

**PARK HALL ACADEMY**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 AUGUST 2013**

***Company Limited by Guarantee***  
***Registration Number:***  
***6988928 (England & Wales)***

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## REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES, AND ADVISORS

**Trustees**

J Hiorns (chair, sponsor trustee)\*  
 C O'Donovan (sponsor trustee)  
 D Smart (honorary trustee)  
 G Marsh (resigned 4 November 2013)  
 G Allen\* (staff trustee)  
 G Cook  
 W Jarema\* (sponsor trustee)  
 A Pavey\* (coopted)  
 M Robinson\*  
 M Murphy (interim executive principal and accounting officer)\* -  
 appointed 17 December 2013  
 T Morrison (principal)\* - until 17 December 2013  
 B Adab (resigned 13 December 2013)  
 D Hersey\* (sponsor trustee)  
 H Roberts (sponsor trustee)  
 W Bohanna (sponsor trustee) - appointed 5 December 2013  
 D Burgess (sponsor trustee) - appointed 5 December 2013

\* = members of the Finance and General Purposes committee

**Company Secretary**

G Maltby (appointed 15 April 2013 and resigned 4 November 2013)  
 G Marsh (appointed 4 November 2013)

**Senior Management Team**

- Interim Executive Principal  
 - Principal  
 - Associate Principal  
 - Interim Principal  
 - Interim Senior Vice - Principal  
 - Vice Principal  
 - Vice Principal  
 - Vice Principal

M Murphy (appointed 17 December 2013)  
 T Morrison (until 17 December 2013)  
 K Kernan  
 D Burgess (from 17 December 2013)  
 C Robinson (from 17 December 2013)  
 T Close  
 S Gregory  
 J Barber

**Finance and Operations Director**

G Marsh

**Bursar**

C Orford

**Principal and Registered Office**

Park Hall Academy  
 Water Orton Road  
 Castle Bromwich  
 West Midlands  
 B36 9HF

**Company Registration Number**

06988928

**Independent Auditor**

UHY Hacker Young (Birmingham) LLP  
 9-11 Vittoria Street  
 Birmingham  
 B1 3ND

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013**

The trustees present their report together with the financial statements and auditors report of the charitable company for the year ended 31 August 2013.

The company was formed on 12 August 2009 and the academy commenced on 1 September 2009.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. Members of the charitable company are Arden School Trust and the Chair of Trustees. Arden School Trust has the power to appoint additional members. In addition the Secretary of State has the power to appoint a member. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees for Park Hall Academy Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Park Hall Academy. Details of the trustees' who served during the year except as noted are included in the Reference and Administrative details on page 3.

#### **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.

#### **Trustees' Indemnities**

The Park Hall Academy has in place directors and trustees liability insurance indemnity cover to a limit of £5m with Zurich Insurance.

#### **Principal Activities**

This mission statement of The Park Hall Academy is: the pursuit of excellence - in all that we do and all that we aim to achieve. The Park Hall Academy mission will be delivered through the following aims:

- an inspirational learning experience;
- leading dynamic partnerships to increase participation in education and training;
- providing flexible business solutions which improve performance;
- creating enterprise and entrepreneurship.

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

There are clearly defined and approved procedures for the selection and appointment of sponsor directors and trustees which are outlined in the company's standing orders. These include application, short listing and interviewing procedures. Consideration is given to the skills of directors and trustees which would enhance the effectiveness of the Trust.

With regards to Parent and Staff trustees, procedures are in place for nomination and election of the trustees.

An induction seminar has been developed to enable trustees to be effective in the performance of their respective roles.

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013 (cont'd)**

The seminar introduces trustees to the nature of Academies, the role and vision of the Sponsor and the relevant governance structures which are in place to support the ownership and the running of the academies. The seminar also introduces trustees to their statutory and regulatory responsibilities and the key characteristics of effective governance.

Trustees are also provided with a Handbook to assist them in their duties. Further training on areas of exclusion, health and safety, equality and diversity and safeguarding is planned. Trustees have held away days to reflect on areas where greater involvement with the Academy would be beneficial and plan how to achieve this.

**Policies and Procedures adopted for the induction and Training of Trustees**

Where necessary induction will provide training on charity and educational, legal and financial matters. All new trustees will be given a tour of the academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees.

During the year under review the trustees held 3 meetings.

**Organisational Structure**

The Academy Governance structure consists of three levels: the Trustees, the Senior Leadership Team and the Management Team. The aim of the management 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 by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The Senior Leaders are the Principal, the Associate Principal and Vice Principal. These leaders control the academy at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is devolved to members of the Management Team, with limits above which a Senior Leader must countersign.

The Management Team includes the Senior Leadership Team, the Academy Development Team, the Subject and Curriculum Leaders and the Inclusion Team. These managers are responsible for the day to day operation of the academy, in particular organising the staff, facilities and students.

**Risk management**

The trustees have assessed the major risks to which the academy is exposed, in particular those relating to the teaching, provision of facilities and other operational areas of the academy, and its finances. The trustees have implemented a number of systems to assess risks that the school faces. They have introduced operational procedures and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013 (cont'd)****Connected organisations**

Arden School are sponsors to Park Hall Academy and have nominated trustees who assist the academy in achieving its objectives. A majority of trustees are Arden appointed.

**Objects and Aims**

The principal object and activity of the charitable company is "to advance for the public benefit education in the United Kingdom, in particular 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 or Performing Arts".

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment areas from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on Mathematics and Performing Arts and their practical applications.

The main objectives of the academy during the year ended 31 August 2013 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry, commerce and the local community; and
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

**Objects, strategies and activities**

The academy's main strategy and objective is to support the achievement of its mission statement, which includes:

- tuition and learning opportunities for all students;
- training opportunities for all staff;
- secondments and placing of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- a system of after school clubs to allow students to explore science and engineering in a practical and project oriented way;
- a careers advisory service to help students obtain implement or move on to higher education.

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013 (cont'd)****Equal opportunities policy**

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

**Disabled persons**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the academy. The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment, by making support resources available and through training and career development.

**Public Benefit**

The trustees have complied with their duty in section 4 of the Charities Act 2006 to have due regard to the guidance on public benefit published by the Charity Commission (on their website) in exercising their powers or duties.

During 2012/13 the following activities relating to public benefit were undertaken:

- 1 The education and learning of c.1050 pupils by c.140 teachers and other staff.
- 2 Seeking to improve academic performance by raising educational standards and individual achievement.
- 3 Providing high levels of pastoral care, personal coaching and family support.
- 4 Developing educational links to the benefit of pupils with other educational providers.

**ACHIEVEMENTS AND PERFORMANCE**

The academy has completed its fourth year of operation. It has seen a significant increase in popularity in its preference applications and as a result is now only 2 students below its Pupil Admission number.

Examination results have shown an improving trend over the life of the Academy and it has received a letter from the Minister of State for Schools congratulating it on being one of the 100 most improved schools from 2009-2012.

The Academy has benefitted from Pupil premium funding during the year. This has been used in various ways to strengthen student achievement including additional staff and small group withdrawal sessions. Whilst the expected rates of progress for these pupils in English and Maths is lower than their peers, the average capped and total points scores is significantly positive.

Notwithstanding this progress, 2013 was a challenging year as the Academy sought to meet the demands of a new curriculum and examination focus. The bar has been lifted nationally and the results in August 2013 showed the first dip in headline performance measures since Academisation, particularly in the core Maths and English GCSEs.

These results, and a subsequent Ofsted inspection, have highlighted a number of issues that the sponsor, Arden Academy Trust, have determined require a change in the Academy leadership.

Mr Morrison, Principal since Academisation, left the Academy on the 5 December and Mr Murphy, the Principal at Arden Academy Trust has been appointed as Interim Executive Principal.

Through Mr Murphy, Arden Academy Trust will directly control the Strategy and Management of Park Hall Academy until it is satisfied that these issues have been addressed, a new management structure put in place and student outcomes have improved.

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013 (cont'd)****Going Concern**

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

**Key Financial Performance Indicators**

The trust has established a financial budget and has a Financial and General Purposes Committee to monitor performance against budget. The trustees consider that the following are key performance indicators for the academy trust, for example:

	<b>2013</b>	<b>2012</b>
Pupil numbers	1,067	1,089
Staff costs as a % of revenue income received from EFA	73%	74%
Staff costs as a % of total revenue grant income*	72%	73%
Staff costs as a % of total costs*	72%	71%
Capital expenditure per pupil	£256	£242

**FINANCIAL REVIEW****Overview**

Most of the academy's income is obtained from the EFA in the form of recurrent grants, including the General Annual Grant, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2013, total expenditure of £6,340,000 (2012:£6,351,000) was largely covered by recurrent grant funding from the EFA together with start up funding and other incoming resources. Excluding restricted fixed assets funds there was a deficit for the year of £97,000 (2012: deficit £260,0000).

At 31 August 2013 the net book value of fixed assets was £455,000 (2012: £300,000) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education to the pupils of the academy.



**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013 (cont'd)**

The Local Government Pension Scheme (LGPS) figures as at 31 August 2013 are based on projecting forward the estimated position at 1 September 2012 and assuming that the experience over the year, apart from investment returns, has been in line with the assumptions made at the start of the year.

The estimated FRS17 deficit at 31 August 2013 is £979,000. The main reasons for the increase from £939,000 at 31 August 2012 are because of:

- higher assumed rate of future deferred pension revaluation and pension increases in payment;
- the difference between employer contributions and the service cost over the year;
- asset return over the year different to assumptions;
- assets at the date of admission to the fund were on a partially funded rather than fully funded basis;
- increased longevity of retiring members.

It should be noted that the balance sheet, profit and loss and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS17 liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

**Financial and Risk Management Objectives and Policies**

The trust's financial and risk management objectives are documented in its:

- Official budgets
- Scheme of Delegation
- Financial Regulations
- Risk Management Policy

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

**Principal Risks and Uncertainties**

The Board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced through its governance arrangements, appointment of senior staff, and robust operational policies. The Board considers that these arrangements have been effective throughout the period being reported.

The Board intends to further develop its risk management policy by formally documenting the managerial action that is taking place, enabling future risk management to be more systematic.

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013 (cont'd)**

At the time of reporting, the trust's identified key risks are:

- The risk of achievement in core subjects being below expectations;
- Loss of personal and sensitive information.
- Changes to rules and regulations
- The future financial position of the LGPS pension scheme.

Mitigating action, both current and planned, has been identified to address both these risks and others that have been identified as having a lower level of impact and/or likelihood.

**Reserves policy**

The trustees review the reserve levels of the academy annually. This review considers the need to match income and expenditure streams with commitments and the nature of reserves. The trustees have determined that the reserves should be equivalent to 2 weeks expenditure, approximately £300,000. This is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with emergencies such as urgent maintenance.

Any surplus reserves built up by the academy are earmarked to cover:

- future capital expenditure;
- improve the quality of learning and social spaces within the academy;
- forecast increases in employer contributions to the Local Government Pension Scheme.

**Financial position**

The academy held fund balances at 31 August 2013 of £460,000 (2012:£364,000), after allowing for the pension deficit of £979,000 (2012: £939,000); comprising £288,000 (2012:£252,000) of restricted funds and £172,000 (2012: £112,000) of unrestricted general funds.

**Investment Policy**

All investments are made in accordance with the policy of the trust and Charity Commission guidance. The trust's policy on investments are one of minimum risk to the capital invested, but with managed risk to the liquidity of those funds. All investments are made with the trust's bankers. The trust seeks to maximise interest receipts within this policy, which will be reviewed in the year ending 31 August 2014.

**Plans for future periods**

During the year the Trustees reviewed their approach to holding reserves against the pension deficit. Based on advice received the Trustees determined that holding cash reserves against this deficit was inappropriate in light of the Trusts aims and objects. The deficit position of the Local Government Pension Scheme may result in an increase in employers pension contributions over a period of years and the Trustees consider that the £300,000 reserve provides sufficient reserve against this.

The Trustees have thus acknowledged that use of the reserves in future may lead to negative net assets after allowing for the long term pension liabilities.

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013 (cont'd)****Auditors**

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- 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 auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees have determined that they will consider a change in Auditor before the Academic Year 2015/16.

The Trustees' Report was approved by the trustees on 17 December 2013 and signed on their behalf by:



.....  
**Janice Hiorns**  
**Chair of Trustees**

**17 December 2013**

**GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013****Scope of Responsibility**

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

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

**Governance**

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a Possible</b>
J Hiorns - Chair	2	3
D Smart	3	3
G Marsh (resigned 4 November 2013)	3	3
G Allen - Staff Trustee	3	3
G Cook	2	3
W Jarema	2	3
A Pavey - Coopted	2	3
M Robinson	2	3
M Murphy - Interim Executive Principal and Accounting Officer (appointed 17 December 2013)	-	-
T Morrison - Principal until 17 December 2013	3	3
Dr C O'Donovan	3	3
B Adab (resigned 13 December 2013)	2	3
D Hersey	3	3
H Roberts	2	2
W Bohanna (appointed 5 December 2013)	-	-
D Burgess (appointed 5 December 2013)	-	-

The **finance and general purposes committee** is a sub-committee of the main board of trustees. Its purpose is to develop the strategic direction and governance procedures on financial matters. Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a Possible</b>
D Smart	3	3
G Marsh (resigned 4 November 2013)	2	3
G Allen - Staff Trustee	3	3
W Jarema	3	3
M Murphy (appointed 17 December 2013)	-	-
T Morrison	3	3
A Pavey - Coopted	-	3
M Robinson	2	3

**GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013 (cont'd)****The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Park Hall Academy for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ending 31 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.

**The Risk and Control Framework**

The academy trust 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 board of trustees;
- regular reviews by the Finance and General Purposes 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 board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed D Smart (formerly J Hiorns), a trustee without specific involvement in the work of the Finance and General Purposes Committee, as Responsible Officer ('RO'). Professional accounting support will be available to the RO who will be responsible, inter alia, for ensuring appropriate advice is available to the Board on financial management matters, that effective systems are in place and for overseeing a sample audit of financial processes. The RO reports to the board of trustees on the outcomes each term. All work has been delivered as planned and no significant control weaknesses have been identified.

**GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013 (cont'd)****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 general purposes committee (or audit committee) and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 17 December 2013 and signed on its behalf by:

[Signed]



**J Hiorns**

**Chair of Trustees**

[Signed]



**M Murphy**

**Accounting Officer**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2013**

As accounting officer of The Park Hall Academy I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and 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.

**[Signed]**

A handwritten signature in black ink, appearing to read 'M Murphy', with a long horizontal flourish extending to the right.

**M Murphy**  
**Accounting Officer**

**17 December 2013**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2013**

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of 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 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 Academy 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 board of trustees on 17 December 2013 and signed on its behalf by:

[Signed]



**J Hiorns**  
**Chair of Trustees**



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARK HALL ACADEMY FOR THE YEAR ENDED 31 AUGUST 2013**

We have audited the financial statements of Park Hall Academy for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Income and Expenditure account, 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy 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 16, 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 trusts 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**

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 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 Annual Accounts Direction 2013 issued by the Education Funding Agency.

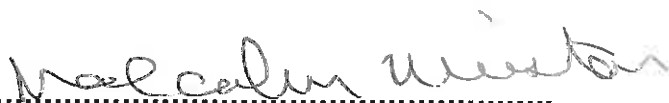
**Opinion on other matter prescribed by the Companies Act 2006**

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
- 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 audit.



Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

17 December 2013

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO  
PARK HALL ACADEMY AND THE EDUCATION FUNDING AGENCY FOR THE YEAR  
ENDED 31 AUGUST 2013**

In accordance with the terms of our engagement letter dated 28 August 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 the academy trust during the period 1 September 2012 to 31 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 the Park Hall Academy and the EFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 Park Hall Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Park Hall Academy's accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of Park Hall Academy funding agreement with the Secretary of State for Education dated 1 September 2009, and the Academies Financial Handbook extant from 1 September 2012 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2013. 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 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and 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.

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO  
PARK HALL ACADEMY AND THE EDUCATION FUNDING AGENCY FOR THE YEAR  
ENDED 31 AUGUST 2013**

**Approach (con't)**

Summary of the work undertaken was as follows:

- Analytical review of the academy trust's general activities are within the academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the academy trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the academy trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the academy trust's charitable objectives.

**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 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**UHY Hacker Young (Birmingham) LLP**  
**9-11 Vittoria Street**  
**Birmingham**  
**B1 3ND**

**17 December 2013**

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2013

(Including Statement of Total Recognised Gains and Losses)

		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2013	2012
		£'000	Funds	Asset	£'000	£'000
			£'000	Funds		
				£'000		
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
- Voluntary income	3	1	-	-	1	5
- Activities for generating funds	4	25	-	-	25	17
- Investment Income	5	34	-	-	34	21
<i>Incoming resources from charitable activities:</i>						
- Funding for the academy trust's educational operations	6	-	6,316	22	6,338	6,212
<b>Total incoming resources</b>		<b>60</b>	<b>6,316</b>	<b>22</b>	<b>6,398</b>	<b>6,255</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
- Costs of generating voluntary income						
- Investment management costs						
<i>Charitable activities:</i>						
- Academy trust educational operations	7	-	6,154	118	6,272	6,141
<i>Governance costs</i>	9	-	68	-	68	210
<b>Total resources expended</b>	7	<b>-</b>	<b>6,222</b>	<b>118</b>	<b>6,340</b>	<b>6,351</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>60</b>	<b>94</b>	<b>(96)</b>	<b>58</b>	<b>(96)</b>
Gross transfers between funds	16	-	(251)	251	-	-
<b>Net income/(expenditure) for the year</b>		<b>60</b>	<b>(157)</b>	<b>155</b>	<b>58</b>	<b>(96)</b>
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	26	-	38	-	38	(51)
<b>Net movement in funds</b>		<b>60</b>	<b>(119)</b>	<b>155</b>	<b>96</b>	<b>(147)</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2012		112	(48)	300	364	511
<b>Funds carried forward at 31 August 2013</b>	16	<b>172</b>	<b>(167)</b>	<b>455</b>	<b>460</b>	<b>364</b>

All of the academy trust'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

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Total 2013 £'000	Total 2012 £'000
<b>Income</b>			
DfE/EFA general annual grant (GAG)	2 & 6	5,718	5,684
DfE/EFA start up grants	6	170	208
DfE/EFA capital grants	6	22	22
Other DfE/EFA grants	6	335	179
Other government grants	6	93	119
Interest receivable	5	34	21
Other income	3 & 4	26	22
<b>Total income</b>		<b>6,398</b>	<b>6,255</b>
<b>Expenditure</b>			
Staff costs	7 & 10	4,551	4,494
Non pay expenditure			
- Premises	7	427	587
- Supplies and services		572	442
- Other		672	728
Depreciation	7 & 13	118	100
<b>Total expenditure</b>	7	<b>6,340</b>	<b>6,351</b>
<b>Net income/(deficit) for the year</b>		<b>58</b>	<b>(96)</b>

The income and expenditure account is derived from the statement of financial activities on page 21 which, together with the notes to the financial statements on pages 25 to 44 provides full information on the movements during the year on all the funds of the academy trust.

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

## BALANCE SHEET AS AT 31 AUGUST 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	13	455	300
		<u>455</u>	<u>300</u>
<b>Current assets</b>			
Debtors	14	236	203
Cash at bank and in hand		1,787	1,619
		<u>2,023</u>	<u>1,822</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	15	(1,039)	(819)
<b>Net current assets</b>		<u>984</u>	<u>1,003</u>
<b>Total assets less current liabilities</b>		<b>1,439</b>	<b>1,303</b>
<b>Net assets excluding pension liability</b>		<u>1,439</u>	<u>1,303</u>
Pension scheme liability	26	(979)	(939)
<b>Net assets including pension liability</b>		<u>460</u>	<u>364</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
- Restricted fixed asset fund	16	455	300
- Restricted general fund	16	812	891
- Pension reserve	16	(979)	(939)
<b>Total Restricted Funds</b>		<u>288</u>	<u>252</u>
<b>Unrestricted funds</b>			
- General fund	16	172	112
<b>Total Unrestricted Funds</b>		<u>172</u>	<u>112</u>
<b>Total Funds</b>		<u>460</u>	<u>364</u>

The financial statements on pages 21 to 24 were approved by the trustees and authorised for issue on 17 December 2013 and are signed on their behalf by:



**Janice Hiorns**  
**Chair of Trustees**

The notes on pages 25 to 44 form part of these financial statements.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013**

	<b>Notes</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Net cash inflow from operating activities</b>	20	381	21
Returns on investments and servicing of finance	21	34	21
Capital expenditure	22	(251)	(242)
<b>Increase/(decrease) in cash in the year</b>	23	<u>164</u>	<u>(200)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September	23	1,619	1819
<b>Net funds at 31 August</b>	23	<u>1,783</u>	<u>1,619</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013****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 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**Going Concern**

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

**Incoming Resources**

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

- **Grants receivable**

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

- **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt

- **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.

- **Donated services and gifts in kind**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (Cont'd)

**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 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 with the exception of IT assets 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). The depreciation on such assets is charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets costing less than £1,000 are written off in the year of acquisition. All other assets are capitalised.

**Depreciation**

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for assets are:

Furniture and equipment	25%
Computer equipment and software	33.33%

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (Cont'd)****Depreciation (Continued)**

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 applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs.

Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (Cont'd)

**Fund Accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education and other funders where the asset acquired or created is held for a specific purpose.

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

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>2 GENERAL ANNUAL GRANT (GAG)</b>		
<b>a. Results and Carry Forward for the Year</b>		
GAG brought forward from previous year	663	668
GAG allocation for current year	<u>5,718</u>	<u>5,684</u>
<b>Total GAG available to spend</b>	<b>6,381</b>	<b>6,352</b>
 Recurrent expenditure from GAG	 (5,477)	 (5,447)
Fixed assets purchased from GAG	<u>(251)</u>	<u>(242)</u>
<b>GAG carried forward to next year</b>	<b>653</b>	<b>663</b>
 Maximum permitted GAG carry forward at end of current year (12.7% (2012: 12%) of allocation for current year)	 <u>726</u>	 <u>682</u>
<b>GAG to surrender to DfE</b>	<u>(73)</u>	<u>(19)</u>
(12.7% rule breached if result is positive)	(no breach)	(no breach)
 <b>b. Use of GAG Brought Forward from Previous Year for Recurrent Purposes</b>		
(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12.7% (2012: 12%), can only be used for capital purposes)		
Recurrent expenditure from GAG in current year	5,477	5,447
GAG allocation for current year	(5,718)	(5,684)
GAG allocation for previous year x 2%	<u>(114)</u>	<u>(114)</u>
<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year</b>	<b><u>(355)</u></b>	<b><u>(351)</u></b>
(2% rule breached if result is positive)	(no breach)	(no breach)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. At 21 August 2013 the academy agreed a variation to this funding agreement with the EFA to increase the amount of GAG that could be carried forward from one year to the next from 12% to 12.7% . Included in this amount, 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2013.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (Continued)

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
<b>3 VOLUNTARY INCOME</b>				
Donations	1	-	1	2
Sundry income	-	-	-	3
	<u>1</u>	<u>-</u>	<u>1</u>	<u>5</u>
<b>4 ACTIVITIES FOR GENERATING FUNDS</b>				
Miscellaneous sales	25	-	25	17
	<u>25</u>	<u>-</u>	<u>25</u>	<u>17</u>
<b>5 INVESTMENT INCOME</b>				
Bank interest received	34	-	34	21
	<u>34</u>	<u>-</u>	<u>34</u>	<u>21</u>

## 6 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
<b>DfE/EFA Capital grants</b>				
. Capital grants	-	22	22	22
	<u>-</u>	<u>22</u>	<u>22</u>	<u>22</u>
<b>DfE/EFA Revenue grants</b>				
. General annual grant (GAG) (note 2)	-	5,718	5,718	5,684
. Start up grant	-	170	170	208
. Standards fund	-	-	-	10
. Summer school grant	-	42	42	32
. Pupil premium grant	-	246	246	115
. Year 7 catch up premium grant	-	23	23	-
. Sports coordinator grant	-	8	8	8
. Bursary fund grant	-	14	14	14
. Other DfE/EFA grants	-	2	2	-
	<u>-</u>	<u>6,223</u>	<u>6,223</u>	<u>6,071</u>
<b>Other Government grants</b>				
. Standards fund - SMBC	-	42	42	68
. Golden hello grant	-	14	14	19
. Pupil premium grant	-	15	15	1
. Teach first grant	-	10	10	5
. GTP mentoring grant	-	-	-	23
. Library improvement grant	-	7	7	-
. Maths and science teaching support grant	-	3	3	-
. Newman university college teaching grant	-	2	2	-
. Other grants	-	-	-	3
	<u>-</u>	<u>93</u>	<u>93</u>	<u>119</u>
	<u>-</u>	<u>6,338</u>	<u>6,338</u>	<u>6,212</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (Continued)

## 7 RESOURCES EXPENDED

	Staff Costs £'000	Non Pay Expenditure		Total 2013 £'000	Total 2012 £'000
		Premises £'000	Other Costs £'000		
Costs of generating voluntary income	-	-	-	-	-
Academy's educational operations					
Direct costs	3,913	-	621	4,534	4,598
Allocated support costs	638	545	555	1,738	1,543
	4,551	545	1,176	6,272	6,141
Governance costs including allocated support costs	-	-	68	68	210
	-	-	68	68	210
	4,551	545	1,244	6,340	6,351

## Incoming/outgoing resources for the year include:

	£'000	£'000
Operating leases	404	401
Fees payable to auditor	9	9
Audit of financial statements	1	1
Other audit costs		

## 8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	2013 £'000	2012 £'000
<b>DIRECT COSTS</b>				
Teaching and educational support staff costs	-	3,825	3,825	3,919
Arden Academy Trust Limited - teaching staff	-	16	16	21
Agency staff	-	88	88	117
Academy improvement plan	-	60	60	7
Academy uniform	-	19	19	12
Assessment and recording	-	15	15	17
Capitation including books	-	109	109	114
Capitation - other	-	10	10	14
Examination fees	-	129	129	153
Alternative curriculum	-	57	57	42
Arden Academy Trust limited - alternative curriculum	-	14	14	18
Specialist schools trust	-	-	-	1
Training	-	15	15	13
Employers advertising teaching	-	60	60	45
Music costs - SMBC	-	50	50	50
Vocational learning	-	7	7	4
Teach first fees	-	28	28	38
Bursary fund	-	14	14	13
Teachers and educational support staff - other costs	-	7	7	-
Summer school	-	11	11	-
	-	4,534	4,534	4,598

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (Continued)

## 8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS (cont'd)

	Unrestricted Funds £'000	Restricted Funds £'000	2013 £'000	2012 £'000
<b>ALLOCATED SUPPORT COSTS</b>				
Support staff costs	-	638	638	575
Depreciation	-	118	118	100
Building maintenance	-	32	32	48
Electricity	-	80	80	78
Gas	-	40	40	28
Rent to SMBC	-	395	395	370
Water usage	-	9	9	7
Water rates	-	11	11	11
General rates	-	46	46	44
Minibus maintenance charges	-	2	2	4
Postage	-	14	14	10
Recruitment	-	5	5	-
Transport - fuel	-	3	3	2
Advertising and publicity	-	38	38	11
Equipment - other	-	10	10	5
Meetings and other expenses	-	17	17	13
Catering and payroll services - SMBC	-	92	92	93
Other services - SMBC	-	97	97	48
Staff expenses	-	-	-	1
Supervisors meals	-	18	18	18
Telephones	-	10	10	10
Travel expenses	-	-	-	1
ICT - hardware	-	-	-	15
ICT - software and licenses	-	31	31	39
ICT - consumables	-	21	21	4
Parent pay	-	5	5	-
Others	-	6	6	8
	-	1,738	1,738	1,543

## 9 GOVERNANCE COSTS

Support costs	-	41	41	29
Legal and professional fees	-	13	13	166
Audit of financial statements	-	9	9	9
Other audit costs	-	1	1	-
Responsible officer services	-	2	2	3
Accountancy and other services	-	2	2	3
	-	68	68	210

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (Continued)

## 10 STAFF COSTS

	2013 £'000	2012 £'000
Staff costs during the period were:		
Wages and salaries	3,636	3,582
Social security costs	286	288
Other pension costs	533	519
	<u>4,455</u>	<u>4,389</u>
Supply teachers costs	95	30
Compensation payments	1	75
	<u>4,551</u>	<u>4,494</u>

The average number of persons (including senior management team) employed by the academy trust during the year ended 31 August 2013 expressed as full time equivalents was as follows:

	2013 No	2012 No
<b>Charitable Activities</b>		
Teachers	73	71
Administration and support	52	51
Management	3	4
	<u>128</u>	<u>126</u>
<b>Governance activities</b>	-	-
	<u>128</u>	<u>126</u>

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

	No	No
£60,001 - £70,000	1	1
£70,001 - £80,000	2	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,000 - £110,000	1	1

All of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £36,487 (2012: £34,719).

## 11 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff trustees receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustee's remuneration was as follows:

T Morrison (Principal and Trustee)	£105,000 - £110,000	(2012: £100,000 - £105,000)
G Allen (Staff Trustee)	£20,000 - £25,000	(2012: £20,000 - £25,000)

During the year ended 31 August 2013 or 31 August 2012 there were no travel and subsistence expenses reimbursed to the trustees.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013**  
**(Continued)**

**11 RELATED PARTY TRANSACTIONS - TRUSTEE'S REMUNERATION AND EXPENSES (cont'd)**

**Interests in transactions**

The sponsoring organisation Arden Academy Trust, supplied teaching and support staff services for £30,400 (2012: £39,000) during the year to the academy. The academy supplied a careers advisor and advertising services to Arden Academy Trust £3,879 (2012: £nil).

**12 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,386 (2012: £720).

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

**13 TANGIBLE FIXED ASSETS**

	<b>Furniture &amp; Equipment £'000</b>	<b>Computer Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 September 2012	214	203	417
Additions	-	273	273
Disposals	-	-	-
At 31 August 2013	214	476	690
<b>Depreciation</b>			
At 1 September 2012	100	17	117
Charged in year	41	77	118
Disposals	-	-	-
At 31 August 2013	141	94	235
<b>Net book value</b>			
At 31 August 2013	73	382	455
At 31 August 2012	114	186	300

	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>14 DEBTORS</b>		
Trade debtors	5	2
VAT recoverable	93	102
Other debtors	138	99
	<b>236</b>	<b>203</b>
<b>15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank overdraft	5	1
Trade creditors	585	319
Taxation and social security	151	150
EFA creditor : abatement of GAG	86	93
Other creditors	59	54
Accruals and deferred income	153	202
	<b>1,039</b>	<b>819</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

## 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued)

Deferred Income	2013 £'000
Deferred income at 1 September 2012	26
Resources deferred in the year	54
Amounts released from previous years	(26)
Deferred income at 31 August 2013	<u>54</u>

At the balance sheet date the Academy was holding funds received in advance for 2013/14 for devolved formula capital £13,014 (2012: £12,830), rates relief £27,220 (2012: £nil), special educational needs £4,309 (2012: £nil), school trips £1,080 (2012: £nil), catering card £3,229 (2012: £nil) and bursary funds £4,730 (2012: £12,768).

## 16 FUNDS

The income funds of the Academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2012 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2013 £'000
<b>Restricted general funds</b>					
General annual grant (GAG) (note i)	663	5,718	(5,477)	(251)	653
Start up grant (note ii)	156	170	(168)	-	158
Standards fund grant (note iii)	72	-	(72)	-	-
Summer school grant (note iv)	-	42	(42)	-	-
Pupil premium grant - EFA (note v)	-	246	(246)	-	-
Year 7 catch up grant (note vi)	-	23	(23)	-	-
Sports coordinator grant (note vii)	-	8	(8)	-	-
Bursary fund grant (note viii)	-	14	(14)	-	-
Budget forecast grant (note ix)	-	2	(2)	-	-
Standards fund grant -SMBC (note x)	-	42	(42)	-	-
Golden hello grant - (note xi)	-	14	(14)	-	-
Pupil premium grant - LAC (note xii)	-	15	(15)	-	-
Teach first grant (note xiii)	-	10	(10)	-	-
Library improvement grant (note xiv)	-	7	(6)	-	1
Teaching support grant (note xv)	-	3	(3)	-	-
Newman university college grant (note xvi)	-	2	(2)	-	-
	<u>891</u>	<u>6,316</u>	<u>(6,144)</u>	<u>(251)</u>	<u>812</u>
<b>Restricted fixed asset funds</b>					
DfE capital grants (note xvii)	22	22	-	-	44
Capital expenditure from GAG (note xviii)	278	-	(118)	251	411
	<u>300</u>	<u>22</u>	<u>(118)</u>	<u>251</u>	<u>455</u>
<b>Restricted pension scheme liability</b>					
Pension Reserve	(939)	-	(78)	38	(979)
	<u>(939)</u>	<u>-</u>	<u>(78)</u>	<u>38</u>	<u>(979)</u>
<b>Total restricted funds</b>	<b>252</b>	<b>6,338</b>	<b>(6,340)</b>	<b>38</b>	<b>288</b>
<b>Unrestricted Funds</b>					
Unrestricted Funds	112	60	-	-	172
<b>Total unrestricted funds</b>	<b>112</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>172</b>
<b>Total Funds</b>	<b>364</b>	<b>6,398</b>	<b>(6,340)</b>	<b>38</b>	<b>460</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012 (continued)****Notes**

- i) General Annual Grant must be used for the normal running costs of the academy. The academy is allowed to carry forward up to 12.7% (2012: 12%) of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes. Note 2 discloses whether the limit was exceeded.
- ii) Start up grant has been used to acquire stocks of teaching and learning materials and to support the start up costs of the academy.
- iii) Standard funds grant income has been used to support additional education for children missing education, and extra curriculum activities for 14 to 19 year olds.
- iv) Summer school grant has been used to provide teaching and educational materials for pre school pupils during August 2013 for commencement in September 2013.
- v) Pupil premium grant has been used to support children placed at the academy from the local authority.
- vi) Year 7 catch up grant has been used to provide additional support in reading and/or maths not achieving level 4.
- vii) The sports coordinator grant has been used for providing staff for physical education activities.
- viii) Bursary funding has been used to support pupils to continue in education from disadvantaged backgrounds.
- ix) Budget forecast grant has been used for obtaining assistance from financial advisers to prepare the budget forecast.
- x) Standard funds grant from SMBC has been used to support additional education for children missing education, and extra curriculum activities for 14 to 19 year olds.
- xi) Golden hello grant has been paid to teachers qualifying as a "one off" performance incentive.
- xii) Pupil premium grant (LAC) has been used to support deprived children from outside the local authority.
- xiii) Teach first grant has been received from Teach First to support the training of new teachers
- xiv) Library improvement grant has been used to provide books and improved library facilities.
- xv) The teaching support grant has been used to support teaching in maths and sciences.
- xvi) Newman university college grant has been used for training teachers.
- xvii) Restricted fixed assets were funded by government grants.
- xviii) The gross transfer from the restricted general fund to the restricted fixed asset fund of £250,523 (2012: £242,000) represents the total capital expenditure from the General Annual Grant (GAG) during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

## 17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2013 are represented by:

	Unrestricted	Pension Restricted	General Restricted	Fixed Assets Restricted	Total
	Funds	Funds	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	455	455
Current assets	172	-	1,851	-	2,023
Current liabilities	-	-	(1,039)	-	(1,039)
Pension scheme liability	-	(979)	-	-	(979)
	<u>172</u>	<u>(979)</u>	<u>812</u>	<u>455</u>	<u>460</u>

## 18 CAPITAL COMMITMENTS

	2013 £'000	2012 £'000
Contracted for, but not provided in the financial statements	Nil	Nil
Authorised by trustees, but not yet contracted	<u>Nil</u>	<u>Nil</u>
The above capital commitments will be met from DfE capital grants to be received in future years.		

## 19 FINANCIAL COMMITMENTS

*Operating leases*

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows:

	2013		2012	
	Land & Buildings £000s	Other £000s	Land & Buildings £000s	Other £000s
Operating leases which				
• Within one year	-	8	-	1
• Within two to five years	-	1	-	8
• Over five years	<u>405</u>	<u>-</u>	<u>392</u>	<u>-</u>
	<u>405</u>	<u>9</u>	<u>392</u>	<u>9</u>

The land and buildings annual commitment relates to a 125 year rent agreement with Solihull Metropolitan Borough Council expiring on 31 August 2134 for the academy's land at buildings at Water Orton Road, Castle Bromwich, West Midlands, B36 9HF.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

## 20 RECONCILIATION OF NET INCOME TO CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £'000	2012 £'000
Net surplus/(deficit)	58	(96)
Depreciation (note 13)	118	100
Capital grants from DfE and other capital income	(22)	(22)
Interest receivable (note 5)	(34)	(21)
FRS 17 pension cost less contributions payable (note 26)	47	36
FRS 17 pension finance cost (note 26)	31	36
Increase in debtors	(33)	(85)
Increase in creditors	216	73
<b>Net cash inflow from operating activities</b>	<b>381</b>	<b>21</b>

## 21 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Interest received	34	21
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>34</b>	<b>21</b>

## 22 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Purchase of tangible fixed assets	(273)	(264)
Capital grants from DfE/EFA	22	22
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(251)</b>	<b>(242)</b>

## 23 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Sept 2012 £'000	Cash flows £'000	At 31 Aug 2013 £'000
Cash in hand and at bank	1,619	168	1,787
Bank overdraft	-	(4)	(4)
	<b>1,619</b>	<b>164</b>	<b>1,783</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)****24 CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)****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 West Midlands Pension Fund. Both are defined benefit schemes.

The total pension cost to the Academy during the year ended 31 August 2013 was £532,686 (2012: £519,172) of which £347,409 (2012:£346,734) relates to the TPS and £185,277 (2012: £172,438) relates to LGPS.

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.

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). 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. 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 Teacher's 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 (in excess of price increases and currently set at 3.5%), 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)****26 PENSION AND SIMILAR OBLIGATIONS (continued)**

The last valuation of the TPS related to the period 1 April 2001 - 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 the 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 is 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.

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 to 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

## 26 PENSION AND SIMILAR OBLIGATIONS (Continued)

## Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made for the year ended 31 August 2013 was £230,815 (2012:£215,060) of which employer's contributions totalled £185,277 (2012: £172,438) and employees contributions totalled £45,538 (2012: £42,622). The agreed contributions for future years are 14.4% (2012: 14.4%) for employers and 6.1% (2012: 6.1%) for employees.

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

## Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2013 % per annum	At 31 August 2012 % per annum
Discount rate	4.60%	4.50%
Inflation assumption (CPI/RPI)	2.40%	2.30%
Salary increases	4.15%	4.05%
Pension increase	2.40%	2.30%
Commutation of pensions to maximum cash	50.00%	50.00%
Commutation of pensions to 3/80 cash	50.00%	50.00%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	2013 £'000	2012 £'000
Discount rate increased by 0.1% per annum	(40)	(35)
Assumed CPI inflation increased by 0.1% per annum	41	35
Life expectancy at retirement increased by 1 year	36	30

The mortality assumptions used were as follows:

	2013 years	2012 years
Longevity at age 65 retiring today		
- Men	22.1	22.0
- Women	24.8	24.7
Longevity at age 65 retiring in 20 years		
- Men	23.9	23.8
- Women	26.7	26.6

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

## 26 PENSION AND SIMILAR OBLIGATIONS (Continued)

## Local Government Pension Scheme (Continued)

The Academy's share of the assets and liabilities in the scheme and the expected rate 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%	430	7.0%	423
Government Bonds	3.4%	86	2.5%	72
Other Bonds	4.4%	114	3.4%	77
Property	5.7%	89	6.0%	79
Cash/liquidity	0.5%	42	0.5%	12
Other	7.0%	257	7.0%	115
<b>Total assets</b>		<b>1,018</b>		<b>778</b>
<b>Present value of scheme liabilities</b>				
- Funded		(1,018)		(778)
- Unfunded		(979)		(939)
<b>Total liabilities</b>		<b>(1,997)</b>		<b>(1,717)</b>
<b>Deficit in the scheme</b>		<b>(979)</b>		<b>(939)</b>

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The actual return on the scheme assets in the year was a surplus of £88,000 (2012: Surplus £47,000).

## Amounts recognised in the Statement of Financial Activities

	2013 £'000	2012 £'000
Current service cost	154	136
Past service cost	-	-
<b>Total Operating Charge</b>	<b>154</b>	<b>136</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

## 26 PENSION AND SIMILAR OBLIGATIONS (Continued)

## Local Government Pension Scheme (Continued)

	2013	2012
	£'000	£'000
<b>Analysis of pension finance</b>		
Expected return on pension scheme assets	(50)	(43)
Interest on pension liabilities	81	79
Pension finance cost/(income)	<u>31</u>	<u>36</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £551,000 loss (2012:£589,000 loss).

	2013	2012
	£'000	£'000
<b>Movement in deficit during the year</b>		
Balance at 1 September	939	816
Movement in year:		
- Employer service cost (net of employee contributions)	154	136
- Expected return on scheme assets	(50)	(43)
- Interest cost	81	79
- Employer contributions	(107)	(100)
- Actuarial (gains)/losses	(38)	51
<b>Deficit in the scheme at 31 August</b>	<u>979</u>	<u>939</u>

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

	2013	2012
	£'000	£'000
Scheme liabilities at 1 September	1,717	1,401
Current service cost	154	136
Interest cost	81	79
Contributions by scheme participants	46	43
Benefits paid	(1)	2
Actuarial losses	-	56
<b>Scheme liabilities at 31 August</b>	<u>1,997</u>	<u>1,717</u>

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

	2013	2012
	£'000	£'000
Fair value of scheme assets at 1 September	778	585
Expected return on scheme assets	50	43
Contributions by employer	107	100
Contributions by scheme participants	46	43
Benefits paid	(1)	2
Actuarial gains	38	5
<b>Fair value of scheme assets at 31 August</b>	<u>1,018</u>	<u>778</u>

The estimated value of employer contributions for the year ended 31 August 2014 is £106,000 (2013: £112,000).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

## 26 PENSION AND SIMILAR OBLIGATIONS (Continued)

## Local Government Pension Scheme (Continued)

The 5 year history of experience adjustments is as follows:

					Admission date 1 September 2009 £'000
	2013 £'000	2012 £'000	2011 £'000	2010 £'000	
Fair value of assets	1,018	778	585	1,034	815
Present value of scheme liabilities	1,997	1,717	1,401	1,338	981
Deficit in scheme	979	939	816	304	166
Experience adjustment on scheme assets	38	5	(647)	43	
Percentage of scheme assets	3.7%	0.0%	(110.5%)	4.2%	
Experience adjustment on scheme liabilities	-	-	29	-	
Percentage of scheme liabilities	0.0%	0.0%	2.0%	0.0%	
Actuarial gain/(loss) recognised in Statement of Financial Activities	38	(51)	(455)	(83)	
Percentage of scheme liabilities	1.9%	(2.97%)	(32.5%)	(6.2%)	

Only four years figures are available as the charitable company was established on 1 September 2009.

## 27 RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will 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. During year ended 31 August 2013:

Arden Academy Trust as the sponsoring organisation of Park Hall Academy supplied teaching and support services for £30,400 (2012: £39,250) to Park Hall Academy. Park Hall Academy supplied a careers advisor and advertising services to Arden Academy Trust £3,879 (2012: £nil).