scheme ('TPS') is statutory, contributory, defined benefit scheme, governed by the Teachers' Pension 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 in 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.

Valuation of the Teacher Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuation and Employer Cost Cap) Direction 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. The Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuation and Employer Cost Cap) Direction 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultations are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million

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- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until next valuation at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A copy of the valuation report and supporting documentation is on the Teacher's Pension website <https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>.

Under the definitions set out in the Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Teacher 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 of Education published proposals for the design of 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 build up before 1st 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 1st 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 just 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's 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 were to be 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 representative bodies to develop the reformatted Teacher's Pension Scheme and regulations giving effect to it came into force on 1st April 2014. Communications are being rolled out and the reformatted scheme will commence on 1st April 2015.

Under the definitions set out in Financial Reporting Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

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Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

22 Pensions and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £113,000 (2014: £113,000), of which employer's contributions totalled £103,000 (2014: £86,000) and employees' contributions totalled £25,000 (2014: £27,000). The agreed contribution rates for future years are 18.5% for employers and between 5.5% and 12.5% for employees dependent upon the full time equivalent pay. 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 18th July 2013.

Principal Actuarial Assumptions

	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	4.6%	4.5%
Rate of increase for pensions in payment / inflation	2.7%	2.7%
Discount rate for scheme liabilities	3.8%	3.7%
Inflation assumption (CPI)	2.7%	2.7%
Commutation of pensions to lump sums (pre April 2008)	50.0%	50.0%
Commutation of pensions to lump sums (post April 2008)	75.0%	75.0%

Salary increases are assumed to be 1% per annum until March 2015, reverting to the long term assumption thereafter.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement are:

	At 31 August 2015	At 31 August 2014
Retiring today :		
Males	22.4	22.4
Females	24.4	24.4
Retiring in 20 years :		
Males	24.3	24.3
Females	26.6	26.6

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

	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	13%	262
1 year increase in members life expectancy	3%	59
0.5% increase in Salary Increase Rate	7%	129
0.5% increase in the Pension Increase Rate	6%	125

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

	Expected return at 31 August 2015	Fair value at 31 August 2015	Expected return at 31 August 2014	Fair value at 31 August 2014
		£000		£000
Equities	3.8%	596	6.3%	529
Bonds	3.8%	214	3.4%	164
Property	3.8%	112	4.5%	78
Cash	3.8%	9	3.3%	8
Total market value of assets		931		779
Present value of scheme liabilities :				
Funded		(1,975)		(1,794)
Surplus / (deficit) in the scheme		(1,044)		(1,015)

The expected rates of return are set equal to the discount rate as per the forthcoming FRS102 disclosure requirements.

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

22 Pensions and similar obligations (continued)

The actual return on scheme assets was £33,000 (2014: £94,000)

Amounts recognised in the statement of financial activities:

	2015	2014
	£000	£000
Current service cost (net of employee contributions)	122	116
Loss on curtailment	5	12
Total operating charge	127	128
Expected return on pensions scheme assets	(46)	(43)
Interest on pension liabilities	69	68
Pension finance cost	23	25

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a loss of £345,000 (2014: £363,000).

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

	2015	2014
	£000	£000
At 1 September	1,794	1,405
Current service cost	122	116
Interest cost	69	68
Employee contributions	25	27
Actuarial loss	(30)	173
Loss on curtailment	5	12
Estimated benefits paid	(10)	(7)
At 31 August	1,975	1,794

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**Movements in the fair value of academy's share of scheme assets:**

	2015	2014
	£000	£000
At 1 September	779	697
Expected return on assets	46	43
Actuarial gain / (loss)	(12)	(67)
Employer contributions	103	86
Employee contributions	25	27
Estimated benefits paid	(10)	(7)
At 31 August	931	779

The estimated value of employer contributions for the year ended 31 August 2016 is £105,000 (2015:£96,000).

The history of experience adjustments since incorporation is as follows:

	2015	2014	2013	2012
	£000	£000	£000	£000
Present value of defined benefit obligations	(1,975)	(1,794)	(1,405)	(1,185)
Fair value of share of scheme assets	931	779	697	490
Deficit in the scheme	(1,044)	(1,015)	(708)	(695)

Experience adjustments on share of scheme assets:

Amount £000	(12)	(67)	68	13
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Experience adjustments on scheme liabilities:

Amount £000	(30)	(173)	(36)	(168)
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23 Related party transactions

Other than the disclosures in note 9, no other related party transactions took place in the period of account.