

**Accrington St Christopher's Church of England High School**

**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**For the year ended 31<sup>st</sup> August 2013**

**Company Registration Number:  
07728029 (England and Wales)**

## Accrington St Christopher's Church of England High School

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## Accrington St Christopher's Church of England High School

### Reference and administrative details

Trustees	Mr D Anderson Mrs D Bentley Father L Carson-Featham Mrs C Carter Mr A Coates (retired on the 31 <sup>st</sup> July 2013) Mr D Crossland Miss H Davies Mrs B Graham Mrs L Hargreaves Mrs H Harker Mrs K Heathcote Mrs V Howard (appointed on the 4 <sup>th</sup> March 2013) Mr R Hoyle (retired on the 28 <sup>th</sup> February 2013) Mr M Isherwood Mrs K Jones Mr P Jones Mr R Jones (appointed on the 1 <sup>st</sup> August 2013) Mrs R McClure (appointed on the 10 <sup>th</sup> July 2013) Mr A McMinn Mr P Morgan (retired on the 31 <sup>st</sup> July 2013) Mr S O'Carroll Mrs J Tomlinson Mrs R White (appointed on the 4 <sup>th</sup> March 2013) Mr F Whitehead Mrs C Wightman
Secretary	Mrs P Haralambos
Senior management team	Mr A Coates Mr S Green Mrs P Haralambos Mr R Jones Miss S Lines Mrs N Moran Mrs S Parkinson
Registered Office	Queens Road West Accrington Blackburn BB5 4AY
Company Registration Number	07728029
Auditors	Colman, Whittaker and Roscow The Close Queen Square Lancaster LA1 1RS
Bankers	Lloyds TSB Bank PLC 19-21 Church Street Blackburn BB6 7QN

**Accrington St Christopher's Church of England High School**

**Reference and administrative details (continued)**

Solicitors

Browne Jacobson Solicitors  
Ground Floor  
3 Piccadilly Place  
Manchester  
M1 3BN

Surveyors

Watson Stirrup  
Business First Blackburn Business Centre  
Davyfield Road  
Blackburn  
BB1 2QY

## **Accrington St Christopher's Church of England High School**

### **Trustees' Report**

The trustees present their annual report together with the audited financial statements of the Academy Trust (the Academy) for the period from the 1<sup>st</sup> September 2012 to the 31<sup>st</sup> August 2013.

#### **1. Structure, Governance and Management**

##### **1.1 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.

The trustees of Accrington St Christopher's Church of England High School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Accrington St Christopher's Church of England High School. The trustees also make up the Governing Body of the Academy and each trustee is a governor of the Academy.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

##### **1.2 Members' Liability**

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

##### **1.3 Trustees' Indemnities**

In accordance with normal company 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 of up to £2,000,000 on any one claim.

##### **1.4 Principal Activities**

The principal activity of the Academy is to provide a quality, free education to pupils aged 11 – 18 who live within a commutable distance of the school. It is larger than the average-sized secondary school and is steadily growing.

##### **1.5 Method of Recruitment and Appointment or Election of Trustees**

The Articles of Association state at point 12 more detail regarding the arrangements in place for the Academy. A summary of these are:

###### Appointment of Members

The Members of the Academy Trust shall comprise:

- (a) the signatories to the Memorandum who are: The Blackburn Diocesan Board of Education; The Area Dean of Accrington; The Incumbent;
- (b) the Parochial Church Council of Great Harwood, St Bartholomew and Great Harwood St John; The Parochial Church Council of Knuzden St Oswald and Rishton St Peter and St Paul;
- (c) one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
- (d) the Chairman of the Governors; and
- (e) any person appointed under Article 16 of the Articles of Association.

The Members with the written consent of the Diocesan Board of Education may agree unanimously in writing to appoint such additional Members as they think fit and may unanimously (save that the agreement of the Member(s) to be removed shall not be required) in writing agree to remove any such additional Members.

## Accrington St Christopher's Church of England High School

### Trustees' Report (continued)

#### Appointment of Governors

The governors act as the trustees for the charitable activities of the Academy and are also the directors of the charitable company for the purposes of company law.

The Articles of Association states that:

The Members shall appoint a minimum of 11 Foundation Governors (of whom three shall at the time of their appointment be eligible for election or appointment as Parent Governors) as follows:

- (a) two shall be appointees of the Diocesan Board of Education;
- (b) six shall be appointees of the Area Dean by members of the Church of England proposed by the Parochial Church Councils of the Ecclesiastical Parishes of Accrington Christ the King, Accrington Christ Church, Accrington St John with Huncoat St Augustine, Altham with Clayton-le-Moors, Baxenden St John, Church Kirk St James, Oswaldtwistle Immanuel and All Saints and Oswaldtwistle St Paul;
- (c) one shall be the appointee of The Parochial Church Council of Great Harwood, St Bartholomew and Great Harwood St John together with The Parochial Church Council of Knuzden St Oswald and Rishton St Peter and St Paul;
- (d) The Incumbent and the Area Dean or his/her nominee who shall be the Corporate Governors Ex-Officio.

The Members may appoint 3 Staff Governors through such process as they may determine and the Headteacher shall be treated for all purposes as being an Ex Officio Governor. The term of office for any governor (other than Co-opted Governors under Article 59 of the Articles of Association) shall be 4 years, save that this time limit shall not apply to the Headteacher. The Area Dean and the Incumbent shall be Ex Officio Governors. Subject to remaining eligible to be a particular type of governor, any governor may be re-appointed or re-elected.

#### **1.6 Policies and Procedures Adopted for the Induction and Training of Trustees**

New governors receive a St Christopher's CE High School Governors Handbook including information regarding Role of governor from Browne Jacobson Solicitors, additional information from Academy Policy and Procedures and induction training and support from the Clerk to the Governing Body and company secretary. A Service Level Agreement is in place with the Local Authority and they make training opportunities available to all governors. A link governor is appointed from within the Governing Body to monitor training needs.

#### **1.7 Organisational Structure**

The overall aim of the Governing Body is to agree the strategic and operational framework within which the Academy will be managed by the Academy Headteacher and to monitor and hold the Academy Headteacher (and senior management team) to account for the achievement of the Governing Body's strategic aims and objectives for the Academy.

The Headteacher (Accounting Officer) and senior management team together constitute the leadership team of the school. The overall purpose of the Governing Body is to lead the school to provide the best possible education for the pupils. This involves, in particular:

- setting the school's vision and strategic aims
- monitoring and evaluating performance
- ensuring that the school is accountable to pupils, parents and the community it serves and Education Funding Agency.

**Trustees' Report (continued)**

Within this context the Governing Body has a strategic role in the financial management of the Academy. Its key responsibilities include:

- setting the financial priorities of the school through the:
  - School Development Plan
  - Long Term Financial Plan
  - Annual Budget
- determining the allocation of resources within the school budget in accordance with the priorities in the School Development Plan
- approving and monitoring the annual budget
- ensuring that the budget is managed effectively
- determining arrangements for delegation of financial decisions to the Headteacher by approving internal financial regulations
- evaluating the effectiveness of spending decisions

The Headteacher provides vision, leadership and direction for the school and as accounting officer the Headteacher is responsible for the management of the school budget under delegated powers agreed by the Governing Body supported by the Business Manager.

The governors are organised into a number of committees who form policy to be agreed at main Governing Body meetings. The Bodies comprise Admissions; Appeals; Building & Land; Curriculum; Pupil Discipline; Finance & Audit; Pupil Welfare; Staffing & Appointments; Staffing Review; Staff Disciplinary; Complaints/Appeals; Grievance; and Pay Review Committees. The majority of committees meet termly and minutes of meetings are recorded and submitted to a termly meeting of Full Governing Body.

**1.8 Risk Management**

The governors have assessed the major risks to which the Academy is exposed, in particular, those relating to the operational areas of the site and facilities, to teaching and to finances. The governors have implemented a system to assess the risks the school faces, especially in the operational areas which include teaching, health and safety and in relation to the control of finance. The governors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured that they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement on Internal Control. Policies and procedures supporting the financial processes in school have been circulated as part of the Academy's finance manual and considered in detail by the Staffing and Finance Committee.

**1.9 Connected Organisations, including Related Party Relationships**

There are no related parties which either control or significantly influence the decisions or operations of the Academy. The Academy however works closely with the Blackburn Diocese, the Local Authority, other school networks such as Lancashire Academies Network and with parents to further the principal activities of the Academy.

**2 Objectives and Activities**

St Christopher's CE High School has provided high quality education for the Church going families of East Lancashire for over fifty years. We are proud of the enviable reputation that we have earned in all areas of education – cultural, social, physical and of course spiritual. Our faith in the love of God informs all that we do. St Christopher's is first and foremost a Church school.

We are hugely ambitious academically for our pupils, ensuring that they secure the results to continue their education at the best universities or on training courses which will prepare them for careers of significance and worth. The wide range of activities ensures that each pupil can grow and develop wherever their interests may lie. The many educational trips, expeditions and tours, our popular Duke of Edinburgh programme, highly regarded music department, and nationally recognised eco group, all give further evidence of what really is a complete curriculum. We encourage all our pupils to take full advantage of all that is on offer. Visitors to St Christopher's often comment on the sense of community which is such a distinctive feature of the school.

## **Trustees' Report (continued)**

We work hard to ensure that every child is known, supported and challenged. These are all bold claims, so the last word should go to one of our former students –

*"I am still not sure what I want to be but after studying at St Christopher's I know who I want to be."*

### **2.1 Objects and Aims**

On the 1<sup>st</sup> September 2011, St Christopher's CE High School converted to academy status, helping us to develop further our whole educational provision and it was an interesting first year as an academy and an exciting time for Accrington St Christopher's.

- Our Inspection Report in 2011 describes St Christopher's as "An Outstanding Church of England High School".
- In 2011 – 2012 academic year a record 78% of our Year 11 pupils gained at least 5 grades A\*-C with English and Maths in the 2011 league tables, the best performing school in the district in the latest league tables.
- In 2012 – 2013 we continue to maintain our high academic achievement and this resulted in our best ever GCSE performance with 79% of our Year 11 pupils gaining at least five higher grades with English and Mathematics and again we were acknowledged as the best performing school in the district in the latest league tables.
- The Sixth Form has established itself as a leading force in the delivery of A-level and our 99% pass rate and excellent results for grades A\*-B already place us in the top 100 schools nationally, and as a top five provider in Lancashire and 90% of our university-bound sixth formers gained a place at their first choice university.

Our caring community is based on a close partnership between Staff, parents, pupils and Governors who foster strong links with local parishes and clergy, six of whom serve as School Chaplains. We emphasise pupils' whole development, offering high standards of teaching in a range of courses to cater for all abilities, a wide extra-curriculum and making a priority of spiritual nurture, with religious worship and teaching at the centre of school life. High academic achievement resulted in a national award in 2012 for GCSE performance in 2011 at A\* and A; this improved again in 2012.

Worship at St Christopher's is our life-blood, our very DNA. Each school day begins with an act of worship within the Anglican tradition. This takes place during an assembly in the School Hall, usually attended by each year group twice a week, a Year Assembly in the Studio or Lecture Theatre once a week, and Form Assembly. A Chaplaincy Team supports our worship and pastoral work, each year group having its own chaplain for through the seven years at St Christopher's. Each year group has two Communion Services and every form has a Form Communion during the year. The Academy fosters links with local parishes and Christian organisations helping with assemblies.

We try to establish caring attitudes and lasting values through worship and work done in the classroom, as well as, on a more practical level, supporting charitable appeals. In the context of our Church School, there is an emphasis on Christian education throughout the Academy and we expect all pupils to participate fully in our Christian community.

### **2.2 Objectives, Strategies and Activities**

#### **Mission Statement**

St. Christopher's is a Church of England High School where pupils and staff work together in the knowledge and love of God. We try to act out our faith in our daily lives, with Christ as our example. We seek to promote the spiritual, moral, social, cultural, intellectual and physical development of all our pupils within a caring and supportive community, preparing them as Christians for the opportunities, responsibilities and experiences of their adult life. We aim to achieve our mission by providing a learning environment. Our caring community is based on a close partnership between which:

- is ordered and disciplined
- develops the pupils' knowledge of and commitment to the Christian faith and fosters a sympathetic approach to other religions and cultures
- recognises that each member of the school community is an individual with specific needs and strengths
- fosters mutual respect and concern for others
- values the contribution made by each member of the school community
- encourages and celebrates positive achievement
- offers pupils equal access to all areas of the curriculum



## Trustees' Report (continued)

- gives pupils the knowledge, skills and understanding needed to gain the best possible qualifications
- encourages the development of personal and inter-personal skills
- promotes self-confidence, self-discipline, a sense of responsibility and a generosity of spirit.

Charity work at St Christopher's is an important part of our school life. It gives pupils the opportunity to put into practice the messages of our Mission Statement and Aims in a most practical way. Pupils and staff work together enthusiastically to support a range of charities.

### 2.3 Public Benefit

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit. We confirm that all our charitable activities are undertaken to further our charitable purposes for the public benefit.

## 3 Achievements and Performance

### 3.1 Examinations

#### Key Stage 3 Results

	<b>L5+</b>	<b>L6+</b>	<b>L7+</b>	<b>L8</b>
<b>English</b>	96%	78%	11%	N/A
<b>Maths</b>	89%	69%	33%	8%
<b>Science</b>	99%	91%	44%	1%

#### GCSE Results

<b>Subjects</b>	<b>Entries</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>U</b>	<b>X</b>	<b>Q</b>	<b>A*-C</b>	<b>A*-G</b>
Biology	52	8	21	15	6	2	0	1	0	0	0	0	50	52
Business Communication	48	0	3	14	13	14	2	2	0	0	0	0	30	48
Catering Studies	39	2	6	7	15	3	3	0	0	0	0	0	30	36
Chemistry	52	10	14	20	8	0	0	0	0	0	0	0	52	52
D&T Electronic Products	13	0	2	5	4	0	2	0	0	0	0	0	11	13
D&T Food Technology	11	0	3	2	1	1	4	0	0	0	0	0	6	11
D&T Graphic Products	22	0	2	5	4	8	2	0	1	0	0	0	11	22
D&T Resistant Materials	15	0	6	3	4	1	0	0	0	1	0	0	13	14
D&T Textiles Technology	12	3	4	1	3	0	0	0	0	0	1	0	11	11
Drama	12	0	0	2	3	4	2	1	0	0	0	0	5	12
Engineering	13	0	0	1	6	2	3	1	0	0	0	0	7	13
English Language & Literature	194	7	38	62	54	27	4	1	1	0	0	0	161	194
English Literature	175	8	36	53	63	13	1	0	1	0	0	0	160	175

## Accrington St Christopher's Church of England High School

### Trustees Report (continued)

Fine Art	54	3	9	11	18	7	6	1	1	0	0	0	41	54
French	78	1	4	14	27	20	9	2	1	0	0	0	46	78
Geography	144	22	44	33	27	13	2	3	0	0	0	0	126	144
German	35	4	9	8	10	4	0	0	0	0	0	0	31	35
History	71	12	13	21	18	4	1	2	0	0	0	0	64	71
Home Economics: Child Development	19	0	3	5	5	5	0	0	1	0	0	0	13	19
Information Technology	12	0	5	5	2	0	0	0	0	0	0	0	12	12
Law	3	1	0	1	1	0	0	0	0	0	0	0	3	3
Mathematics Additional	12	5	5	1	1	0	0	0	0	0	0	0	12	12
Mathematics	195	19	32	49	78	11	5	1	0	0	1	0	178	195
Music	11	1	2	4	3	1	0	0	0	0	0	0	10	11
Performing Arts (Voc)	16	5	4	4	1	2	0	0	0	0	0	0	14	16
Physics	52	8	12	21	10	1	0	0	0	0	0	0	51	52
Religious Studies	195	8	39	50	50	28	9	7	0	3	1	0	147	191
Science Single Award	142	2	18	32	55	22	7	4	2	0	0	0	107	142
Science: Additional	128	1	12	25	54	24	5	4	1	2	0	0	92	126
Sociology	25	0	8	9	6	1	1	0	0	0	0	0	23	25
Spanish	25	1	0	3	12	7	2	0	0	0	0	0	16	25
Sport/PE Studies	47	3	12	20	5	7	0	0	0	0	0	0	40	47
<b>totals</b>		<b>164</b>	<b>329</b>	<b>488</b>	<b>559</b>	<b>305</b>	<b>97</b>	<b>39</b>	<b>14</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>1540</b>	<b>1995</b>

There were 206 pupils in the Year 11 Group 2012-2013.

206 pupils (99%) were entered for five or more GCSEs.

166 pupils (78%) achieved five or more passes at GCSE in the range A\* - C.

205 pupils (99%) achieved five or more passes at GCSE in the range A\* - G.

206 pupils (100%) achieved one or more passes in the range A\* - G.

140 pupils (68%) achieved five or more A\* - C grades including English and Mathematics.

### A-level Results

<b>Subjects</b>	<b>Entries</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>U</b>	<b>X</b>	<b>Q</b>
Art and Design Textiles	4	1	1	0	1	1	0	0	0	0
Biology	25	1	6	4	6	3	4	1	0	0

## Accrington St Christopher's Church of England High School

### Trustees Report (continued)

Business Studies	18	0	1	11	4	2	0	0	0	0
Chemistry	16	0	8	5	0	2	1	0	0	0
Classical Civilisation	6	0	0	3	2	1	0	0	0	0
Classics	6	0	0	3	0	3	0	0	0	0
Critical Thinking	1	1	0	0	0	0	0	0	0	0
D&T Food Technology	4	0	0	3	0	0	1	0	0	0
D&T Product Design	10	0	0	2	6	2	0	0	0	0
Economics	13	1	3	4	3	1	1	0	0	0
English Language & Literature	10	0	1	5	3	1	0	0	0	0
English Language	17	3	2	9	3	0	0	0	0	0
English Literature	11	0	1	6	4	0	0	0	0	0
Fine Art	12	0	2	3	6	1	0	0	0	0
French	8	0	4	3	1	0	0	0	0	0
Geography	32	0	3	10	13	6	0	0	0	0
German	1	0	0	0	1	0	0	0	0	0
History	18	0	2	7	3	5	1	0	0	0
Information Technology	3	0	0	2	0	0	1	0	0	0
Law	20	0	2	3	7	5	3	0	0	0
Mathematics Further	6	0	2	2	1	1	0	0	0	0
Mathematics	33	2	14	7	7	2	1	0	0	0
Music Technology	6	0	2	2	1	1	0	0	0	0
Music	10	0	1	6	3	0	0	0	0	0
Performing Arts (Voc)	9	0	3	2	4	0	0	0	0	0
Physics	12	0	3	4	1	2	1	1	0	0
Politics	13	0	4	5	2	1	1	0	0	0
Psychology	52	0	5	25	16	3	1	2	0	0
Religious Studies	21	0	0	5	10	6	0	0	0	0

**Trustees Report (continued)**

Science Geology	16	0	5	4	5	0	2	0	0	0
Sociology	25	1	9	11	3	1	0	0	0	0
Spanish	4	0	1	2	1	0	0	0	0	0
Sport/PE Studies	11	0	1	2	1	4	2	1	0	0
<b>Totals</b>		<b>10</b>	<b>86</b>	<b>160</b>	<b>118</b>	<b>54</b>	<b>20</b>	<b>5</b>	<b>0</b>	<b>0</b>

**3.2 Going Concern**

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

**3.3 Key Performance Indicators**

The Academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

**3.4 Review of Effectiveness**

In the last OfSTED inspection in November 2011, judgements were:

Overall effectiveness:1

How good is the school: 1;

The school's capacity for sustained improvement: 1

It stated that:

*“Accrington St Christopher's Church of England High School provides an outstanding education for its students and demonstrates palpable enthusiasm and ambition in all aspects of its work. Students' attainment is high and their achievement is outstanding, not only in academic terms but also in the way they develop spiritually and morally into self-confident, caring and responsible young people who work hard and fully enjoy the many opportunities presented to them by school. The school's compassionate and inclusive family ethos is apparent in positive relationships at all levels; students feel extremely safe and benefit from outstanding care, guidance and support that is notably successful in helping them to overcome obstacles and achieve the best that they can. Virtually all students say that they enjoy school. As one commented, 'even though the school is very big, the teachers know us and treat us as individuals.' Students' attendance is consistently high. Their behaviour is exemplary and their contribution to their community is extensive.*

*The quality of teaching is good overall with outstanding practice evident. There is a positive climate for learning across the school; teachers have high expectations, excellent subject knowledge and a commitment to sharing ideas with each other in order to develop their skills. They set ambitious targets for students and monitor their progress closely. Some marking is of an excellent quality, especially in English, but there is inconsistency in how well teachers' comments advise students on how to improve their work. In the best lessons, students make insightful, extended contributions to discussions and present their ideas in imaginative ways. However, in a few lessons there is a tendency for teachers to talk too much and this limits opportunities for active learning. The outstanding curriculum provides a suite of courses that meet all students' needs and interests. Students participate enthusiastically in the school's impressive variety of enrichment activities from judo to investigative science.*

*The outstanding leadership of the Headteacher, ably supported by a highly effective team of senior leaders, has resulted in a shared vision of success which drives the school forward. This is fully supported by staff and there is a*

**Trustees' Report (continued)**

*vibrant sense of teamwork across the school. Self-evaluation is rigorous, drawing on the views of all stakeholders, and shows an accurate understanding of where there is scope for improvement. Subject leaders are dedicated and knowledgeable. They have raised standards effectively in their departments but limited opportunities to observe the teaching of colleagues mean that their strategies for sharing best practice do not always have full impact. The Governing Body provides astute insight, excellent support and rigorous challenge.*

*Considerable energy has been focused on the development of the sixth form, without detriment to outcomes in the main school. The sixth form has made a powerful contribution to the aspirations of the whole-school community. Academic outcomes for sixth formers are good and their personal development is excellent. The process of planning, building and opening the sixth form has been managed extremely well.*

*The school demonstrates an impressive trajectory of continuous improvement. The morale of the community is high and the capacity for sustained improvement is outstanding.”*

**4 Financial Review**

The Governors ensure that systems are in place and, following the appropriate guidelines, complete a Statement of Internal Control and Schemes of Delegation. Governors on a regular basis question and challenge information forwarded to them. This financial year, Governors have accepted the academy system of internal control and that this has been in place for the whole of the accounting period to date. The following Controls Assurance Statement has been in place:

This statement relates to the financial summaries for Accrington St Christopher's C E High School for the period 2012/2013 and the Governing Body is responsible for ensuring that the Academy:

- keeps proper accounting records during the year which will disclose, with reasonable accuracy and at any time, the financial position of the Academy, have been drawn up in accordance with the Consistent Financial Reporting guidelines, and will enable it to prepare an annual income and expenditure statement that complies with Government guidelines
- maintains and operates an effective system of internal control to safeguard all the resources delegated, granted or otherwise entrusted to the Academy and ensure they are used cost effectively.

At the 31<sup>st</sup> August 2013, the combined General Restricted Fund and Unrestricted Fund show an operating surplus carried forward (before the actuarial losses on the defined benefit scheme and the borrowing obligation from the Diocese) of £60,000.

In the 2012/2013 academic year the Academy adopted a prudent approach to budgeting, ensuring that it did not commit monies which are not confirmed as income due. However some reserves from the previous year were allocated to capital projects to improve the facilities for the pupils.

**4.1 Financial and Risk Management Objectives and Policies**

The system of internal control has been developed and is co-ordinated by the Headteacher. It aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly. Governors' review of the effectiveness of the systems of internal controls are informed by:

- regular scrutiny of financial and other performance monitoring data
- regular reports from the Business Manager and other managers to the Governing Body
- the most recent report of the academy's Responsible Officer (RO)
- the most recent self-evaluation of the internal controls as discussed at Finance & Audit committee annually.

Governors are, therefore, satisfied that the internal control systems in operation at the academy during the period are adequate and effective.

**4.2 Principal Risks and Uncertainties**

The Academy has undertaken work during the period to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation. The Finance & Audit Committee undertakes a review of the risks using a Risk Register detailing the areas to which the Academy is exposed. The risk register identifies systems and procedures, including specific, preventable actions which should mitigate any potential impact on the Academy. The internal controls are then implemented and the Finance &

**Trustees' Report (continued)**

Audit Committee will review their effectiveness and progress annually against risk mitigation actions. In addition to the annual review, the Finance & Audit Committee will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy. The risk register is maintained at the Academy level which is reviewed at least annually by the Finance & Audit Committee and more regularly when necessary. The risk register identifies key risks, the likelihood of these risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks.

**4.3 Reserves Policy**

The Academy's reserve policy takes into account the risk of fluctuations of grant income and spending needs. In year reserves are set to cover costs and other commitments, to fund change in the curriculum and to meet unexpected emergencies such as urgent maintenance. Significant expenditure such as summer refurbishment and equipment cost are usually planned during the year and this is taken into account in cash flow forecasts.

The reserves at any one time will be managed by the Finance & Audit Committee which will deploy reserves to meet fluctuating demands in the school budget. This policy will be reviewed annually.

Under its Funding Agreement with the Secretary of State for Education St Christopher's CE High School is not subject to a carry forward restriction on its reserves. As at the 31<sup>st</sup> August 2013 the Academy had reserves based upon its GAG of around 1.0%.

The Governors have agreed to utilise £60,000 of the total reserves for capital expenditure to cover the costs of the major drainage works on the sports fields the work is expected to stretch over two years.

**4.4 Investment Policy**

The Academy has not undertaken any investments this year due to funding being committed to capital improvements. However, Governors have provided clear guidance for the Headteacher and the Business Manager regarding the objectives, goals and guidelines of the assets that will be invested by the Academy in the course of any one academic financial year. The Headteacher (accounting officer) will evaluate the needs of the organisation to determine if the funds will be needed to support teaching & learning and/or building development. Therefore, all available funds will be invested as appropriate and reported to the Finance & Audit Committee.

The primary investment objective of the assets placed under management is to provide for the preservation of capital to support the needs of the Academy and be brought forward into everyday use dependent upon cash flow needs of the organisation. Based on the investment objectives stated above, the specific objectives for these assets shall be to achieve a competitive interest rate on the cash deposits. In general, the cash shall be invested in short term investment opportunities offered by the bank's Relationship Manager, with an average duration of less than one year.

This should be invested only in Lloyds TSB in discussion with the School Relationship Manager, free from risk of loss, price fluctuation and instantly accessible unless otherwise approved by Governors. All transactions undertaken on behalf of the Academy shall be for the sole benefit of the Academy

**5. Plans for Future Periods**

The Academy intends to action fully the areas for development as detailed on the Academy Improvement Plan 2013/2014.

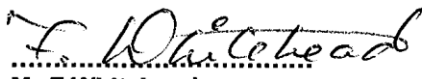
Trustees' Report (continued)

6 Auditor

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 that 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.

Approved by order of the Board of Trustees on the 5th December 2013 and signed on its behalf by:



**Mr F Whitehead**  
**Chair of Trustees**

## **Accrington St Christopher's Church of England High School**

### **7 Governance Statement**

#### **7.1 Scope of Responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, 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 Accrington St Christopher's Church of England High School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

#### **Governance**

Governors are allocated to Committees which are as follows:

Admissions; Appeals; Building & Land; Curriculum; Pupil Discipline; Finance & Audit; Pupil Welfare; Staffing & Appointments; Staffing Review; Staff Discipline/Dismissal/Appeals; Complaints Appeals – pupils; Grievance; Pay.

The main committees that meet on a regular termly cycle are: Building & Land; Curriculum; Finance & Audit; Pupil Welfare. All other committees meet annually or as and when required. Attendance at these meetings are on average running at 80% attendance.

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

- 26<sup>st</sup> November 2012      18 Governor attendance out of a possible 20
- 26<sup>th</sup> March 2013        18 Governor attendance out of a possible 20
- 9<sup>th</sup> July 2013            17 Governor attendance out of a possible 20

#### **Members of the Academy Trust shall comprise:**

1. Incumbent of the Parish of Accrington Christ the King Fr L Carson-Featham
2. The Director of Education, Blackburn Diocesan of Education (Mr P Locke)
3. The Area Dean of Accrington (Representative Mrs Heathcote)
4. Mrs L Hargreaves Parochial Church Council of Great Harwood, St Bartholomew and Great Harwood St John and The Parochial Church Council of Knuzden St Oswald and Rishton St Peter and St Paul
5. Mr F Whitehead, Chair of Governors
6. Secretary of State appointment if required (not currently in use)
7. Mr D Anderson - Diocese appointment
8. Mr P Morgan resigned during year replaced by Mr P Jones Vice Chair of Governors

#### **7.2 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 Accrington St Christopher's Church of England High School from the 1<sup>st</sup> September 2012 to the 31<sup>st</sup> August 2013 and up to the date of approval of the annual report and financial statements.

#### **7.3 Capacity to Handle Risk**

The Governors have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governors are of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period from the 1<sup>st</sup> September 2012 to the 31<sup>st</sup> August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.



**Governance Statement (continued)**

**7.4 The Risk and Control Framework**

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Colman, Whittaker & Roscow, 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 Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

**7.5 Review of Effectiveness**


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

- scrutiny from the Board
- scrutiny from the Finance & Audit Committee
- Responsible Officer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Business Manager within the Academy Trust who has responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 5th December 2013 and signed on its behalf by:

  
.....  
**Mr F Whitehead**  
**Chair of Trustees**

  
.....  
**Mr R Jones**  
**Accounting Officer**

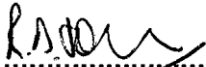
**Accrington St Christopher's Church of England High School**

**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Accrington St Christopher's Church of England High School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency (EFA) 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 the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust 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 have been discovered to date.

  
.....  
**Mr R Jones**  
**Accounting Officer**

Date: 5/12/2013

**Statement of Trustees' Responsibilities**

The trustees (who act as Governors of Accrington St Christopher's Church of England High School and are also 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 applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency.

Company law requires the trustees to prepare financial statements for each financial year, which 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 the year. In preparing these financial statements, 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in 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 good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

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 that 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.

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 Board of Trustees on the 5th December 2013 and signed on its behalf by:



**Mr F Whitehead**  
**Chair of Trustees**

**Independent Auditor's Report to the Members of Accrington St Christopher's Church of England High School**

We have audited the financial statements of Accrington St Christopher's Church of England High School for the year ended 31<sup>st</sup> August 2013 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 2013 issued by the Education Funding Agency.

This report is made solely to the Academy Trust'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 Trust's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust 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 auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the trustees (who are also the Directors of the Academy Trust 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 (APB'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 Trust'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. 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 Trust's affairs as at the 31<sup>st</sup> August 2013, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice ; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

*(Continued)*

**Independent Auditor's Report to the Members of Accrington St Christopher's Church of England High School  
(continued)**

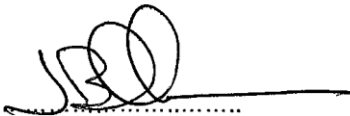
**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual 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.



.....  
Mr Jeff Bellamy FCA (senior statutory auditor)  
For and on behalf of Colman, Whittaker and Roscow  
Statutory Auditor  
The Close  
Queen Square  
Lancaster  
LA1 1RS

Date: ..... 18-12-13 .....

## **Accrington St Christopher's Church of England High School**

### **Independent Reporting Accountant's Assurance Report on Regularity to Accrington St Christopher's Church of England High School and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 2<sup>nd</sup> September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Accrington St Christopher's Church of England High School during the year 1<sup>st</sup> September 2012 to the 31<sup>st</sup> August 2013 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 Accrington St Christopher's Church of England High School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Accrington St Christopher's Church of England High School 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 Accrington St Christopher's Church of England High School and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Accrington St Christopher's Church of England High School accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Accrington St Christopher's Church of England High School funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from the 1<sup>st</sup> September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2013. 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 from the 1<sup>st</sup> September 2012 to the 31<sup>st</sup> August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 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 our conclusions includes:

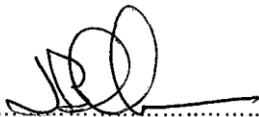
- Obtaining evidence including carrying out those tests relevant to the circumstances of the Academy as prescribed in Section 10.4 of the Academies Accounts Direction 2013 issued by the EFA in May 2013; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

*(continued)*

**Independent Reporting Accountant's Assurance Report on Regularity to Accrington St Christopher's Church of England High School and the Education Funding Agency (continued)**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from the 1<sup>st</sup> September 2012 to the 31<sup>st</sup> August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....  
Mr Jeff Bellamy FCA (senior statutory auditor)  
For and on behalf of Colman, Whittaker and Roscow  
Statutory Auditor  
The Close  
Queen Square  
Lancaster  
LA1 1RS

Date: ..... 18-12-13 .....

Accrington St Christopher's Church of England High School

**Statement of Financial Activities for the year ended 31<sup>st</sup> August 2013  
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	<b>Total 2013 £000</b>	<b>Total 2012 £000</b>
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	-	365	2	367	434
Transfer from local authority on conversion						17,300
Activities for generating funds	3	75	241	-	316	276
Investment income	4	1	-	-	1	1
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	-	6,342	25	6,367	6,327
<b>Total incoming resources</b>		<b>76</b>	<b>6,948</b>	<b>27</b>	<b>7,051</b>	<b>24,338</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income		-	342	-	342	377
Costs of activities for generating funds		69	241	-	310	268
<i>Charitable activities:</i>						
Academy's educational operations	7	-	6,345	144	6,489	6,193
Governance costs	8	-	18	-	18	14
<i>Other resources expended:</i>						
Transfer from local authority on conversion		-	-	-	-	389
<b>Total resources expended</b>	6	<b>69</b>	<b>6,946</b>	<b>144</b>	<b>7,159</b>	<b>7,241</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>7</b>	<b>2</b>	<b>(117)</b>	<b>(108)</b>	<b>17,097</b>
Gross transfers between funds	16	-	(79)	79	-	-
<b>Net income/(expenditure) for the year</b>		<b>7</b>	<b>(77)</b>	<b>(38)</b>	<b>(108)</b>	<b>17,097</b>
<b>Other recognised gains and losses</b>						
Actuarial (losses) on defined benefit pension schemes	16, 26	-	(28)	-	(28)	(1,388)
<b>Net movement in funds</b>		<b>7</b>	<b>(105)</b>	<b>(38)</b>	<b>(136)</b>	<b>15,709</b>
<b>Reconciliation of funds</b>						
Funds brought forward to 1 September 2012	16	9	(1,607)	17,307	15,709	-
<b>Funds carried forward at 31 August 2013</b>		<b>16</b>	<b>(1,712)</b>	<b>17,269</b>	<b>15,573</b>	<b>15,709</b>

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

A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.



Accrington St Christopher's Church of England High School

Balance sheet as at 31<sup>st</sup> August 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
<b>Fixed assets</b>					
Tangible assets	12		17,243		17,222
<b>Current assets</b>					
Debtors	13	56		102	
Cash at bank and in hand		303		333	
		<u>359</u>		<u>435</u>	
<b>Creditors: Amounts falling due within one year</b>	14	<u>(343)</u>		<u>(245)</u>	
<b>Net current assets</b>			16		190
Total assets less current liabilities			<u>17,259</u>		<u>17,412</u>
<b>Creditors: Amounts falling due after one year</b>	15		(270)		(315)
<b>Net assets excluding pension liability</b>			<u>16,989</u>		<u>17,097</u>
Pension scheme liability	26		(1,416)		(1,388)
<b>Net assets including pension liability</b>			<u>15,573</u>		<u>15,709</u>
<b>Funds of the academy:</b>					
<b>Restricted funds</b>					
Fixed asset fund(s)	16		17,269		17,307
General fund(s)	16		(296)		(219)
Pension reserve	16		(1,416)		(1,388)
<b>Total restricted funds</b>			<u>15,557</u>		<u>15,700</u>
<b>Unrestricted funds</b>	16		16		9
<b>Total funds</b>			<u>15,573</u>		<u>15,709</u>

The financial statements on pages 23 to 44 were approved by the trustees, and authorised for issue on 5<sup>th</sup> December 2013 and are signed on their behalf by:



Mr F Whitehead  
Chair of Trustees

Company Limited by Guarantee  
Registration Number 07728029

**Accrington St Christopher's Church of England High School**

**Cash Flow Statement for the year ended 31<sup>st</sup> August 2013**

	Notes	<b>2013 £000</b>	<b>2012 £000</b>
<b>Net cash inflow from operating activities</b>	20	107	310
Returns on investments and servicing of finance	21	1	1
Capital expenditure	22	(138)	22
<b>(Decrease)/Increase in cash in the year</b>	23	<u>(30)</u>	<u>333</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 <sup>st</sup> September 2012		333	-
<b>Net funds at 31<sup>st</sup> August 2013</b>		<u>303</u>	<u>333</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013

**1 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 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.

**Going Concern**

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

**Incoming Resources**

All incoming resources are recognised when the Academy 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

- **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.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

1 Accounting Policies (continued)

- **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the Academy 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's policies.

The conversion from a state maintained school to an Academy Trust in 2011 involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and was accounted for under the acquisition accounting method.

On conversion the Academy entered into a lease agreement with the Diocese who own the land from which the Academy operates. The length of this lease is of an undefined term. The buildings were included within the financial statements at their insurance valuation per the 2012 policy.

Also on conversion the Academy entered into a lease arrangement to lease the playing fields attached to the Academy. This area is to be leased from Lancashire County Council over a period of 125 years from the date of conversion for a peppercorn rental.

Also on conversion the Academy inherited the fixtures and fittings and other tangible assets for the continued use of the Academy. It was decided that the cost of putting a valuation on these assets would have been disproportionate to the value of the information this would have provided and so they were included at a £nil valuation. However the insurance replacement valuation at the time was £3,030,000.

The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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

- **Charitable activities**

These are costs incurred on the Academy's educational operations.

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

1 Accounting Policies (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.

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'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/reducing balance basis over its expected useful life, as follows:

Long leasehold buildings	Over 125 years straight line
Motor Vehicles	25% straight line
Furniture and Fittings	25% straight line
Computer Equipment	33% straight line

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 where substantially all of the benefits and risks of ownership remain with the lessor are charged against the statement of financial activities on a straight line basis over the period of the lease.

**Taxation**

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

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

**1 Accounting Policies (continued)**

**Pensions Benefits**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on 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.

**Fund Accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education 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.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

**2 Voluntary Income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>	<b>Total 2012 £000</b>
Capital grants	-	2	2	61
Trips and other non public funds	-	336	336	357
Other donations	-	29	29	16
	<u>-</u>	<u>367</u>	<u>367</u>	<u>434</u>

**3 Activities for Generating Funds**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>	<b>Total 2012 £000</b>
Catering income	-	226	226	196
Hire of facilities	11	-	11	15
Sale of educational goods and services	38	-	38	31
Music tuition	26	-	26	34
Transport income	-	15	15	-
	<u>75</u>	<u>241</u>	<u>316</u>	<u>276</u>

**4 Investment Income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>	<b>Total 2012 £000</b>
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

5 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	5,800	5,800	5,827
Start Up Grants	-	-	-	25
Capital Grants	-	25	25	-
Other DfE/EFA grants	-	134	134	42
	<u>-</u>	<u>5,959</u>	<u>5,959</u>	<u>5,894</u>
<b>Other Government grants</b>				
Local authority grants	-	408	408	433
	<u>-</u>	<u>408</u>	<u>408</u>	<u>433</u>
	<u>-</u>	<u>6,367</u>	<u>6,367</u>	<u>6,327</u>

6 Resources Expended

	Staff Costs £000	Non Pay Expenditure		Total 2013 £000	Total 2012 £000
		Premises £000	Other Costs £000		
Costs of generating voluntary income	-	6	336	342	377
Costs of activities for generating funds	156	2	152	310	268
Academy's educational operations					
Direct costs	4,474	137	391	5,002	4,781
Allocated support costs	942	286	259	1,487	1,412
Transfer from local authority	-	-	-	-	389
	<u>5,572</u>	<u>431</u>	<u>1,138</u>	<u>7,141</u>	<u>7,227</u>
Governance costs including allocated support costs	2	-	16	18	14
	<u>5,574</u>	<u>431</u>	<u>1,154</u>	<u>7,159</u>	<u>7,241</u>

The method used for the apportionment of support costs is disclosed in the accounting policies.



Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

6 Resources Expended (continued)

	2013 £000	2012 £000
<b>Incoming/outgoing resources for the year include:</b>		
Operating leases	39	32
Fees payable to auditor		
Audit	3	3
Other services	11	9
Profit/(loss) on disposal of fixed assets	-	-
	<hr/>	<hr/>

7 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>Direct costs</b>				
Teaching and educational support staff costs	-	4,474	4,474	4,272
Depreciation	-	137	137	133
Educational supplies	-	255	255	240
Examination fees	-	105	105	109
Staff development	-	31	31	27
	<hr/>	<hr/>	<hr/>	<hr/>
	-	5,002	5,002	4,781
<b>Allocation support costs</b>				
Support staff costs	-	942	942	882
Depreciation	-	7	7	7
Recruitment and support	-	43	43	12
Maintenance of premises and equipment	-	81	81	113
Cleaning	-	6	6	8
Rent and rates	-	49	49	42
Energy costs	-	106	106	106
Insurance	-	38	38	40
Security and transport	-	18	18	11
Catering	-	65	65	53
Legal fees on conversion	-	-	-	26
Government Bursaries 16-18	-	27	27	16
Other support costs including Service Level Agreements and other professional fees	-	105	105	96
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,487	1,487	1,412
	<hr/>	<hr/>	<hr/>	<hr/>
	-	6,489	6,489	6,193

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

8 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Legal and professional fees	-	2	2	-
Auditor's remuneration				
• Audit of financial statements	-	3	3	3
• Responsible officer audit	-	1	1	1
• Accountancy, taxation and other services	-	10	10	8
Support staff costs:				
Clerk to the Governors	-	2	2	2
	<u>-</u>	<u>18</u>	<u>18</u>	<u>14</u>

9 Staff Costs

	2013 £000	2012 £000
Staff costs during the period were:		
Wages and salaries	4,545	4,310
Social security costs	338	320
Pension costs	646	619
	<u>5,529</u>	<u>5,249</u>
Supply teacher costs	45	39
	<u>5,574</u>	<u>5,288</u>

The average number of persons (including senior management team) employed by the Academy during the year, and the full time equivalents, was as follows:

	2013 Number	2013 Full-time equivalent	2012 Number	2012 Full-time equivalent
<b>Charitable Activities</b>				
Teachers	110	102	114	100
Administration and support	67	41	63	40
Management	7	7	7	7
	<u>184</u>	<u>150</u>	<u>184</u>	<u>147</u>

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

	2013 £000	2012 £000
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	-	1
£110,001 - £120,000	1	1
	<u>3</u>	<u>4</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

**9 Staff Costs (continued)**

All of the above employees participated in the Teacher's Pension Scheme. During the year ended 31<sup>st</sup> August 2013, pension contributions for these staff amounted to £35,631 (2012: £45,789).

**10 Related Party Transactions - Trustees' Remuneration and Expenses**

The Headteacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher 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. The value of trustees' remuneration was as follows:

Mr A Coates	(Headteacher and Trustee):	£110,000 - £115,000	(2012: £110,000 - £115,000)
Mrs C Carter	(Staff Trustee):	£40,000 - £45,000	(2012: £40,000 - £45,000)
Miss H Davies	(Staff Trustee):	£45,000 - £50,000	(2012: £40,000 - £45,000)
Mrs K Jones	(Staff Trustee):	£15,000 - £20,000	(2012: £15,000 - £20,000)

Related party transactions involving the trustees are set out in note 27.

**11 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 £2,000,000 on any one claim and the cost for the year ended 31<sup>st</sup> August 2013 was £1,742 (2012: £1,041). The cost of this insurance is included in the total insurance cost.

**12 Tangible Fixed Assets**

	Leasehold Land and Buildings £000	Motor Vehicles £000	Furniture and Fittings £000	Computer Equipment £000	Total £000
<b>Cost</b>					
At 1 <sup>st</sup> September 2012	17,357	5	-	-	17,362
Additions	159	-	5	1	165
Disposals	-	-	-	-	-
At 31 <sup>st</sup> August 2013	17,516	5	5	1	17,527
<b>Depreciation</b>					
At 1 <sup>st</sup> September 2012	139	1	-	-	140
Charged in year	141	1	2	-	144
Disposals	-	-	-	-	-
At 31 <sup>st</sup> August 2013	280	2	2	-	284
<b>Net book values</b>					
At 31 <sup>st</sup> August 2013	17,236	3	3	1	17,243
At 31 <sup>st</sup> August 2012	17,218	4	-	-	17,222

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

**13 Debtors**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	-	3
VAT recoverable	11	22
Other debtors	25	40
Prepayments and accrued income	20	37
	<u>56</u>	<u>102</u>

**14 Creditors: amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	63	-
Other creditors	231	182
Accruals and deferred income	49	63
	<u>343</u>	<u>245</u>

**15 Creditors: amounts falling due after one year**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Balance owing to the Diocese	270	315
	<u>270</u>	<u>315</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

16 Funds

	Balance at 1 September 2012 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2013 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	170	5,800	(5,833)	(79)	58
Other DfE/EFA grants	-	134	(122)	-	12
Local Authority grants	-	408	(408)	-	-
Other restricted funds	(389)	606	(583)	-	(366)
	(219)	6,948	(6,946)	(79)	(296)
Pension reserve	(1,388)	-	-	(28)	(1,416)
	(1,607)	6,948	(6,946)	(107)	(1,712)
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	23	25	-	(22)	26
Other capital grants	61	2	(1)	-	62
Capital expenditure from GAG	61	-	(5)	101	157
Assets on conversion	17,162	-	(138)	-	17,024
	17,307	27	(144)	79	17,269
<b>Total restricted funds</b>	15,700	6,975	(7,090)	(28)	15,557
<b>Unrestricted funds</b>	9	76	(69)	-	16
<b>Total funds</b>	15,709	7,051	(7,159)	(28)	15,573

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31<sup>st</sup> August 2013. At the period end the carry forward of GAG funding was £58,000.

Other DfE/EFA Grants include monies received outside GAG funding, for example, the Pupil Premium. As at the 31<sup>st</sup> August 2013 the amount unspent was £12,000

Local Authority Grants represents amounts payable to the academy predominantly from Lancashire County Council. A large percentage of these funds relate specifically to Special Educational Needs (SEN) funding. As at the 31<sup>st</sup> August 2013 these funds had been spent in full.

Other restricted funds include monies from trips & non public funds, catering, donations and the inherited deficit on conversion to academy status. During the period the trips & non public funds had no excess expenditure over income. The donations received are for restricted purposes and as at the period end all of the donations had been spent in full. The inherited deficit is repayable to the EFA and the full amount remains outstanding at the year end totalling £51,000.

Finally, within other restricted funds there exists a balance between the Academy and the Diocese amounting to £315,000. This balance came into existence prior to the conversion to academy status and is specifically related to the Sixth Form Centre. This balance is repayable to the Diocese over an 8-year period. It is expected that the St Christopher's Appeal Fund will donate the value of each repayment to the school and thus all repayments will be financed from these monies rather than from government funding. It has been agreed that no interest will be charged on the outstanding balance.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

16 Funds (continued)

DfE/EFA capital grants represent capital monies received during the period from the EFA. As at the year end unspent grants amounting to £26,000 are carried forward to the next accounting period.

Other capital grants represent capital monies received from the Diocese on conversion to academy status. This balance has been fully utilised and assets purchased will be depreciated in line with the policies set out in note 1.

Assets on conversion represent the transfer of leasehold assets, initially valued at £17,300,000 per the 2012 insurance valuation, into the Academy on conversion to academy status in 2011 depreciated over a 125 year period.

Unrestricted funds represent funds generated via activities such as from lettings, the provision of music lessons to students and bank interest receivable. The cumulative surplus on this fund at the year end generated via lettings and interest received was £16,000 and these funds can be used at the discretion of the Governors to meet the charitable objectives of the Academy.

17 Analysis of net assets between funds

Fund balances at 31<sup>st</sup> August 2013 are represented by:

	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Funds £000</b>	<b>Total Funds £000</b>
Tangible fixed assets	-	-	17,243	17,243
Current assets	16	317	26	359
Current liabilities	-	(343)	-	(343)
Long term liabilities	-	(270)	-	(270)
Pension scheme liability	-	(1,416)	-	(1,416)
<b>Total net assets</b>	<b>16</b>	<b>(1,712)</b>	<b>17,269</b>	<b>15,573</b>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

**18 Capital commitments**

	<b>2013 £000</b>	<b>2012 £000</b>
Contracted for, but not provided in the financial statements	-	200

**19 Financial commitments**

**Operating leases**

At the 31<sup>st</sup> August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	<b>2013 £000</b>	<b>2012 £000</b>
<b>Land and buildings</b>		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	<u>-</u>	<u>-</u>
<b>Other</b>		
Expiring within one year	-	-
Expiring within two and five years inclusive	51	51
Expiring in over five years	-	-
	<u>51</u>	<u>51</u>

**20 Reconciliation of net income to net cash inflow from operating activities**

	<b>2013 £000</b>	<b>2012 £000</b>
Net income	(108)	17,097
Depreciation (note 12)	144	140
Assets on transfer to academy status	-	(17,300)
Capital grants from DfE/EFA and other capital income	(27)	(84)
Interest receivable (note 4)	(1)	(1)
FRS 17 pension cost less contributions payable (note 26)	-	-
FRS 17 pension finance income (note 26)	-	-
Decrease/(increase) in debtors	46	(102)
Increase in creditors	53	560
<b>Net cash inflow from operating activities</b>	<u>107</u>	<u>310</u>

**21 Returns on investments and servicing of finance**

	<b>2013 £000</b>	<b>2012 £000</b>
Interest received	1	1
<b>Net cash inflow from returns on investment and servicing of finance</b>	<u>1</u>	<u>1</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

**22 Capital expenditure and financial investment**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Purchase of tangible fixed assets	(165)	(17,362)
Capital grants from DfE/EFA	25	23
Capital funding received from others	2	61
Assets on conversion	-	17,300
<b>Net cash outflow from capital expenditure and financial investment</b>	<u>(138)</u>	<u>22</u>

**23 Analysis of changes in net funds**

	At 1 <sup>st</sup> September 2012 £000	Cash flows £000	At 31 <sup>st</sup> August 2013 £000
Cash in hand and at bank	<u>333</u>	<u>(30)</u>	<u>303</u>
	333	(30)	303

**24 Contingent Liabilities**

During the period of the funding agreement, in the event of the sale or disposal by other means of any leasehold building the Academy is required to either re-invest the proceeds or to repay the Secretary of State for Education or the Diocese the proceeds of the sale or disposal as these two bodies would jointly have an interest in the proceeds of any sale.

**25 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.

**26 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 Lancashire County Pension Fund. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £22,231 (2012: £nil) were payable to the schemes at 31<sup>st</sup> August 2013 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). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership.



Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

**26 Pension and similar obligations (continued)**

Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

**Valuation of the Teachers' Pension Scheme**

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

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

**26 Pension and similar obligations (continued)**

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. Importantly, 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 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 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.

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31<sup>st</sup> August 2013 were £265,000, of which employer's contributions totalled £201,000 and employees' contributions totalled £64,000. The agreed contribution rates for future years are 19.1% for employers and the rate for employees remains dependent on the salary of the employee.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

**Principal Actuarial Assumptions**

	<b>At 31<sup>st</sup> August 2013</b>	<b>At 31<sup>st</sup> August 2012</b>
Rate of increase in salaries	4.4%	4.3%
Rate of increase for pensions in payment / inflation	2.4%	2.3%
Discount rate for scheme liabilities	4.6%	4.5%
Inflation assumption (CPI)	2.4%	2.3%
Commutation of pensions to lump sums	50%	50%

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

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

	At 31 <sup>st</sup> August 2013	At 31 <sup>st</sup> August 2012
<i>Retiring today</i>		
Males	22.1	22.0
Females	24.8	24.7
<i>Retiring in 20 years</i>		
Males	23.9	23.8
Females	26.7	26.6

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £000	Expected return at 31 August 2012	Fair value at 31 August 2012 £000
Equities	7.0%	441	7.0%	271
Government Bonds	3.4%	60	2.5%	21
Other Bonds	4.4%	178	3.4%	75
Property	5.7%	72	6.0%	38
Cash	0.5%	41	0.5%	17
Other	7.0%	71	7.0%	1
<b>Total market value of assets</b>		863		423
Present value of scheme liabilities				
- Funded		(2,279)		(1,811)
<b>Surplus/(deficit) in the scheme</b>		(1,416)		(1,388)

The actual return on scheme assets was £80,000 (2012: £26,000).

Amounts recognised in the statement of financial activities

	2013 £000	2012 £000
Current service cost (net of employee contributions)	219	176
Past service cost	-	-
Total operating charge	219	176
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	58	30
Interest on pension liabilities	(114)	(87)
<b>Pension finance income / (costs)</b>	(56)	(57)

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The actual 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 £110,000 loss (2012: £156,000 loss).

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

	2013 £000	2012 £000
<b>At 1 September</b>	1,811	-
Business combinations	-	1,360
Current service cost	219	176
Past service cost	-	-
Interest cost	89	77
Employee contributions	64	61
Actuarial (gain)/loss	-	165
Curtailments and settlements	-	-
Benefits paid	96	(28)
<b>At 31 August</b>	<u>2,279</u>	<u>1,811</u>

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

	2013 £000	2012 £000
<b>At 1 September</b>	423	-
Business combinations	-	177
Expected return on assets	33	17
Actuarial gain/(loss)	46	9
Employer contributions	201	187
Employee contributions	64	61
Assets distributed on settlements	-	-
Transfer in of new members	-	-
Benefits paid	96	(28)
<b>At 31 August</b>	<u>863</u>	<u>423</u>

The estimated value of employer contributions for the year ended the 31<sup>st</sup> August 2014 is £267,000.

The five-year history of experience adjustments is as follows:

	2013 £000	2012 £000
<b>Present value of defined benefit obligations</b>	(2,279)	(1,811)
<b>Fair value of share of scheme assets</b>	863	423
<b>Surplus/(Deficit) in the scheme</b>	<u>(1,416)</u>	<u>(1,388)</u>
<b>Experience adjustments on share of scheme assets</b>	46	9
<b>Experience adjustments on scheme liabilities:</b>	-	-

**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2013 (continued)**

**27 Related Party Transactions**

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

During the accounting period the Academy purchased services from one company in which a Governor has an interest. Services to a value of £325 net of VAT (2012 - £490) were purchased during the accounting period from Peter Morgan Motors and the amount paid was reflective of market value.

No other transactions with Governors were undertaken during the course of the year ended 31<sup>st</sup> August 2013.