

**Clitheroe Royal Grammar School
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

For the year ended 31 August 2015

**Company Registration Number:
07461173 (England and Wales)**

Clitheroe Royal Grammar School

Contents

Page

Reference and Administrative Details	2
Trustees' Report	4
Governance Statement	13
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees' Responsibilities	18
Independent Auditor's Report to the Members	19
Independent Reporting Accountant's Assurance Report on Regularity	21
Statement of Financial Activities incorporating Income & Expenditure Account	23
Balance Sheet	24
Cash Flow Statement	25
Notes to the Financial Statements, incorporating: Accounting Policies Other Notes to the Financial Statements	26

Clitheroe Royal Grammar School

Reference and administrative details

Members

Dr A D Clayton
Mrs J S Hart
Mr A Rogers
Mrs J Child
Mr W Honeywell
Rev A Froud

Trustees / Members of Governing Body

Dr A D Clayton* – Chairman (Foundation)
Mrs J S Hart – (Foundation) – Resigned 14/10/2014
Mr A Bury* - Chairman of Estates up to 14/04/2015
(Foundation) – Resigned 17/07/2015
Mr A Clavell Bate* (Parent up to 20/05/2015, Foundation
from 21/05/2015)
Mrs J O'Duffy (Foundation)
Mr J Sutton* Vice Chairman (Foundation)
Mrs S Trickett (Parent up to 12/11/2014, Foundation from
13/11/2014) – Resigned 09/10/2015
Mr M Blackledge (Foundation) – Appointed 19/11/2015
Mr A Rogers* - Chairman of Finance (Community)
Mr A Scholfield* Chairman of Estates from 07/05/15
(Community)
Mrs S J Redfern-Riley (Community) – Resigned 17/07/2015
Mr C P Watson (Community) - Appointed 01/10/2014
Mrs S Baier (Parent) – Term of office ended 31/10/2014
Mr I Ali (Parent)
Mrs B Davenport (Parent) - Elected 01/01/2015
Mr D Singh* (Parent) - Elected 01/01/2015
Mr P Smalley (Parent) – Elected 20/10/2015
Mrs M Dickinson* (Staff) – Term of office ended 31/10/2015
Mr R Gadd (Staff)
Mrs J Graham (Staff) – Elected 01/03/2015
Dr J Iqbal (Co-opted)
Mrs A Taylor (Co-opted)
Mrs S Wyatt (Co-opted) – Resigned 17/07/2015
Dr H Whitehead* (Member)
Mrs J Child* - Head teacher & Accounting Officer
(*Members of Finance Committee)

Secretary

Mr A McKinnell

Senior Leadership Team

Mrs J Child (Head teacher)
Mr J Powell (Deputy Head teacher)
Mrs C Reeves (Deputy Head teacher)
Miss J Renold (Assistant Head teacher)
Mrs K Johnston (Assistant Head teacher)
Mrs C George (Assistant Head teacher)
Mr A McKinnell (Bursar)

Clitheroe Royal Grammar School

Reference and administrative details (continued)

Registered Office	York Street Clitheroe BB7 2DJ
Company Registration Number	07461173
Auditors	CWR Chartered Accountants 20 Mannin Way Lancaster Business Park Caton Road Lancaster LA1 3SW
Bankers	Barclays Bank plc Castle Street Clitheroe BB7 2BT
Foundation	Trustees of the Clitheroe Royal Grammar School Foundation York Street Clitheroe BB7 2DJ

Clitheroe Royal Grammar School

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the Clitheroe Royal Grammar School (the Academy Trust / the School) for the period from the 1 September 2014 to the 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

Clitheroe Royal Grammar School operates a School for pupils aged 11 to 18 who are preferentially drawn from the area in which the School is situated. As a former grammar school designated as such under section 104 of the School Standards and Framework Act 1998, the School selects its intake at Year 7 by reference to academic ability. The School operates an open-access Sixth Form and, as such, typically admits between 200 and 220 students from other 11 – 16 providers in the area at Year 12, in addition to those continuing into Year 12 from the School itself. At its formation, the School had a planned capacity of 1321. The Main School (Years 7 to 11) had a roll of 596 in the school census of January 2015 and in the Sixth Form a roll of 631.

1. STRUCTURE, GOVERNANCE AND MANAGEMENT

1.1 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 of Clitheroe Royal Grammar School are also the Directors of the Charitable Company for the purposes of company law. The charitable company is known as Clitheroe Royal Grammar School (company number 07461173).

Additionally, the Trustees of Clitheroe Royal Grammar School are also the Governors of the School and as such are all members of the Governing Body of the School. Details of the Trustees, who served during the year, as members of the Governing Body, are included in the Reference and Administrative Details on page 2.

1.2 Members' Liability:

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

1.3 Trustees' Indemnities:

Since the incorporation of the Charitable Company on the 6 December 2010 the Trustees (Directors) have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in note 11 to the Financial Statements the limit of this indemnity is £2,000,000.

1.4 Principal Activities:

The principal activity of Clitheroe Royal Grammar School is to provide a quality, free education for young people, aged 11 to 19, who live in the area local to the School.

In determining its intake at Year 7 the School preferentially accepts those young people who live in the town of Clitheroe and the surrounding 41 civil parishes (as defined in the School's Admissions Policy). At Year 12, in excess of 200 students join those already in the School to enter the Sixth Form, from other Schools in the area.

1.5 Method of Recruitment and Appointment or Election of Governors (Trustees):

The processes for appointing or electing the various types of Governor to the Governing Body at Clitheroe Royal Grammar School are as follows:

Trustees' Report (continued)

- 1) *Foundation Governors* – The Trustees of the Clitheroe Royal Grammar School Foundation have the right to appoint up to FIVE governors of the School. Such appointments are usually made following consultation by the Trustees of the Foundation with the Governing Body of the School.

In addition to their overall role as governors and trustees, the Foundation Governors are appointed for the purpose of securing that the character of the School is preserved and developed; i.e. a selective 11 to 16 grammar school with an open access sixth form. They are also appointed to ensure that the School is conducted in accordance with the Foundation's governing documents as well as any trust deed relating to the School.

- 2) *Parent Governors* – The Articles of Association require that there shall be FOUR Parent Governors. Parents, including carers, of registered pupils at the School are eligible to stand as individuals for election as a Parent Governor. They are elected by other parents at the School as individuals who are representative of the parental body. Suitable procedures have been put in place for the conduct of Parent Governor elections.

If insufficient parents stand for election, the Governing Body must appoint Parent Governors to bring their number up to that required by the Articles of Association. Such appointed Parent Governors would preferentially be parents or carers of registered pupils at the School. If, however, no such parents are willing to undertake the role then the Governing Body can appoint any person who is the parent or carer of one or more school-age child.

- 3) *Staff Governors* – Up to THREE Staff Governors are elected by the School staff as individuals, representative of the staff of the School. Both teaching and support staff paid to work at the School are eligible for staff governorship.

At Clitheroe Royal Grammar School the first and third Staff Governor places are reserved for teachers of the School. If, however, no teacher stands for election a member(s) of the support staff can be elected to take one or both of these places.

Additionally, the second Staff Governor place is reserved for a member of the School's support staff, but if no member of the support staff stands for election then a teacher can be elected to take that place.

Suitable procedures have been put in place for the conduct of Staff Governor elections.

- 4) *Community Governors* – Up to FOUR Community Governors can be appointed by the Governing Body. Community Governors can be people who live or work in the community served by the School, or people who live outside of the immediate area and who are committed to the good governance and success of the School.

Vacancies for Community Governors will be posted upon the School's web site. Anyone expressing an interest in becoming a Community Governor will be asked to provide an appropriate curriculum vitae with their letter of application. Following an informal interview with the Chairman and Head teacher each application will be considered by the Governing Body.

The Governors may not appoint an employee of Clitheroe Royal Grammar School as a Community Governor if the number of Governors who are employed by the School (including the Head teacher) would thereby exceed one third of the total number of Governors.

- 5) *Co-opted Governors* – Up to THREE Co-opted Governors can be appointed by the Governing Body because they have experience and/or expertise of particular benefit to the School. Following an identification of specific needs suitable candidates are identified by the Governing Body and approached accordingly.

A "Co-opted Governor" means a person who is appointed to be a Governor by being co-opted by Governors who have not themselves been so appointed.

The Governors may not appoint an employee of Clitheroe Royal Grammar School as a Co-opted Governor if the number of Governors who are employed by the School (including the Head teacher) would thereby exceed one third of the total number of Governors.

- 6) *Member Governor* - The Members of Clitheroe Royal Grammar School (the Academy Trust) may appoint up to ONE Governor.

Trustees' Report (continued)

1.6 Policies and Procedures Adopted for the Induction and Training of Governors:

Following their appointment/election all new Governors receive an introduction to their role from the Chairman and Head teacher, this introduction includes tours of the School's sites and the opportunity to meet other members of the Senior Leadership Team.

The Governing Body at Clitheroe Royal Grammar School is committed to providing adequate opportunities for Governors to undertake and receive suitable training so as to enable them to undertake their role more effectively. To this end the Governing Body maintains a Service level Agreement with the Lancashire County Council's Governor Services Department. This Agreement allows for any or all of the members of the Governing body to attend any of the training courses provide by Lancashire County Council.

All new Governors are actively encouraged to take advantage of this agreement so as to gain a better understanding of the role and responsibilities of being a School Governor and Trustee. Additionally Governors with specific roles within the Governing Body are strongly encouraged to undertake specific training.

There is a nominated Link Governor who acts as liaison between Governor Services and the Governing Body.

1.7 Organisational Structure:

Before conversion to Academy status on 1 January 2011 Clitheroe Royal Grammar School was a foundation school with a foundation, as defined in the School Standards and Framework Act 1998. The relative autonomy of a foundation school meant that the former Governing Body was structured to undertake similar roles to those required of the Trustees of an Academy. Consequently, whilst the extra responsibilities of the Governing Body of the Academy Trust have been recognised, its structure still reflects its very successful predecessor.

At Clitheroe Royal Grammar School the majority of the roles and responsibilities of the Governing Body have been delegated to a small number of committees, as defined in the School's Standing Orders. The full Governing Body has retained responsibility for certain aspects, again as defined in the Standing Orders.

Members of the Senior Leadership Team (SLT), in addition to the Head teacher, attend Governing Body meetings as appropriate.

The Governing Body is responsible for the strategic management of the School; deciding and setting key aspects of the School, including strategic direction, annual budgets, senior staff appointments, policy changes etc. Operational management is the responsibility of the Head teacher and staff. This latter is carried out at a number of levels; i.e. by the Senior Leadership Team, Heads of Learning, Heads of Year and Sixth Form Tutors.

School policies are developed by senior members of the School's staff, to reflect both the strategic direction agreed by the Governing Body and also statutory requirements. These policies are approved and adopted by the Governing Body, and implemented as procedures and systems by the SLT and other designated members of staff.

During the year ending 31 August 2015 the full Governing Body met four times; the Finance Committee four times; The Estates Committee three times; the Students and Staffing Committee three times, the Curriculum and Achievement Committees twice; and the Admissions Committee once.

Trustees' Report (continued)

1.8 Related Parties and Other Connected Charities and Organisations:

The Trustees of the Clitheroe Royal Grammar School Foundation (Charity No. 526597) hold on trust funds and investments that are the result of donations and endowments made over the years since the founding of the School by Letters Patent of Queen Mary in 1554. The income from this capital is used in two ways:

- 1) In providing for the School such special benefits of any kind as may from time to time be agreed between the Governing Body of the School and the Trustees of the Foundation.
- 2) In otherwise promoting the education (including social and physical training) of persons who are pupils of the School or former such pupils under the age of 25 years and who are in need of financial assistance.

The level of support that the Trustees of the Foundation have been able to provide for the School has naturally varied slightly over the years, due in part to the vagaries of the financial markets. Over the past ten years, however, around £80,000 per year has been gifted to the School under item 1 above.

The Trustees of the Clitheroe Royal Grammar School Foundation also hold the freehold to the High Moor Playing Fields of the School, which are let at a peppercorn rent on a 125 year lease to the Academy Trust.

As explained in note 27 to the Financial Statements one Governor provided some minor services to the School in return for payment at cost.

2. OBJECTIVES AND ACTIVITIES

2.1 Objects and Aims:

The principal object and activity of the Charitable Company is the operation of Clitheroe Royal Grammar School to provide education for pupils between the ages of 11 and 18.

2.2 Objectives, Strategies and Activities:

The Academy Trust was set up on 6 December 2010 to advance, for the public benefit, education in the Clitheroe area of the County of Lancashire by maintaining, operating and developing Clitheroe Royal Grammar School; a school with a history and tradition dating back to 1554. Clitheroe Royal Grammar School offers a broadly-based curriculum.

The aims of the School rest on the following principles:

- a belief that all students have various talents that need encouragement to develop.
- a recognition that school should be a preparation for life in the fullest possible sense and that students do need a sound basis of knowledge, skill, competence and experience to equip them to cope with the many roles they will have to take on during their lives.
- the need for a working environment which secures effective teaching and learning, and values achievement by all students in their social, moral, spiritual, cultural, mental and physical development.

Clitheroe Royal Grammar School therefore aims to encourage students to:

- Develop lively, enquiring minds capable of original thought and well-balanced critical argument.
- Become confident, independent learners, well-equipped for lifelong learning.
- Derive enjoyment from their learning which should extend their intellectual capacity, develop their interest and stimulate their curiosity.
- Embrace the many opportunities afforded by developments in information and communication technologies, whilst fully accepting the responsibilities that go with using them properly.
- Engage in a broad programme of experiences which enable them to appreciate their cultural inheritance and to understand more about themselves and the world in which they live.

Trustees' Report (continued)

- Develop the capacities to make informed, rational and responsible decisions and to work in ways which enhance their self-respect and sensitivity to the needs of others, particularly those less advantaged than themselves.
- Show respect for each other and all people working in the school, and to appreciate the diverse talents that contribute to our School community.
- Play a full part in creating a caring, supportive school environment.
- Develop a range of reasoned beliefs and values and a sympathy and respect for those held by others, which will prepare them to become considerate and responsible citizens.
- Display self-discipline and proper regard for authority.
- Foster good behaviour and avoid all forms of bullying.

2.3 School Improvement Plan (SIP) for the Academic Year 2015-16:

As a school we wish to maintain our overall grading of outstanding. In May 2015 we implemented a School Improvement Plan which runs until September 2016. We have five whole-school targets that must be included in all Development Plans.

1. Challenge the most able students.
2. Meet the needs of different learners through a range of Teaching and Learning styles (differentiation).
3. Continue to develop effective marking and feedback.
4. Develop the whole student.
5. Develop effective staff leadership at all levels.

Summary School Improvement Plan (SIP) May 2015 - September 2016;

Outcomes for Students (Achievement)

- Challenge our most able students.
- Be in the top 25% of schools nationally at all key stages.
- Reduce within-school variation.
- Monitor, track and intervene (all groups).
- Increase the % of A* grades awarded to students.

Quality of Teaching and Learning

- Meet the individual needs of students through a range of Teaching and Learning styles (differentiation).
- Continue to develop effective marking and feedback.
- Maintain a positive climate for learning on both sites.
- Develop further independent learning .
- Offer high quality Continued Professional Development (CPD).

Personal Development, Behaviour and Welfare

- Develop the whole student.
- Ensure that student welfare is at the forefront of everything we do.
- Evaluate and further develop the mentoring system.
- Further develop leadership opportunities e.g. Teaching and Learning Ambassadors.
- Respond appropriately to Student Voice.

Quality of Leadership and Management of the School

- Develop leadership at all levels in our school.
- Continue to offer a broad and balanced curriculum.
- Implement exam changes at KS4 and KS5.
- Ensure the efficient use of resources for financial stability.
- Investigate ways to improve staff well-being.

Trustees' Report (continued)

2.4 Public Benefit:

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Clitheroe Royal Grammar School is the maintenance and development of the high quality education provided by the School, for over 460 years, to the young people of Clitheroe and the surrounding parishes.

In doing this Clitheroe Royal Grammar school not only offers a broadly-based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities, educational trips, visits and foreign exchange programmes are offered and undertaken.

3. STRATEGIC REPORT

3.1 Achievements and Performance:

Clitheroe Royal Grammar School ensures that it evaluates thoroughly both student attainment and progress.

Analysis of public examination outcomes for the academic year 2014/15

We have high aspirations for our students and a drive for continuous improvement. The School analysis of examination performance is very thorough, making excellent use of performance and benchmarking data from a range of sources. Heads of Learning are provided with the resources to undertake a full evaluation of the impact of teaching and learning on the cohort and also on groups of students. There is appropriate attention paid to evaluating both attainment and progress.

Key Stage 3

- Standards remain very high in Mathematics. Taking into account the prior attainment of pupils and historic value added (VA) data, achievement and progress is securely upper quartile.
- Standards in English in terms of the proportion of pupils achieving L7+ has increased slightly since 2014.
- We have moved to a two-year KS3 in Science and teacher-assessed levels for the end of Year 9 are not available. Tracking data for Years 7 and 8 demonstrates good progress in Science.
- Tracking data for Humanities and Languages indicate that progress is good or better.

Key Stage 4

- Overall standards at the end of KS4 remain high. All students achieved the 5+A*- C including English and Maths threshold. The proportion of the cohort achieving 5+A*- A grades was 74%.
- In Mathematics all students achieved passes at C or higher and 82% of students achieved A* or A grades. The three and four level progress figures, at 98% and 82.5% remain above both the national median and national average for selective schools.
- Standards remain high in English Language in terms of attainment, and progress remains above the national median. However the decline in A*- A grades is an area for development. Further improving progress in English Language, particularly for boys, is a priority for the department.
- Standards in Science remain high with approximately 75% of students achieving A* or A in one or more of Biology, Chemistry and Physics, similar to the 76% achieved last year. Progress data (3LP and 4LP) is significantly above the national median and value added data in SISRA suggests that achievement is securely upper quartile.
- Standards and achievement across a broad range of GCSE option subjects is consistently strong and this is a significant strength of the school. Exceptionally strong subjects included Art, DT (Textiles), DT (Food) and Religious Studies.
- Value added in each of the EBacc elements is good or better and is outstanding in Science and Languages.

Trustees' Report (continued)

Key Stage 5 (A2)

- Overall standards are above average. The proportion of A2 grades awarded at A*- B, at 68.2%, is 0.7 percentage points up on last year and is significantly above the national figure.
- The proportion of A* grades awarded, at 11.7%, is above the national average of 8.6%.
- The Advanced Level Performance System (ALPS) value added analysis suggests that outcomes in a majority of subjects were either in line with or above expectation given the prior attainment of students.
- The overall ALPS value added measure (grade 4) sustains the significant improvement made last year and suggests that students made better progress than expected given their prior attainment. Achievement in terms of ALPS is now broadly average or better than average across all ability bands.
- When analysed in terms of the points score per subject entry, ALPS indicates that students of all abilities made either the expected or more than the expected progress given their prior attainment, suggesting that achievement is at least good.
- The Level 3 value added report shows that A Level achievement is above average (statistically significant).

Key Stage 5 (AS)

- Overall standards at AS are above average. Grade quality, as measured by the %A - B grades, improved by a further 2.5%, repeating last year's pleasing performance and the ALPS, at 174, was some 2 points higher than in 2014.
- Standards in terms of the %A - B grades are above national averages for all large entry subjects.
- The ALPS value added analysis suggests that outcomes in most subjects were broadly as expected given the prior attainment of students.
- The overall ALPS value added measure (grade 2) is improved on 2014 and suggests that students are achieving significantly better than the expected outcome given their prior attainment.
- The Level 3 value added report shows that achievement at AS (all) is above average (statistically significant).

Achievement of Identified Groups in KS4 and KS5

- Raise Online for 2014 indicated that there were no significantly underachieving groups of students at GCSE.
- The preliminary School analysis by group for 2015 is thorough and suggests that there was relative underachievement by boys and disadvantaged students but that this is unlikely to be significant.
- The School analysis of post-16 data indicates that there were no significantly underperforming groups.

3.2 Key Performance Indicators:

The School sets key targets through the School Improvement Plan, which is monitored regularly through rigorous self-evaluation. Examination results are carefully monitored against set targets, RaiseOnline, Level 3 Value Added. However, our School's success is not only measured by external examination results, and the very positive responses to our students and parent questionnaires indicate that students have a wide range of opportunities to develop into well-rounded individuals.

The School complies with all the terms and conditions of its Funding Agreement with the EFA and manages its reserves in line with the policy set out below.

3.3 Going Concern:

After making appropriate enquiries, the Governing Body has a reasonable expectation that Clitheroe Royal Grammar School 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.

Trustees' Report (continued)

4. FINANCIAL REVIEW

4.1 Operating and Financial Review for the year:

Most of the School's income is obtained from the DfE via the EFA in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objects of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

As stated in last year's annual report, an area of particular concern for the Governing Body was the restricted amount of private study area available to students in the Sixth Form Centre. The current library, which was converted from the former Boys' Grammar School Hall in the early 1990s, whilst being adequate at the time of conversion, was far too small in relation to the increased numbers in the Sixth Form. The Governing Body has finally been able to make this space "fit for purpose" through the installation of a mezzanine floor to provide much-needed extra seating / study space. Funding for this project, which was carried out over the summer of 2015, came from a trust fund set up by a former student of the School.

On conversion on 1 January 2011, all of the fixed assets of the former foundation school were transferred to the Academy Trust, and are shown as restricted asset funds. The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned, as explained in note 1 to the Financial Statements.

Expenditure for the period covered by this report was covered by the GAG received from the DfE and other income, such as voluntary income, activities for generating funds and investment income.

During the accounting period, total revenue income exceeded total expenditure by £68,000. The Trustees anticipate an increase in staffing costs in 2015/16 as a result of increases in employer pension and national insurance contributions. This addition to the School reserves will help meet these increased staff costs.

The Trustees are concerned with the very large deficit that the Local Government Pension Fund is reporting. (See note 26 to the Financial Statements).

4.2 Reserves Policy:

The Finance Committee has reviewed the School's reserve levels and has determined that a reserve equivalent to 5% of its GAG should provide sufficient working capital to cover delays between spending and receipt of grants, and to cover any emergencies such as urgent maintenance work.

Under its Funding Agreement with the Secretary of State for Education Clitheroe Royal Grammar School currently has no carried forward restriction on its reserves at the year end.

4.3 Investment Policy:

Apart from the cash held for the operation of the School, Clitheroe Royal Grammar School has no realisable investments. With respect to its cash holdings the Trustees have adopted a low risk strategy. In addition to the main current account the School maintains an instant access deposit account. Suitable sweeping and switching procedures are in place at the School's bankers to ensure that adequate funds are available in the current account whilst maintaining a balance in the deposit account as high as possible.

Trustees' Report (continued)

4.4 Principal Risks and Uncertainties:

The Governing Body of Clitheroe Royal Grammar School regularly undertakes comprehensive assessments of possible risks to the future of the School (Risk Register).

The chief risks identified include:

- Variations year-on-year in the numbers of students joining the School at Year 12, with a concomitant effect upon funding levels.
- Variations in the retention rate between Year 12 and Year 13.
- Year-on-year reductions in the per capita funding of students in the School's Sixth Form, totalling approx. 10% since conversion of the School to Academy status.
- Deficit in the Local Authority Pension Scheme.
- Increased employment costs brought about by increases in employers' National Insurance contributions, pension contributions and staff pay rises.

5. PLANS FOR FUTURE PERIODS

Clitheroe Royal Grammar School will continue to work to maintain the performance of its students at all levels. Additionally, it will continue its efforts to improve the achievements of its students, not only in academic subjects but also in extra-curricular activities and in essential life skills; so as to increase the number of opportunities open to its students when they move on to higher education and ultimately employment.

The Governing Body has noted the large numbers of new houses that are currently being constructed within the School's "catchment area" and has consequently resolved to increase the School's Planned Admission Number (PAN) at Year 7 from 120 to 150, with effect from September 2016. The Governing Body was concerned that, without this increase in the PAN at Year 7, year-on-year an increasing number of Year 6 pupils from the local area, for whom Clitheroe Royal Grammar School has traditionally provided a suitable academic-style education, would miss out on the opportunity to come to the School.

6. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

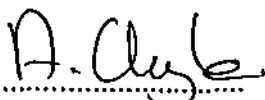
During the period 1 September 2014 to 31 August 2015, Clitheroe Royal Grammar School did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

7. AUDITOR

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on the 10th December 2015 and signed on the board's behalf by:



.....
Dr Andrew David Clayton
Chair of Governors (Trustees)

Clitheroe Royal Grammar School

Governance Statement

1. Scope of Responsibility:

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

The Trustees have delegated the day-to-day responsibility to the Head teacher, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Clitheroe Royal Grammar School and the Secretary of State for Education. She is also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

2. Governance:

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

GOVERNOR (TRUSTEE)	MEETINGS ATTENDED	OUT OF POSSIBLE
Dr A D Clayton (Chairman)	3	4
Mrs J S Hart (resigned 14/10/2014)	1	1
Mr A Bury (resigned 17/07/2015)	2	4
Mr A Clavell-Bate	4	4
Mrs J O'Duffy	3	4
Mr J Sutton	4	4
Mrs S Trickett (resigned 09/10/2015)	3	4
Mr M Blacklidge (appointed 19/11/2015)	0	0
Mr A Rogers	4	4
Mr A Scholfield	3	4
Mrs S J Redfern-Riley (resigned 17/07/2015)	0	4
Mr C P Watson (appointed 01/10/2014)	3	4
Mrs S Baier (term of office ended 31/10/2014)	1	1
Mr I Ali	2	4
Mrs B Davenport (elected 01/01/2015)	1	2
Mr D Singh (elected 01/01/2015)	2	2
Mr P Smalley (elected 20/10/2015)	0	0
Mrs M Dickinson (term of office ended 31/10/2015)	4	4
Mr R Gadd	3	4
Mrs J Graham (elected 01/03/2015)	2	2
Dr J Iqbal	2	4
Mrs A Taylor	1	4
Mrs S Wyatt (resigned 17/07/2015)	1	4
Dr H Whitehead	2	4
Mrs J Child (Head teacher)	4	4

Governance Statement (continued)

The Trustees recognise the importance of reviewing their effectiveness. Consequently, during the year, the Trustees carried out a review of the skills available to them within the Governing Body. In this respect each Trustee was required to complete a self-review skills matrix. The resulting amalgamated skills matrix was used as one of the tools in an initial annual review of effectiveness. As a basis for this review, the Chairs' Committee adopted the "twenty questions" methodology published by the National Governors' Association (NGA); and used a "Red, Amber, Green" (RAG) rating analysis to assess the Governing Body's effectiveness; vision, ethos and strategy; and effective accountability.

The results of this review demonstrate that the skills base within the Governing Body is broad, that there is adequate coverage in all necessary areas and that these skills are utilised in an effective way. It was clear that the Governors held the School's leaders to account, acting as a critical friend and challenging them as necessary. The Governing Body has a clear view of the School's strategic direction and uses data to monitor progress towards its goals. One area where the Chairs Committee identified a developmental need was in the Governing Body's engagement with the School's community and the outside world. In this respect, steps are being taken to make better use of the School's newly refurbished website and governor sections of the School's regular Newsletters to help improve communication with all of the School's stakeholders.

The **Finance Committee** is one of the committees of the main Governing Body. Its main purposes are to:

- a) Approve the annual indicative and final budgets;
- b) Maintain a 3 year financial plan;
- c) Ensure that the School financial systems are in accordance with the guidance set down in the Academies Financial Handbook;
- d) Ensure that requirements of the School's Internal Financial Regulations are met;
- e) Receive regular reports from the School's Responsible Officer;
- f) Be responsible for reviewing the effectiveness of the School's internal systems and procedures, so as to ensure that the objectives of the School are achieved in an economic and timely manner;
- g) Approve major items of expenditure.

Attendance at meetings of the Finance Committee in the year was as follows:

GOVERNOR (TRUSTEE)	MEETINGS ATTENDED	OUT OF POSSIBLE
Dr A D Clayton	4	4
Mr A Bury (resigned 17/07/2015)	2	3
Mr A Clavell-Bate	4	4
Mr J Sutton	3	4
Mr A Rogers (Chairman of Finance)	3	4
Mr A Scholfield	0	4
Mr D Singh (elected 01/01/2015)	2	2
Mrs M Dickinson (term of office ended 31/10/2015)	4	4
Dr H Whitehead	2	4
Mrs J Child (Head teacher)	4	4

3. Review of Value for Money:

As Accounting Officer, the Head teacher has responsibility for ensuring that Clitheroe Royal Grammar School delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved (using benchmarking data where available). A value for money statement is published on the school website.

Governance Statement (continued)

The Accounting Officer for Clitheroe Royal Grammar School has delivered improved value for money during the year by:

- Carefully managing overall budgets and departmental budgets, resulting in a reduction in recurrent expenditure in line with reductions in the overall budget.
- Reviewing staffing structure and other costs.
- Regularly monitoring student achievement and progress in terms of value added.
- Improving academic outcomes for students at AS and A Level (statistically significant L3 valued added) without additional costs.
- Reducing costs through efficient procurement and negotiation.
- Successfully bidding for a Condition Improvement Fund grant for external building work.
- Making efficient use of money donated through a trust fund to improve the study facilities for students and staff.

4. 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 Clitheroe Royal Grammar School 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 Clitheroe Royal Grammar School for the period 1 September 2014 to the 31 August 2015 and up to the date of approval of the annual report and financial statements.

5. Capacity to Handle Risk:

The Governing Body has reviewed the key risks to which Clitheroe Royal Grammar School 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 period from the 1 September 2014 to the 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

6. The Risk and Control Framework:

Clitheroe Royal Grammar School'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 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, and;
- identification and management of risks.

The School's system of internal financial control is in line with the requirements of the Academies Handbook.

Governance Statement (continued)

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed CWR, the external auditor, to perform additional checks. The reviewer's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. In particular, the checks carried out in the current period included:

- testing of payroll systems.
- testing of purchase systems.
- testing of control account / bank reconciliations.

Over the current period, CWR, as the reviewer, reported to the Governing Body on a termly basis through the Finance Committee, on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. No material control issues of any significance have arisen as a result of these checks. The Governors have, however, taken due heed of any comments and suggestions made by the reviewer in respect of any minor issues or improvements to be made to the School's systems and practices and have acted accordingly.

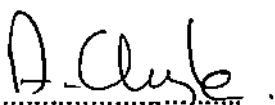
7. Review of Effectiveness:

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

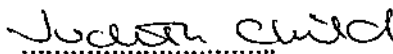
- the work of the reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Members of the Governing Body on the 10th December 2015 and signed on its behalf by:



Dr Andrew David Clayton
Chair of Governors (Trustees)



Mrs Judith Child
Accounting Officer

Clitheroe Royal Grammar School

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Clitheroe Royal Grammar School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. 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. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and EFA.



Mrs Judith Child
Accounting Officer

Date: 10th December 2015

Statement of Trustees' Responsibilities

The Trustees (who act as Governors of Clitheroe Royal Grammar School and are also Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction published by the Education Funding Agency.

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

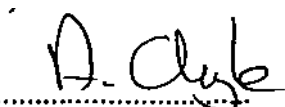
The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the Trustees are aware:

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

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

Approved by order of the members of the Board of Trustees on the 10th December 2015 and signed on its behalf by:



Dr Andrew David Clayton
Chair of Governors (Trustees)

Independent Auditor's Report to the Members of Clitheroe Royal Grammar School

We have audited the financial statements of Clitheroe Royal Grammar School for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

(Continued)

Independent Auditor's Report to the Members of Clitheroe Royal Grammar School (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Mr Phillip Dennison FCCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 16th December 2015

Clitheroe Royal Grammar School

Independent Reporting Accountant's Assurance Report on Regularity to Clitheroe Royal Grammar School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 1 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Clitheroe Royal Grammar School during the year 1 September 2014 to the 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Clitheroe Royal Grammar School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Clitheroe Royal Grammar School 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 Clitheroe Royal Grammar School and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Clitheroe Royal Grammar School's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Clitheroe Royal Grammar School's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from the 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from the 1 September 2014 to the 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy as prescribed in Section 9.4 of the Academies Accounts Direction 2014 to 2015 issued by the EFA in June 2015; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

(continued)

Independent Reporting Accountant's Assurance Report on Regularity to Clitheroe Royal Grammar School and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from the 1 September 2014 to the 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mr Phillip Dennison FCCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 16th December 2015

**Statement of Financial Activities for the year ended 31 August 2015
(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	Total 2015 £000	Total 2014 £000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	15	884	24	923	1,314
Activities for generating funds	3	260	-	-	260	232
Investment income	4	1	-	-	1	3
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	-	5,884	117	6,001	6,069
Total incoming resources		276	6,768	141	7,185	7,618
Resources expended						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income	6	4	548	-	552	442
Costs of activities for generating funds	6	258	-	-	258	217
<i>Charitable activities:</i>						
School's educational operations	7	13	6,137	385	6,535	6,364
Governance costs	8	-	16	-	16	17
Total resources expended	6	275	6,701	385	7,361	7,040
Net incoming/(outgoing) resources before transfers		1	67	(244)	(176)	578
Gross transfers between funds	16	(1)	(11)	12	-	-
Net income/(expenditure) for the year		-	56	(232)	(176)	578
Other recognised gains and losses						
Actuarial (losses) on defined benefit pension schemes	16	-	(87)	-	(87)	(195)
Net movement in funds		-	(31)	(232)	(263)	383
Reconciliation of funds						
Funds brought forward at 1 September 2014	16	381	(1,329)	16,298	15,350	14,967
Funds carried forward at 31 August 2015		381	(1,360)	16,066	15,087	15,350

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

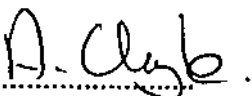
A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Clitheroe Royal Grammar School

Balance sheet as at 31 August 2015

	Notes	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Tangible assets	12		15,989		16,298
Current assets					
Stock	13	3		3	
Debtors	14	89		210	
Cash at bank and in hand		1,003		1,315	
		<u>1,095</u>		<u>1,528</u>	
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(500)</u>		<u>(1,103)</u>	
Net current assets			<u>595</u>		<u>425</u>
Net assets excluding pension liability			16,584		16,723
Pension scheme liability	26		(1,497)		(1,373)
Net assets including pension liability			<u>15,087</u>		<u>15,350</u>
Funds of the Academy:					
Restricted funds					
Fixed asset fund	16	16,066		16,298	
General funds	16	137		44	
Pension reserve	16	(1,497)		(1,373)	
Total restricted funds			<u>14,706</u>		<u>14,969</u>
Unrestricted income funds	16	381		381	
			<u>381</u>		<u>381</u>
Total funds			<u>15,087</u>		<u>15,350</u>

The financial statements on pages 23 to 44 were approved by the Trustees, and authorised for issue on the 10th December 2015 and are signed on their behalf by:



.....
Dr Andrew David Clayton
Chair of Governors (Trustees)

Company Limited by Guarantee
 Registration Number 07461173

Clitheroe Royal Grammar School

Cash Flow Statement for the year ended 31 August 2015

	Notes	2015 £000	2014 £000
Net cash (outflow)/inflow from operating activities	20	(377)	522
Returns on investments and servicing of finance	21	1	3
Capital expenditure and financial investment	22	64	(1,162)
(Decrease) in cash in the year	23	<u>(312)</u>	<u>(637)</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014		1,315	1,952
Net funds at 31 August 2015		<u>1,003</u>	<u>1,315</u>

Notes to the Financial Statements for the year ended 31 August 2015

1 Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the School 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 School has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in restricted general funds. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Donations**

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

- **Other income**

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

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

1 Accounting Policies (continued)

- **Donated goods, facilities and services**

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

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 School's educational operations.

- **Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

1 Accounting Policies (continued)

Tangible Fixed Assets

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

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

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

Freehold buildings	50 years straight line
Long leasehold buildings	Over 125 years straight line
Fixtures, fittings and equipment	33% straight line
ICT equipment	33% straight line

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

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

Leased Assets

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

Stock

Stock consists of unused stationery. Stocks are valued at the lower of cost or net realisable value.

Taxation

The School 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 School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

1 Accounting Policies (continued)

Pensions Benefits

Retirement benefits to employees of the School 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 School.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School 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 School 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 School in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders 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 and include grants from Education Funding Agency/Department for Education.

Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from Education Funding Agency. Payments received from Education Funding Agency and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 28.

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

2 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Trips and other non public funds	5	537	542	418
Donations toward library refurbishment	-	357	357	-
Donations towards multi-purpose sports hall	-	3	3	876
Other donations	10	11	21	20
	<u>15</u>	<u>908</u>	<u>923</u>	<u>1,314</u>

3 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Hire of facilities	2	-	2	1
Catering income	181	-	181	176
Sale of educational goods and services	44	-	44	33
Exam re-sit fees	33	-	33	22
	<u>260</u>	<u>-</u>	<u>260</u>	<u>232</u>

4 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Short term deposits	<u>1</u>	<u>-</u>	<u>1</u>	<u>3</u>

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

5 Funding for School's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
DfE/EFA capital grants				
School main building grants	-	29	29	25
School capital maintenance grants	-	88	88	-
	<u>-</u>	<u>117</u>	<u>117</u>	<u>25</u>
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	5,849	5,849	5,964
Other DfE/EFA grants	-	26	26	73
	<u>-</u>	<u>5,875</u>	<u>5,875</u>	<u>6,037</u>
Other Government grants				
Local authority grants	-	4	4	7
Ribble Valley Borough Council grant	-	5	5	-
	<u>-</u>	<u>9</u>	<u>9</u>	<u>7</u>
	<u>-</u>	<u>6,001</u>	<u>6,001</u>	<u>6,069</u>

6 Resources Expended

	Staff Costs £000	Non Pay Expenditure		Total 2015 £000	Total 2014 £000
		Premises £000	Other Costs £000		
Costs of generating voluntary income	5	-	547	552	442
Costs of activities for generating funds	29	-	229	258	217
School's educational operations					
Direct costs	4198	809	418	5,425	5,305
Allocated support costs	643	272	195	1,110	1,059
	<u>4,875</u>	<u>1,081</u>	<u>1,389</u>	<u>7,345</u>	<u>7,023</u>
Governance costs including allocated support costs	5	-	11	16	17
	<u>4,880</u>	<u>1,081</u>	<u>1,400</u>	<u>7,361</u>	<u>7,040</u>

The method used for the apportionment of support costs is disclosed in the accounting policies (note 1).

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

6 Resources Expended (continued)

	2015 £000	2014 £000
Net expenditure for the year includes:		
Operating leases		
Plant and machinery	1	1
Other leases	-	-
Fees payable to auditor for:		
Audit	3	3
Other services	7	8
	<u>11</u>	<u>12</u>

No transactions have taken place under Section 3.1.8 and 3.1.9 of the 2014 Academies Financial Handbook which require additional disclosure.

7 Charitable Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Direct costs – educational operations				
Teaching and educational support staff costs	-	4,198	4,198	4,205
Depreciation	-	258	258	224
Educational supplies	-	216	216	374
Examination fees	-	179	179	188
Staff development	-	22	22	30
Maintenance of premises and equipment	13	539	552	284
	<u>13</u>	<u>5,412</u>	<u>5,425</u>	<u>5,305</u>
Support costs – educational operations				
Support staff costs	-	643	643	629
Depreciation	-	128	128	60
Recruitment and support	-	14	14	21
Cleaning	-	23	23	29
Rent and rates	-	70	70	58
Insurance	-	46	46	45
Security and transport	-	25	25	23
Heat and light	-	99	99	107
16-19 Bursary payments (note 28)	-	-	-	30
Other support costs	-	62	62	57
	<u>-</u>	<u>1,110</u>	<u>1,110</u>	<u>1,059</u>
Total direct and support costs	<u>13</u>	<u>6,522</u>	<u>6,535</u>	<u>6,364</u>

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

8 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Legal and professional fees	-	1	1	1
Auditor's remuneration				
• Audit of financial statements	-	3	3	3
• Responsible officer audit	-	1	1	1
• Accountancy, taxation and other services	-	6	6	7
Support staff costs:				
Clerk to the governors	-	5	5	5
	<u>-</u>	<u>16</u>	<u>16</u>	<u>17</u>

9 Staff

(a) Staff costs

	2015 £000	2014 £000
Staff costs during the period were:		
Wages and salaries	3,926	3,939
Social security costs	288	296
Pension costs	628	628
	<u>4,842</u>	<u>4,863</u>
Supply staff costs (agency)	38	1
Staff restructuring costs	-	-
	<u>4,880</u>	<u>4,864</u>

(b) Staff severance payments

During the year no non-statutory / non-contractual severance payments were made (2014: £nil).

(c) Staff numbers

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

	2015 Number	2015 Full-time equivalent	2014 Number	2014 Full-time equivalent
Charitable Activities				
Teachers	82	73	83	74
Administration and support staff	60	39	60	39
Senior Leadership Team	7	7	7	7
	<u>149</u>	<u>119</u>	<u>150</u>	<u>120</u>

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

9 Staff (continued)

(d) Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2015 No.	2014 No.
£60,001 - £70,000	2	2
£100,001 - £110,000	1	1
	<u>3</u>	<u>3</u>

All of the above employees participated in the Teacher's Pension Scheme.

10 Related Party Transactions - Trustees' Remuneration and Expenses

One or more Trustees have been paid remuneration or have received other benefits from an employment with the Academy Trust. The Head teacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head teacher and staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration was as follows:

J Child (Head teacher and Trustee):	
Remuneration	£105,000 - £110,000 (2014: £105,000 - £110,000)
Employers' pension contributions	£15,000 - £20,000 (2014: £10,000 - £15,000)
A Carson (Staff Trustee):	
Remuneration	Not a Staff Trustee (2014: £5,000 - £10,000)
Employers' pension contributions	Not a Staff Trustee (2014: £0 - £5,000)
M Dickinson (Staff Trustee):	
Remuneration	£15,000 - £20,000 (2014: £15,000 - £20,000)
Employers' pension contributions	£0 - £5,000 (2014: £0 - £5,000)
R Gadd (Staff Trustee):	
Remuneration	£40,000 - £45,000 (2014: £30,000 - £35,000)
Employers' pension contributions	£5,000 - £10,000 (2014: £5,000 - £10,000)
J Graham (Staff Trustee elected 01.03.15):	
Remuneration	£20,000 - £25,000 (2014: Not a Staff Trustee)
Employers' pension contributions	£0 - £5,000 (2014: Not a Staff Trustee)

During the year ended 31 August 2015, expense claims in performing the role of Trustee totalled £nil (2014 £nil).

Other related party transactions involving the Trustees are set out in note 27.

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the School has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £128 (2014: £104). The cost of this insurance is included in the total insurance cost.

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

12 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost					
At 1 September 2014	17,001	125	330	8	17,464
Additions	36	-	30	11	77
At 31 August 2015	17,037	125	360	19	17,541
Depreciation					
At 1 September 2014	1,040	4	115	7	1,166
Charged in year	301	1	82	2	386
At 31 August 2015	1,341	5	197	9	1,552
Net book values					
At 31 August 2015	15,696	120	163	10	15,989
At 31 August 2014	15,961	121	215	1	16,298

13 Stock

	2015 £000	2014 £000
Stationery	3	3
	<u>3</u>	<u>3</u>

14 Debtors

	2015 £000	2014 £000
Other debtors	55	158
Prepayments and accrued income	34	52
	<u>89</u>	<u>210</u>

15 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	79	583
Other taxation and social security	-	85
Other creditors	130	143
Accruals and deferred income	291	292
	<u>500</u>	<u>1,103</u>

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

16 Funds

	Balance at 1 September 2014 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2015 £000
Restricted general funds					
General Annual Grant (GAG)	42	5849	(5,744)	(11)	136
Other DfE/EFA grants	-	26	(26)	-	-
Local Authority grants	-	9	(9)	-	-
Other restricted funds	2	884	(885)	-	1
Pension reserve	(1,373)	-	(37)	(87)	(1,497)
	(1,329)	6,768	(6,701)	(98)	(1,360)
Restricted fixed asset funds					
DfE/EFA capital grants	-	117	-	(40)	77
Other restricted fixed asset funds	-	24	-	(24)	-
Capitalised assets post conversion	2,217	-	(124)	76	2,169
Assets on conversion	14,081	-	(261)	-	13,820
	16,298	141	(385)	12	16,066
Total restricted funds	14,969	6,909	(7,086)	(86)	14,706
Unrestricted funds					
Unrestricted funds	381	276	(275)	(1)	381
Total unrestricted funds	381	276	(275)	(1)	381
Total funds	15,350	7,185	(7,361)	(87)	15,087

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

The General Annual Grant (GAG) must be used for the normal running costs of the School. Under the funding agreement with the Secretary of State, the School is not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. At the year end the carry forward of GAG funding was £136,000.

Other DfE/EFA Grants, and Local authority Grants include monies received outside of GAG funding and these Grants are all related to the furtherance of education within the School. None of this grant income remains unspent at the year end.

Other restricted funds include monies from trips and non-public funds and donations, in particular donations towards the library refurbishment, whose purpose is restricted. As at the year end £1,000 of these donations received remained unspent.

DfE/EFA capital grants represent capital monies received during the period from the EFA. This included a successful bid from the Capital Improvement Fund for guttering and external re-decoration repairs of £88,000. £77,000 remained unspent at the year end.

Other restricted fixed asset funds include donations and fundraising monies for the restricted purpose of the multi-purpose sports hall development and library furniture. During the year these were used in full.

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

16 Funds (continued)

Assets purchased post conversion is the fund balance relating to all fixed assets purchased since the School became an Academy.

Assets on conversion represent the transfer of the freehold assets valued at £15,000,000 into the School on conversion to Academy status depreciated over a 50 year period. A further leasehold asset valued at £125,000 was transferred into the School on conversion and this will be amortised over the lease term of 125 years.

Unrestricted funds represent funds generated via activities such as sale of materials, catering and music lessons to students, payments from other schools for the provision of teaching staff and income from universities with respect to student teachers. It also includes the brought forward surplus on conversion to Academy status. The surplus on this fund at the year end was £381,000 and these funds can be used at the discretion of the Governors to meet the charitable objectives of the School.

17 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	15,989	15,989
Current assets	381	637	77	1,095
Current liabilities	-	(500)	-	(500)
Pension scheme liability	-	(1,497)	-	(1,497)
Total net assets	381	(1,360)	16,066	15,087

18 Capital commitments

	2015 £000	2014 £000
Contracted for, but not provided in the financial statements	<u>83</u>	<u>43</u>

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

19 Financial commitments

Operating leases

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

	2015 £000	2014 £000
Land and buildings		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	<hr/>	<hr/>
Other		
Expiring within one year	-	-
Expiring within two and five years inclusive	1	1
Expiring in over five years	-	-
	<hr/>	<hr/>
	1	1

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

	2015 £000	2014 £000
Net (expenditure)/income	(176)	578
Depreciation (note 12)	386	284
Capital grants from DfE/EFA and other capital income	(141)	(901)
Interest receivable (note 4)	(1)	(3)
FRS 17 pension cost less contributions payable (note 26)	5	14
FRS 17 pension finance costs (note 26)	32	37
Decrease/(increase) in debtors	121	(112)
(Decrease)/increase in creditors	(603)	625
	<hr/>	<hr/>
Net cash inflow from operating activities	(377)	522

21 Returns on investments and servicing of finance

	2015 £000	2014 £000
Interest received	1	3
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	1	3

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

22 Capital expenditure and financial investment

	2015	2014
	£000	£000
Purchase of tangible fixed assets	(77)	(2,063)
Capital grants from DfE/EFA	117	25
Capital funding received from others	24	876
Receipts from sale of tangible fixed assets	-	-
Net cash inflow/(outflow) from capital expenditure and financial investment	<u>64</u>	<u>(1,162)</u>

23 Analysis of changes in net funds

	At 1		At 31
	September	Cash flows	August
	2014	£000	2015
	£000	£000	£000
Cash in hand and at bank	1,315	(312)	1,003
	<u>1,315</u>	<u>(312)</u>	<u>1,003</u>

24 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any capital asset for which a Government Capital grant was received, the School is required to either re-invest the proceeds or to repay 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, as the Secretary of State may require.

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 Schools' employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Pension Fund. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

At the end of the financial year contributions amounting to £16,015 (2014: £78,725) were payable to the schemes at 31 August and are included within creditors.

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

26 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to TPS in the period amounted to £752,000 (2014: £739,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Notes to the Financial Statements for the year ended 31 August 2015 (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 contribution made for the year ended 31 August 2015 was £203,000, of which employer's contributions totalled £160,000 and employees' contributions totalled £43,000. The agreed contribution rates for future years are 16% for employers and the rate for employees remains dependent on the salary of the employee.

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

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

Principal Actuarial Assumptions

	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	3.8%	3.7%
Rate of increase for pensions in payment / inflation	2.3%	2.2%
Discount rate for scheme liabilities	4.0%	4.0%
Inflation assumption (CPI)	2.3%	2.2%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	25.1	25.0
Females	27.8	27.7

Notes to the Financial Statements for the year ended 31 August 2015 (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 rates of return were:

	Expected return at 31 August 2015	Fair value at 31 August 2015 £000	Expected return at 31 August 2014	Fair value at 31 August 2014 £000
Equities	6.5%	556	7.0%	692
Government Bonds	2.5%	89	2.9%	3
Other Bonds	3.6%	42	3.8%	371
Property	6.1%	147	6.2%	134
Cash	0.5%	21	0.5%	33
Other	6.5%	762	7.0%	160
Total market value of assets		1,617		1,393
Present value of scheme liabilities				
- Funded		(3,114)		(2,766)
(Deficit) in the scheme		(1,497)		(1,373)

The actual return on scheme assets was £59,000 (2014: £141,000).

Amounts recognised in the statement of financial activities

	2015 £000	2014 £000
Current service cost (net of employee contributions)	165	144
Total operating charge	165	144
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	82	96
Interest on pension liabilities	(114)	(133)
Pension finance (costs)	(32)	(37)

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 £344,000 loss (2014: £257,000 loss).

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2015 £000	2014 £000
At 1 September	2,766	2,788
Current service cost	165	144
Past service cost	-	-
Interest cost	114	133
Employee contributions	43	40
Actuarial (gain)/loss	64	(330)
Curtailments and settlements	-	16
Benefits paid	(38)	(25)
At 31 August	3,114	2,766

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

	2015 £000	2014 £000
At 1 September	1,393	1,661
Expected return on assets	82	96
Actuarial gain/(loss)	(23)	(525)
Employer contributions	160	146
Employee contributions	43	40
Assets distributed on settlements	-	-
Transfer in of new members	-	-
Benefits paid	(38)	(25)
At 31 August	1,617	1,393

The estimated value of employer contributions for the year ended 31st August 2016 is £169,000.

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

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligations	(3,114)	(2,766)	(2,788)	(2,498)	(2,025)
Fair value of share of scheme assets	1,617	1,393	1,661	1,309	1,060
(Deficit) in the scheme	(1,497)	(1,373)	(1,127)	(1,189)	(965)
Experience adjustments on share of scheme assets	(23)	(525)	107	35	(63)
Experience adjustments on scheme liabilities:	-	369	-	-	-

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

27 Related Party Transactions

Owing to the nature of the School'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 the Trust has an interest. All transactions involving such organisations are conducted at cost and in accordance with the School's financial regulations, the Academies Financial Handbook and normal procurement procedures.

During the year the School purchased services from Challenge Training Partners, a business in which Dr A D Clayton (a Trustee) has an interest. Services to the value of £3,964 (net of VAT) were purchased during the year (2014 - £6,891 net of VAT) and there were no amounts outstanding at 31 August 2015. The School made the purchase at cost ensuring value for money by obtaining other third party quotes from the open market through normal procurement procedures. In entering into the transaction the Trust has complied with the requirements of the EFA's Academies Financial Handbook.

No other transactions with Trustees were undertaken during the course of the year ended 31 August 2015.

28 Agency arrangements

The School distributes 16-19 bursary funds to students as an agent for the Education Funding Agency. In the accounting year ending 31 August 2015 the trust received £47,000 and disbursed £47,000 from the fund.

An amount of £nil is included in other creditors relating to undistributed funds that is repayable to the Education Funding Agency.