DROYLSDEN ACADEMY
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2014

Company Registration Number: 06731528 (England and Wales)

DROYLSDEN ACADEMY

CONTENTS

	Page
Reference and Administrative Details	2
Trustees' Report	3
Governance Statement	8
Statement on Regularity, Propriety and Compliance	10
Statement of Trustees' Responsibilities	11
Independent Auditor's Report on the Financial Statements	12
Independent Reporting Accountant's Assurance Report on Regularity	14
Statement of Financial Activities incorporating Income & Expenditure Account	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	19
Other Notes to the Financial Statements	23

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Tameside College (Corporate)
Mr P Ryder
Ms L Kendal
Ms J Worsdale

Trustees

Mr P Ryder* (Chair)
Mr D Deasy
Ms L Kendal* (appointed 3 April 2014)
Ms N Lomas (Parent Trustee) (appointed 6 February 2014; resigned 25 September 2014)
Mr J Lyne*
Mr K Mackey* (Principal and Accounting Officer) (resigned 5 December 2014)
Mr P Wilson* (Interim Principal and Accounting Officer)
Mr M Mistry (Responsible Officer)
Mr J Rogers*
Ms C Williams (Staff Trustee) (appointed 29 November 2013)
Ms J Worsdale (Vice Chair)

* Members of the Finance and Resources Committee (which also acts as the Audit Committee)

Dr N Elgar is Clerk to the Governing Body and Company Secretary

Droylsden Academy is a company limited by guarantee (Company registration number 06731528).

Senior Leadership Team members in post at 31 August 2014

Principal	Mr K Mackey
Vice Principal	Ms M Johnson
Vice Principal	Mr P Wilson
Assistant Principal	Mr M Barnes
Assistant Principal	Mr E Mayell
Assistant Principal	Mrs A Wood

Principal and Registered Office:	Droylsden Academy, Manor Road, Droylsden, Manchester, M43 6QD
Company Registration Number:	06731528 (England and Wales)
Independent Auditors:	KPMG LLP (UK), St James Square, Manchester M2 6DS
Bankers:	Lloyds TSB Bank Plc, 53 King Street, Manchester M2 4LQ
Solicitors:	Stone King Sewell, 16 St John's Lane, London EC1M 4BS

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Droylsden, a town in Greater Manchester to the east of Manchester city centre. It has a pupil capacity of 1440 and had a roll of 881 in the School Census on 2 October 2014.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees act as the Governors of Droylsden Academy and are also Directors of the charitable company for the purposes of company law. The charitable company is known as Droylsden Academy. Details of the Trustees who served during the period are included in the Reference and Administrative Details on page 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 he/she ceases to be a member.

Trustees' Indemnities

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. Indemnity cover for Trustees in 2013/14 was £2,000,000.

Method of Recruitment and Appointment or Election of Trustees

The Trustees of the Academy Trust shall comprise not less than 3 persons, but shall not be subject to a maximum. The Academy Trust shall have the following Trustees

- up to 11 Sponsor Trustees, appointed by the Principal Sponsor;
- 1 Local Authority Trustee if appointed;
- 1 Parent Trustee elected by parents of registered pupils at the Academy;
- 1 Staff Trustee elected by the staff at the Academy;
- the Principal appointed by the Academy Trust;
- any Trustees appointed by the Secretary of State;
- up to 3 Co-opted Trustees, a person who is appointed to be a Trustee by being co-opted by Trustees who have not themselves been so appointed.

Each of the persons entitled to appoint Trustees above shall have the right, from time to time by written notice delivered to the office, to remove any member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to either the Principal or Principal Sponsor (during any period that the Principal Sponsor is a Trustee). Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. All new Trustees will be given a tour of the Academy and the chance to meet with staff and students. Trustees will be provided with copies of relevant documents that they will need to undertake their role as Trustees, including the Governors' Handbook, which is produced annually and contains key details on the governance arrangements of the Academy. Inductions will be tailored specifically to the individual. Training sessions offered by the local authority are advised to Trustees and sessions attended are on an individual basis according to need.

Organisational Structure
The organisational structure consists of the Trustees and the Senior Leadership Team. The aim of the organisational structure is to devolve responsibility and encourage involvement in decision-making at all levels.

The Trustees are responsible for setting general policy; adopting an annual plan and budget; monitoring the Academy's progress; making major decisions about the direction of the Academy; authorising capital expenditure and appointing senior staff.

The Senior Leadership Team currently comprises the Principal, two Vice Principals, three Assistant Principals and one Associate Assistant Principal who has been seconded onto the team for one year. The Senior Leadership Team control the Academy at an executive level, implementing the policies and budget authorised by Trustees and reporting on Academy performance.

The Governing Body has established the following committees:

Curriculum, Quality and Standards Committee
Curriculum, quality, standards, inclusion and enrichment.

Discipline Committee
Pupil exclusions.

Finance and Resources Committee
Finance, audit, risk management, premises, health and safety and personnel.

Remuneration Committee
Remuneration of the Principal.

Connected Organisations, including Related Party Relationships
The Academy Trust works closely with its principal sponsor, Tameside College on a range of matters including advocacy, back-office support, curriculum development and quality assurance. The Academy Trust also works closely with the Department for Education (DfE) and Tameside Metropolitan Borough Council (TMBC).

Risk Management
Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to student progress and examination results, falling pupil numbers and budget control and fraud. The Trustees continue to review Academy's policies and their implementation. Trustees have reviewed the Academy's Financial Regulations Manual, ensuring that it has an effective system of internal financial controls.

Subsidiary development
The responsibility for Academy lettings over the past four academic years has been contracted out to a private company that specialises in lettings and community use of schools outside of normal operating hours. A business plan and detailed financial feasibility report validated that the Academy would be able to run this function itself through the set up of a subsidiary company. Profit would be transferred to the Academy and used to achieve the overall objects and aims. Management approved the incorporation of the Subsidiary on 23 October 2014 and its operation from 1 November 2014.

Objectives and Activities

The principal activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum, with a strong emphasis on, but in no way limited to mathematics and technology.

Objects and Aims
The Academy Mission: Every Child will aspire and achieve through hard work and perseverance. The Academy values diversity and seeks to give everyone an equal chance to learn, work and live free from the action or fear of racism, discrimination or prejudice. By our actions we will work together to develop

the potential of all pupils academically, socially, culturally and psychologically and to establish a community that is just and fair for all people who work at or visit the Academy.

Students will be happy and healthy, enthused by the intellectual, social and physical challenges posed by their experience at the Academy. They will be independent learners, aware of how to learn.

All staff will have the opportunity to develop further their own expertise. Through their passion, teachers will enthuse and inspire others to explore new ideas.

The Academy will work closely with parents / carers in a partnership to ensure that each child realises his/her potential.

Trustees will contribute to the life of the Academy acting as critical friends to support the Academy in becoming a nationally recognised centre of excellence.

Objectives, Strategies and Activities
2013/14 was the fifth year of operation for Droylsden Academy. Key priorities were to:

- improve the quality of teaching and learning so that 70% is judged as good or better by end of academic year 2013/14;
- increase the percentage number of students achieving 5A*-C GCSE including English and maths towards the national average by August 2014;
- increase the percentage number of students achieving 5A*-C GCSE by August 2014;
- improve attendance to 95% by July 2014;
- reduce number of persistently absent pupils to 2.5% by July 2014;
- improve the achievement of boys, FSM students and SEND students;
- develop and embed the Droylsden expectations to ensure behaviour continues to improve;
- continue to develop partnerships with local primary and secondary schools and the local community.

Public Benefit
The Academy Trust Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance
The main achievements of the Academy during the period ended 31 August 2014 are summarised below:

- 68% GCSE 5A*-C;
- 48% GCSE 5A*-C (including English and Maths), a 1 percentage point increase on the previous year;
- Attainment:
  - English 72% A*-C
  - English 3 or more levels of progress 74%
  - Maths 57% A*-C
  - Maths 3 or more levels of progress 53%
  - Subjects that increased attainment in A*-C in 2014 compared to 2013 – English. Core Science, Chemistry, Physics, Art, Catering, Dance, Geography, History, Music and Photography;
- Teacher predictions were more accurate than in the previous year;
- 65% of teaching was judged as good or better although with the introduction of the new Ofsted grading criteria, this figure is likely to decrease;
- 95.1% attendance in 2013/14 (c.f. target of 92%);
- continued improvement in community engagement. The Academy has served as the main venue for strategic community events, hosted events for public bodies, schools, colleges and local people. It has significantly increased its range of sports facilities available for use for the local community, notably its Multi-Use Games Area (MUGA) and All Weather Pitch (AWP).

Key Performance Indicators
In addition to key performance indicators within achievements and performance, the following financial KPIs have been achieved:

- Total staff costs as a % of total recurrent grant income should not exceed 80%.
- GAG and Unrestricted fund original budget set at £21k, resulting in a budgeted surplus. This excludes Restricted Grants such as Pupil Premium.
- GAG carry forward of 2% maintained.

For the academic year 2013/14 performance against KPIs was as follows:

	Target	Actual
Total staff costs as % of total recurrent grant income	80%	76%
Budget/Actual	£21k	£252k
% GAG carry forward	2%	2%

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

Financial Review
Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2014, total expenditure of £6,176k (excluding depreciation) was more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £433k.

The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Employees of the Academy are entitled to be members of the Teachers' Pension Scheme or the Local Government Pension Scheme (LGPS). An actuarial valuation of the LGPS showed that, as at 31 August 2014, the scheme had a deficit of £209k.

The Academy Trust held fund balances at 31 August 2014 represented in the Statement of Financial Activities and Balance sheet of £31,497k.

Reserves Policy
The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees determined that, given the uncertainties surrounding future funding and the challenges arising, the maximum amount of restricted reserves allowable under DfE funding rules should be maintained. As such, during the year a Deed of Variation to the current funding agreement was produced which amends clauses in the Academy's Funding Agreement that limit the amount of carry forward and to provide for a November estimate of pupils on the roll for the purpose of calculating the General Annual Grant (GAG). The Deed has been approved by the Education Funding Agency and approved by Trustees on 23 October 2014. For academic year 2014/15 Trustees have agreed to spend some of the Academy's accumulated reserves for both capital and revenue purposes.

Unrestricted income funds of £911k represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustees.

Investment Policy
Droylsden Academy Trust currently has a treasury management policy approved by the Finance and Resources Committee encompassing both current account, reserves and the Endowment fund. Cash flow and current account balances are monitored regularly to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments. The current policy allows investments to be made according to specified criteria such as credit rating, maximum value of deposit with any one institution and term of investment. The Endowment fund is invested according to the same criteria.

Financial and Risk Management Objectives and Policies
Management and Trustees identify, assess and mitigate risk for the Academy through the risk register in management and Trustees' meetings. The risk register and plans derived from the register are scrutinised by the Finance and Resources Committee and approved by the Board.

Principal Risks and Uncertainties
The Academy faced a number of risks, as per the risk register the key ones are thought to include:

- lower than anticipated pupil number resulting in reduction in grant income;
- income is reduced to a level which affects staff numbers / risk of redundancy.

Plans for the Future Periods
The Academy will strive to ensure that all students are able to realise their potential in both academic and non-academic terms. Plans for the future are summarised below:

- improve the quality of teaching and learning so that 85% is judged as good or better by end of academic year 2014/15;
- increase the percentage number of students achieving 5A*-C GCSE including English and Maths above the national average by August 2014;
- increase the percentage number of students achieving 5A*-C GCSE by August 2015;
- improve attendance to 96% by July 2015;
- reduce number of persistently absent pupils to 2.5% by July 2015;
- improve the achievement of boys, FSM students and SEND students;
- develop and embed the Droylsden expectations to ensure behaviour continues to improve;
- continue to develop partnerships with local primary and secondary schools and the local community.

Auditor
Insofar 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.

KPMG were appointed the Academy Trust's auditors for a 3 year period from 2011/12 to 2013/14.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 11/12/2014 and signed on the board's behalf by:

Peter Ryder
Trustee

Governance Statement

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Droylsden Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings Attended	Out of a Possible
P Ryder (Chair)	1	3
D Deasy	3	3
L Kendal (appointed 3 April 2014)	1	2
J Lyne	3	3
N Lomas (Parent Trustee, appointed 6 February 2014)	2	2
M Mistry (Responsible Officer)	3	3
J Rogers	2	3
C Williams (Staff Trustee, appointed 29 November 2013)	3	3
J Worsdale (Vice Chair)	3	3

The **Finance and Resources Committee** is a committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration of the Academy's finances and resources, including proper planning, monitoring and probity. Relevant expertise provided on the Committee provided by its member includes: J Lyne, who is AAT qualified; P Ryder, who is the Chief Executive and Accounting Officer of a Further Education Corporation and is CIPD Member and holds an MBA qualification. During the year the Committee: (i) reviewed and approved revised policies relating to treasury management and the Academy's Financial Regulations Manual; (ii) monitored action taken to address audit recommendations; (iii) made recommendations on amending the Academy's Funding Agreement to take advantage of new financial freedoms it considered and endorsed a proposal to bring Academy lettings in-house; (iv) oversaw the Academy achieve a balanced budget during 2013/14; (v) monitored premises related issues related to the new building; and (vi) made recommendations to strengthen its remit in relation to monitoring expenditure on the Pupil Premium. Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a Possible
J Lyne (Chair)	3	3
K Mackey	3	3
J Rogers	2	3
P Ryder	3	3

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Droylsden Academy Trust for the year ended 31 August 2014 and up to the date of approval of the Report and Financial Statements.

Capacity to Handle Risk
The Governing Body has 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 Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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 Resources 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 to appoint KPMG to assist the Responsible Officer (RO) function on behalf of Manilal Mistry, a Trustee, appointed as RO. KPMG carries out the RO function in addition to their role as the Academy's external auditor. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. 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.

During the year KPMG have undertaken a programme of work covering payroll, purchases, income and accounting systems producing an ongoing action plan.

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

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

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

Approved by order of the members of the Governing Body on 11/12/2014 and signed on its behalf by:

Peter Ryder
Trustee

Phillip Wilson
Interim Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Droylsden Academy Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and 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 Governing Body 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.

Phillip Wilson
Interim Accounting Officer

Statement of Trustees' Responsibilities

The Trustees (who act as Trustees for charitable activities of Droylsden Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on 11/12/2014 and signed on its behalf by:

Peter Ryder
Trustee

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Droylsden Academy Trust Limited

We have audited the financial statements of Droylsden Academy Trust for the year ended 31 August 2014 set out on pages 16 to 39. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2013 to 2014 and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2013 to 2014 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which 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 auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2014, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' 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:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Trevor Rees (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James Square
Manchester
M2 6DS

18 December 2014

Independent Reporting Accountant's Assurance Report on Regularity to Droylsden Academy Trust Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 12 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 8 May 2009 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;

- Testing transactions with connected parties to determine whether the Trust has complied with the not for profit principles set out in the relevant provisions of the Academies Financial Handbook 2013;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 10.4 of the Academies Accounts Direction 2013 to 2014.

Conclusion

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

Trevor Rees

Trevor Rees
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
St James Square
Manchester
M2 6DS

18 December 2014

DROYLSDEN ACADEMY

Statement of Financial Activities for the Year Ended 31 August 2014
(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	Endowment Funds £000	**Total 2014 £000**	**Total 2013 £000**
Incoming resources							
Incoming resources from generated funds:							
Activities for generating funds	3	161	-	-	-	**161**	148
Investment income	4	3	51	-	10	**64**	39
charitable activities:							
Funding for the Academy's educational operations	5	95	6,289	-		**6,384**	6,883
Total incoming resources		259	6,340	-	10	**6,609**	7,070
Resources expended							
Cost of generating funds:							
Charitable activities:							
Academy's educational operations	7	10	6,137	742		**6,889**	7,453
Governance costs	8	-	29	-		**29**	34
Total resources expended	6	10	6,166	742	-	**6,918**	7,487
Net incoming (outgoing) resources before transfers		249	174	(742)	10	**(309)**	(417)
Transfers							
Gross transfers between funds	16	10	(39)	39	(10)	-	-
Net income/(expenditure) for the year		259	135	(703)	-	**(309)**	(417)
Other recognised gains and losses							
Actuarial (losses) gains on defined benefit pension schemes	16, 26		(280)		-	**(280)**	(129)
Net movement in funds		259	(145)	(703)	-	**(589)**	(546)
Reconciliation of funds							
Total funds brought forward at 1 September 2013	16	652	508	30,259	667	**32,086**	32,632
Total funds carried forward at 31 August 2014		911	363	29,556	667	**31,497**	32,086

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

DROYLSDEN ACADEMY

BALANCE SHEET (Company Number 06731528)

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible assets	12		**28,427**		28,928
Current assets					
Investments	13	**667**		667	
Debtors	14	**291**		674	
Cash at bank and in hand		**3,382**		2,716	
Total current assets		**4,340**		4,057	
Liabilities					
Creditors: Amounts falling due within one year	15	**(1,061)**		(985)	
Net current assets			**3,279**		3,072
Total assets less current liabilities			**31,706**		32,000
Pension scheme liability	26		**(209)**		86
Net assets including pension liability			**31,497**		32,086
Funds of the academy:					
Endowment funds	16	**667**		667	
Restricted funds					
Fixed asset fund(s)	16	**29,556**		30,259	
General fund(s)	16	**572**		422	
Pension reserve	16	**(209)**		86	
Total restricted funds			**30,586**		31,434
Unrestricted income funds					
General fund(s)	16	**911**		652	
Total unrestricted funds			**911**		652
Total Funds			**31,497**		32,086

The financial statements on pages 16 to 17 were approved by the Trustees, and authorised for issue on 11/12/2014 and are signed on their behalf by:

Peter Ryder
Trustee

DROYLSDEN ACADEMY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £000	2013 £000
Net cash inflow from operating activities	20	**895**	(115)
Returns on investments and servicing of finance	21	**13**	18
Capital expenditure	22	**(242)**	(59)
(Decrease)/Increase in cash in the year	23	**666**	(156)
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		**2,716**	2,872
Net funds at 31 August 2014		**3,382**	2,716

1 Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission "Statement of Recommended Practice: Accounting and Reporting by Charities" ("SORP 2005"), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

These accounts have been prepared on a going concern basis. In common with other Academies, the Academy faces uncertainties arising from current economic conditions however there are significant reasons to assume continuation.

Primarily, funding reserves available and the projected future numbers with associated funding. Minimum funding guarantee ensures that funding can't drop below a certain level.

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.

- **Grant 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 the 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. GAG is received on a monthly basis on a profile of 12% in September, 8% in all later months.

  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.

  Purchases made of a fixed asset nature are held on the balance sheet, this then releases a matching amount from the Restricted Fixed Asset Fund. Grant is released to match any release of depreciation.

- **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 is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service

1 **Statement of Accounting Policies (continued)**

- **Long leasehold**

  The Academy is recipient of a 125 lease under a peppercorn agreement between the Academy Trust and the Local Authority for the use of school land and building, there is no periodic rental or capital sum payable under the Lease. This is accounted for in the financial statements, where a lease transfers substantially all the risks and rewards of ownership of the asset to the lessee the asset would be capitalised as a fixed asset in the lessee's accounts. The cost of the land and building was recognised as a one off credit to voluntary income (donations in kind) within the SOFA in the 2012/13 Financial Year.

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance costs**

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

  All resources expended are inclusive of irrecoverable VAT.

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 included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to the Restricted Fixed Asset Fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the Restricted Fixed Asset Fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy trust's depreciation policy.

1 **Statement of Accounting Policies (continued)**

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

Freehold buildings	60 years
Long leasehold buildings	40 years
Fixtures, fittings and equipment	7 years
Motor vehicles	5 years
ICT equipment	3 years

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

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

Leased Assets

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

Taxation

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

Pensions Benefits

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

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value

1 **Statement of Accounting Policies (continued)**

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 Trust at the discretion of the Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency, the Department for Education and any other restrictive sources of income.

2 Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes. The academy trust has exceeded these limits during the year ended 31 August 2014.

Droylsden Academy is currently at the final stage of amending its Funding Agreement by deed of variation. On the 23rd October 2014 Trustees approved the deed of variation and signed the document. It was confirmed that the deed of variation had two intentions:

- To remove the carry-forward limit
- To move onto census funding

In the Financial Year 2013/14 the Education Funding Agency stated acceptance of the intentions and noted this internally for assurance purposes

3 **Activities for Generating Funds**

	Unrestricted Funds £000	Restricted Funds £000	2014 Total £000	2013 Total £000
Hire of Facilities	16	-	**16**	11
Catering Income	145	-	**145**	137
	161	-	**161**	148

4 **Investment Income**

	Unrestricted Funds £000	Restricted Funds £000	2014 Total £000	2013 Total £000
Endowment 1 year fixed term investment	10	-	**10**	15
Net pension gain		51	**51**	21
Short term deposits	3	-	**3**	3
	13	51	**64**	39

5 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
DfE / EFA revenue grants				
General Annual Grant (GAG)	-	5,801	**5,801**	6,235
Start Up Grants	-	-	**-**	27
Capital Grants	-	22	**22**	-
Other DfE / EFA grants	-	446	**446**	492
	-	6,269	**6,269**	6,754
Other Government grants				
Special educational projects	-	6	**6**	8
Local authority grants	-	14	**14**	41
	-	20	**20**	49
Other Income	95	-	**95**	80
	95	-	**95**	80
	95	6,289	**6,384**	6,883

6 Resources Expended

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other Costs	2014	2013
	£000	£000	£000	£000	£000
Academy's educational operations					
- Direct costs	3,340	742	545	**4,627**	4,964
- Allocated support costs	1,069	334	859	**2,262**	2,489
	4,409	1,076	1,404	**6,889**	7,453
Governance costs including allocated support costs	-	-	29	**29**	34
	4,409	1,076	1,433	**6,918**	7,487

Net Incoming/outgoing resources for the year include:	2014 £000	2013 £000
Operating leases	**8**	8
Fees payable to auditor - audit	**16**	29
- other services	**13**	5
	37	42

7 Charitable Activities - Academy's educational operations

	Total 2014 £000	Total 2013 £000
Direct costs –educational operations		
Teaching and educational support staff costs	**3,340**	3,650
Depreciation	**742**	737
Educational supplies	**155**	209
Examination fees	**87**	89
Staff development	**84**	22
Educational consultancy	**117**	78
Other direct costs	**102**	179
	4,627	4,964
Support costs – educational operations		
Support staff costs	**1,069**	1,233
Pension	**66**	22
Recruitment and support	**46**	35
Maintenance of premises and equipment	**130**	139
Cleaning	**22**	28
Rent & rates	**98**	91
Insurance	**68**	53
Security and transport	**16**	17
Catering	**135**	159
Bank interest and charges	**3**	1
Other support costs	**609**	711
	2,262	2,489
Total direct and support costs	**6,889**	7,453

8 Governance costs

	Total 2014 £000	Total 2013 £000
Auditors' remuneration		
- Audit of financial statements	**16**	26
- Other audit costs	**13**	8
	29	34

9 Staff Costs

Staff costs during the period were:

	Total 2014 £000	Total 2013 £000
Wages and salaries	**3,534**	3,808
Social security costs	**257**	274
Other pension costs	**469**	477
	4,260	4,559
Supply teacher costs	**43**	81
Compensation payments	**106**	243
	4,409	4,883

Staff severance payments

Included in staff restructuring costs are non-statutory/ non-contractual severance payments totalling £89,838.23 (2013: £243,000). 5 out of the 8 non-statutory/non-contractual payments exceeded £5,000 individually, these were for; £20,053, £19,757, £14,095, £14,317 and £7,500.

Staff numbers

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

	2014 No.	2013 No.
Charitable Activities		
Teachers	**57**	60
Administration and support	**101**	98
Management	**7**	8
	165	166

Higher Paid Staff

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

	2014 No.	2013 No.
£60,001 - £70,000	**1**	1
£70,001 - £80,000		1
£80,001 - £90,000		1
£90,001 - £100,000	**1**	1

In January 2014 a senior post was recruited to, this however does not feature within bandings for the 2013/14 Financial year. The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £23,045.04 (2013: £25,294.01).

10 Related Party Transactions Trustees Remuneration and Expenses

The Trustees of the Academy did not receive any payment in respect of their responsibilities as Trustees during 2013/14. Ms C Williams was remunerated as an employee of the Academy. It is deemed to be inappropriate to specify the banding for the Staff Trustee as this would impact on the Academy's ability to attract staff to the Staff Trustee position.

The value of Principals' remuneration was as follows:

K Mackey (Principal and Trustee): £95,000 - £100,000

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 August 2014 was £89 (2013 - £89).

The cost of this insurance is included in the total insurance cost.

12 Tangible Fixed Assets

	Leasehold Land and Buildings *	Furniture and Equipment	Computer Equipment	Motor Vehicles	**Total**
	£000	£000	£000	£000	**£000**
Cost					
At 1 September 2013	29,893	242	12	-	**30,147**
Additions	157	85	-	-	**242**
Inherited assets	-	-	-	-	**-**
Disposals	-	-	-	-	**-**
At 31 August 2014	30,050	327	12	-	**30,389**
Depreciation					
At 1 September 2013	1,166	47	7	-	**1,220**
Charged in year	699	39	4	-	**742**
Disposals	-	-	-	-	**-**
At 31 August 2014	1,865	86	11	-	**1,962**
Net book values					
At 31 August 2014	**28,185**	**241**	**1**	**-**	**28,427**
At 31 August 2013	28,727	195	6	-	**28,928**

* Land and Building inherited by the Academy as part of a Peppercorn Lease agreement of 125 years. This is accounted for in the financial statements, where a lease transfers substantially all the risks and rewards of ownership of the asset to the lessee the asset would be capitalised as a fixed asset in the lessee's accounts. This is recognised as a one off credit to voluntary income (donations in kind) within the SOFA.

13 Endowment Fund

	2014 £000	2013 £000
Endowment Fund	**667**	667
	667	667

The Academy Endowment fund is currently invested in a 1 year fixed term account. Interest of 1.20% is paid at the end of the fixed-term period in February 2015. Interest has been accrued to the 31/08/14 in this year's accounts.

14 Debtors

	2014 £000	2013 £000
Trade debtors	**3**	31
Vat Recoverable	**192**	474
Prepayments and accrued income	**96**	169
	291	674

15 Creditors: Amounts Falling Due Within One Year

	2014 £000	2013 £000
Trade creditors	**476**	176
Taxation and social security	**85**	428
EFA creditor: abatement of GAG	**207**	166
Other creditors	**13**	38
Accruals and deferred income	**280**	177
	1061	985

Deferred income

	2014 £000
Deferred Income at 1 September 2013	**49**
Resources deferred in the year	**47**
Amounts released from previous years	**(49)**
Deferred Income at 31 August 2014	**47**

At the balance sheet date the Academy Trust was holding funds received in advance from Devolved Formula Capital and Rate Relief for the Academy 2014/15 financial year.

16 **Funds**

	Balance at 1 September 2013 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2014 £000
Restricted general funds					
General Annual Grant (GAG)	125	5,801	(5,793)	(17)	**116**
Other DfE/EFA grants	226	468	(287)	(22)	**385**
LEA and other grants	71	20	(20)	0	**71**
Pension reserve	86	51	(66)	(280)	**(209)**
	508	6,340	(6,166)	(319)	**363**
Restricted fixed asset funds					
LEA donated assets	28,821	-	(723)	(2)	**28,096**
Capital expenditure from GAG	108	-	(19)	242	**331**
Fixed assets fund	1,330	-	-	(201)	**1,129**
Private sector capital sponsorship	-	-	-	-	**-**
	30,259	-	(742)	39	**29,556**
Endowment funds	667	10	-	(10)	**667**
Total restricted funds	**31,434**	**6,350**	**(6,908)**	**(290)**	**30,586**
Unrestricted funds					
Unrestricted funds	**652**	259	(10)	10	**911**
Total unrestricted funds	**652**	259	(10)	10	**911**
Total funds	**32,086**	**6,609**	**(6,918)**	**(280)**	**31,497**

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

- Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency, Department for Education, or other funders.

- Restricted Fixed Asset Funds are resources which are applied to specific capital purposes imposed by the Education Funding Agency, Department for Education, or other funders where the asset acquired or created is held for a specific purpose.

- 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

16 Funds (continued)

Under the funding agreement with the Secretary of state, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 2 discloses whether the limit was exceeded.

17 Analysis of Net Assets between Funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Funds	Total Funds
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	28,427	-	**28,427**
Current assets	911	1,633	1,129	667	**4,340**
Current liabilities	-	(1,061)	-	-	**(1,061)**
Pension scheme liability	-	(209)	-	-	**(209)**
Total net assets	911	363	29,556	667	**31,497**

18 Capital Commitments

The Academy had not entered into any capital commitments at the Balance Sheet date.
There are also no contracts for capital projects at year end 31.08.14

19 Financial Commitments

Operating leases

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

	2014 £000	2013 £000
Other		
Expiring within one year	-	-
Expiring within two and five years inclusive	8	8
Expiring in over five years	-	-
	8	8

20	Reconciliation of Net Income to Net Cash Inflow from Operating Activities	2014 £000	2013 £000
	Net income	**(309)**	(417)
	Depreciation (note 12)	**742**	737
	(Loss)/profit on disposal of tangible fixed assets	**-**	9
	Capital grants from DfE and other capital income	**-**	-
	Interest receivable (note 4)	**(13)**	(18)
	FRS 17 pension cost less contributions payable (note 26)	**(51)**	22
	FRS 17 pension finance income (note 26)	**66**	(21)
	(Increase)/decrease in debtors	**384**	(306)
	Increase/(decrease) in creditors	**76**	(121)
	Net cash inflow from operating activities	**895**	(115)

21	Returns on Investments and Servicing of Finance		
	Interest received	**13**	18
	Net cash inflow from returns on investment and servicing of finance	**13**	18

22	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	**(242)**	(60)
	Capital grants from DfE/EFA	**-**	-
	Capital funding received from sponsors and others	**-**	-
	Receipts from sale of tangible fixed assets	**-**	1
	Net cash outflow from capital expenditure and financial investment	**(242)**	(59)

23	Analysis of changes in net funds	At 1 September 2013	Cash flows	At 31 August 2014
		£000	£000	£000
	Cash in hand and at bank	2,716	666	**3,382**
		2,716	666	**3,382**

24 Contingent Liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means if any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

(a) The value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and
(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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 The Greater Manchester Pension Fund. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

26 Pension and Similar Obligations (continued)

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

Teachers' Pension Scheme Changes

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

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

26 Pension and Similar Obligations (continued)

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

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

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £237,000 of which employer's contributions totalled £167,000 and employees' contributions totalled £60,000. The agreed contribution rates for future years range from 5.5% to 6.5% for employees depending on salary and for employers 16% from 1 April 2014, 16.5% from 1 April 2015 and 17% from 1 April 2016.

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.

Principal Actuarial Assumptions	**At 31 August 2014**	**At 31 August 2013**
Financial assumptions		
Rate of increase in salaries	**3.80%**	4.60%
Rate of increase for pensions in payment/inflation	**2.70%**	2.80%
Discount rate for scheme liabilities	**3.70%**	4.60%
Expected Return on Assets	**5.50%**	5.90%
Commutation of pensions to lump sums	**80%**	75%

Pension and Similar Obligations (continued)

Sensitivity analysis for the principal assumptions used to measure scheme liabilities, showing how the measurement of scheme liabilities would have been affected by changes in the relevant assumption that were reasonably possible at the balance sheet date:

Change in assumptions at yr ended 31 Aug 2014	Approximate % Increase to Employer Liability	Approximate Monetary Amount (£000)
0.5% decrease in Real Discount Rate	**14%**	**536**
1 year increase in member life expectancy	**3%**	**118**
0.5% increase in the Salary Increase Rate	**7%**	**210**
0.5% Increase in the Pension Increase Rate	**6%**	**314**

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

	At 31 August 2014	At 31 August 2013
Retiring today		
Males	**21.4**	**20.1**
Females	**24.0**	**22.9**
Retiring in 20 years		
Males	**24.0**	**22.5**
Females	**26.6**	**25.0**

26 Pension and Similar Obligations (continued)

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £000
Equities	**6.30%**	**2,649**	6.60%	2,625
Bonds	**3.20%**	**671**	3.90%	656
Property	**4.50%**	**224**	4.70%	219
Cash	**3.30%**	**186**	3.60%	146
Total market value of assets		**3,730**		3,646
Present value of scheme liabilities				
- Funded		**(3,939)**		(3,560)
Surplus/(deficit) in the scheme		**(209)**		86

The actual return on the scheme assets was £373,000 (2013: £479,000).

Amounts recognised in the Statement of Financial Activities

	2014 £000	2013 £000
Current service cost (net of employee contributions)	**165**	112
Past service cost	**0**	0
Total operating charge	**165**	112

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	**220**	147
Interest on pension liabilities	**(169)**	(126)
Pension finance income / (costs)	**51**	21

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 £131,000 loss (2013: £149,000 gain).

26 **Pension and Similar Obligations (continued)**

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

	2014 £000	2013 £000
At 1 September	**3,560**	2,760
Current service cost	**225**	171
Interest cost	**169**	126
Employee contributions	**60**	59
Actuarial (gain)/loss	**(19)**	462
Benefits paid	**(64)**	(18)
Past Service cost	**-**	-
Curtailments and settlements	**8**	-
At 31 August	**3,939**	3,560

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

	2014 £000	2013 £000
At 1 September	**3,646**	2,976
Expected return on assets	**220**	147
Actuarial gains / (losses)	**(299)**	333
Employer contributions	**167**	149
Employee contributions	**60**	59
Benefits paid	**(64)**	(18)
At 31 August	**3,730**	3,646

The estimated value of employer contributions for the year ended 31 August 2015 is £183,000.

26 **Pension and Similar Obligations (continued)**

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

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Defined benefit obligation at end of year	**(3,939)**	(3,560)	(2,760)	(2,217)	(2,453)
Fair value of plan assets at end of year	**3,730**	3,646	2,976	2,536	2,293
Deficit	**(209)**	86	216	319	(160)
Experience adjustments on share of scheme assets					
Amount £'000*	**(299)**	333	69	(100)	58
Experience adjustments on scheme liabilities:					
Amount £'000*	**565**	-	(2)	109	-

27 Related Party Transactions

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

The following related party transactions took place in the period of account:

An Endowment Fund payment received during incorporation from sponsors Tameside College as part of the original funding agreement for £666,666 was reinvested during the year resulting in an interest of £9,651.10. Endowment interest is held within unrestricted funds, with a preference for these monies to be used for raising aspirations, such as promoting higher education.

Sponsors, Tameside College, were paid £74,576.19 in respect to course fees, student travel reimbursement and HR support during the year 2013/14 (£39,313.70 - 2012/13).

In entering into the transactions the trust has complied with the requirements of the EFA's Academies Financial Handbook.