

Holbrook Academy

(A Company Limited by Guarantee)



Annual Report and Financial Statements

For the year 1 September 2012 to 31 August 2013

Company Registration Number:
07654882 (England & Wales)

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Holbrook Academy

REFERENCE AND ADMINISTRATIVE DETAILS

Governors (Trustees)	I Howell J Brazill (Resigned 11.7.13) J Crabtree R Edgell T Fenton (Chair / Acting Chair from 11.7.13) R Freeman (Resigned 11.7.13) V J Gould (*Chair resigned 11.7.13) J Hazlewood T Hunter (Resigned 31.1.13) M Johnson S Letman (Principal and Accounting Officer Appointed 1.9.13) A Marr C Meadows M Pawlewski M Slattery (Appointed 10.7.13) T Stocks M Vaughan I Williamson (* original subscriber to the Company)
Company Secretary	S Beazley
Senior Leadership Team: <ul style="list-style-type: none">▪ Principal▪ Vice Principal▪ Assistant Principal▪ Director of Finance & Resources	S Letman (Appointed 1.9.13) N Shelley T Barrett M Roots (Appointed 20.5.13)
Registered Office	Ipswich Road Holbrook Ipswich Suffolk IP9 2QX
Company Registration Number	07654882 (England and Wales)
Independent Auditor	Izod Bassett 105 High Street Needham Market Ipswich Suffolk IP6 8DQ
Bankers	HSBC 12 Tavern Street Ipswich IP1 3AZ

Holbrook Academy

REPORT OF THE GOVERNORS

INTRODUCTION

The Governors, (who are Governors under the Academies Act 2010, Trustees under the Charities Act 2011 and Directors under the Companies Act 2006), present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2012 to 31 August 2013.

The financial statements have been prepared in accordance with the accounting policies on pages 21 to 23 of the attached financial statements, and comply with the Charitable Company's Memorandum and Articles of Association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' as issued in March 2005 ('SORP 2005') and the Academies Accounts Direction 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Holbrook Academy, hereafter referred to as the Academy, is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association dated 1 June 2011 are the prime governing documents of Academy.

The Governors act as trustees for the charitable activities of the Academy and are also directors of the Charitable Company for the purposes of company law. The name of the Charitable Company was changed at Companies House to Holbrook Academy with effect from 12 August 2013.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

Members' Liability

The liability of the members of the Charitable Company is limited. 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.

Subject to the provisions of the Companies Act 2006, every Governor or other officer or auditor of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy.

Governors' Indemnities (Companies Act 2006 s236)

There were no provisions required for third party indemnity.

Principal Activities

The Academy's object, as set out in its Articles of Association, is

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum;
- b) to promote for the benefit of the inhabitants of Holbrook and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

REPORT OF THE GOVERNORS (continued)

Method of Recruitment and Appointment or Election of Governors

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Academy deed. The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any Governor shall be four years, save that this time limit shall not apply to either the Principal or Staff Governors, who shall hold office for so long as he/she continues to be employed as a teacher or member of support staff. Subject to remaining eligible to be a particular type of Governor, any Governor may be reappointed or re-elected. The Governors who were in office at 31 August 2013 and who served during the year are listed on page 3.

Policies and Procedures adopted for the Induction and Training of Governors

The training and induction provided for new Governors will depend on their existing experience.

Where necessary induction will include training on educational, legal and financial matters. All new Governors will be given the opportunity of a tour of the Academy, have the chance to meet with staff and students and be provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents they need to undertake their role as Governors. As there is expected to be only a small number of new Governors a year, induction will be carried out informally and will be tailored specifically to the individual.

Organisational Structure

The new Academy was set up with a management structure to support the Education Brief. The Academy's organisational structure consists of two levels: the Governors and the Senior Leadership Team.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring its financial and operational performance and making strategic decisions about the direction of the Academy, approving major items of expenditure and making senior staff appointments.

The Committee structure comprises the Finance and Personnel Committee and the Quality and Monitoring Committee. Each Committee meets twice a term. During the course of the 2012-13 academic year the full Governing Body formally met 6 times.

The Governors have approved a scheme of financial delegation which clearly sets out the level of financial authority delegated to the Interim Headteachers during the year.

During the course of the year, Mr Martyn Berry acted as Interim Headteacher until 31 December 2012 and then was replaced by Mr Philip O'Hear who was in post until 19 July 2013. With effect from 1 September 2013, Dr Simon Letman was appointed as Principal.

The Senior Leadership Team (SLT) included the Interim Headteacher, Deputy Headteacher and Head of School, Assistant Headteacher (Students), Assistant Headteacher (Staff), Assistant Headteacher (Community) and Director of Finance and Resources. The structure of the SLT was changed with effect from 1 September 2013 to include the Principal, Vice Principal, Assistant Principal and Director of Finance and Resources. Strategic Leaders of Learning (SLL) posts were established in the summer of 2012. These SLLs together with the SLT are responsible for day to day operation of the Academy, in particular organising the teaching staff, students and resources. Heads of Department/Subject have delegated budget management responsibilities.

REPORT OF THE GOVERNORS (continued)

Risk Management

During the course of 2012-13 the Academy considered its risk management arrangements. The Strategic Risk Register will be formally reviewed on an annual basis. The Strategic Risk Register seeks to both identify the likelihood of a risk occurring, its impact and actions that are being taken to mitigate the risk. Risks included on the Register are varied but include educational risks such as the Academy not achieving the targeted student exam results, failure to achieve an increase in student numbers, a poor Ofsted inspection result and an inability to improve and maintain parental and wider community support. In addition, the register records the risks associated with major incidents, ICT system failures, failure to deliver its planned new building project on time and several financial and operational risks, including budgetary risks and health and safety and safeguarding of student risks. Some significant financial risks such as public and employee liability are covered by insurance.

The Academy operates systems of internal financial control and checks which are examined periodically by the Academy's auditor and by internal and independent professional reviews.

Connected Organisations

A number of students from the Academy attend courses at East Bergholt High School, Hadleigh High School and Otley College to enhance their education in specialist areas under normal business arrangements. In addition, students from East Bergholt High School and Hadleigh High School attend the Academy for the Hospitality and Catering course. The Academy also purchased services from Suffolk County Council, under normal business arrangements.

OBJECTIVES AND ACTIVITIES

Aims and Objectives of the Academy

The Academy objectives are set out in its Articles of Association and referred to on page 4. In summary it is to establish, maintain, manage and develop a school offering a broad curriculum and to provide community facilities.

In accordance with the Articles of Association, the Academy has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which students are drawn, and that the curriculum should comply with the substance of the National Curriculum with an emphasis on English and Mathematics.

Objectives, Strategies and Activities

The Academy has a vision to produce young people with exemplary attitudes who will make a positive contribution to the community in which they live and to the wider world in the future. Our aim is that everybody can be somebody. The Academy has the ambition to become the educational hub to serve the local community.

The stated purpose of the Academy is to ensure that children learn for life by providing a distinctive educational experience and helping them to search for the qualities which will help them to stand out from the crowd. The Academy has a commitment to relentlessly focus on pupil achievement and the quality of provision in all areas. This will be achieved by continually improving teaching and learning and providing the best possible opportunities for all children to do the best they can.

REPORT OF THE GOVERNORS (continued)

Objectives, Strategies and Activities (continued)

A key objective is that examination results will improve so that all students will maximise their full potential.

The Academy's Improvement Plan is reviewed six times a year at meetings of the Governing Body.

Public Benefit

The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

ACHIEVEMENTS AND PERFORMANCE

Overview

The Academy successfully emerged from Special Measures in November 2013 as a result of the fifth Ofsted Monitoring inspection conducted since March 2012. Inspectors recognised that the improvements detected in their previous monitoring visits had continued into the 2012-13 academic year. They judged that the Academy 'Required Improvement' overall, but that pupils' achievement, attendance and behaviour was improving, that inadequate teaching had been eradicated and that a significant proportion of parents feel their children are safe and happy at school.

In order to continue these improvements, inspectors set three broad development targets focused on; increasing the proportion of outstanding lessons, increasing the emphasis on literacy in all subjects and setting more challenging targets for all students, especially the more able.

Our students' results in 2012-13 were slightly down on the previous year and not as good as we had hoped with 58% of students achieving 5 GCSE grades of A*-C including English and Mathematics. With new systems and approaches becoming embedded and under the leadership of the new permanent Principal, appointed in September 2013, we are confident our students will do much better in the months and years ahead. A realistic target for 5 GCSE grades of A*-C for the current Year 11 for 2014 is 68%.

Key Financial Performance Indicators

The total number of students on role in the year ended 31 August 2013 numbered 505.

From 1 September 2011 the Academy has a PAN (Pupil Admissions Number) each year of 120.

REPORT OF THE GOVERNORS (continued)

FINANCIAL REVIEW

Overview

These financial statements reflect the second period of operational activity for the Academy. During the year the Academy received total income of **£3,263,907**. Of this sum **£2,673,422** was received from the Department of Education (DfE) via the Education Funding Agency (EFA) in respect of its General Annual Grant, used for its day to day running costs. Other grants and income amounted to **£590,485**. Expenditure for the year totalled **£3,276,084**.

The budget position for revenue excluding pension fund was as follows:

Revenue excl. pension fund	Unrestricted Funds £	Restricted Funds £	Total Revenue £
Income	194,678	2,821,375	3,016,053
Expenditure	263,412	2,853,595	3,117,007
Net expenditure before transfers	(68,734)	(32,220)	(100,954)
Transfers	(7,432)	0	(7,432)
In year budget position () = deficit	(76,166)	(32,220)	(108,386)

The expenditure included non-recurrent costs associated with the net costs of Interim Headteachers and restructuring. These costs contributed towards the deficit shown above.

The revenue reserves position is shown as follows:

Revenue excl. pension fund	Unrestricted Funds £	Restricted Funds £	Total Revenue £
Reserves b/wd as at 1 Sep 2012	105,886	37,304	143,190
In year budget position () = deficit	(76,166)	(32,220)	(108,386)
Reserves c/wd to 1 Sep 2013	29,720	5,084	34,804

The balance of **£5,084** includes **£3,084** for school trips and **£2,000** for pension fund. In total the Academy has revenue reserves totalling **£34,804**.

The Governors have a duty as a public body to be transparent about the Academy's finances and are fully cognisant of the Academy's financial risks. As a result, a management plan to address them is already in place and is under constant review. The Academy is expected to have unspent balances by the end of 2013-14 which it plans to use as a component of the medium term financial plan. The financial plan is under regular review and is being actively managed by the Governing Body since student numbers are expected to remain below 500 in the medium term.

During 2011-12 the Governing Body established a relatively comfortable level of reserves at the year-end in order to manage unforeseen emergencies and to enable planned use over the medium term to mitigate against the anticipated challenging budget shortfalls. The reserves were able to cover the expected in-year deficit from 2012-13.

REPORT OF THE GOVERNORS (continued)

Reserves Policy

The Governing Body reviews the reserve levels of the Academy throughout the year, annually at the year-end and as a part of its medium term budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Governors determine what the level of uncommitted reserves should be. The main aims are to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies, such as urgent maintenance.

Fixed Assets / Capital

The Academy held **£6,940,497** restricted fixed asset funds as at 31 August 2013. The fixed asset fund reflects both the funding received for capital investment purposes and the net book value of assets. It should be noted that the Academy's land and buildings are on a 125 year lease from Suffolk County Council. The value when the assets transferred at the start of 2011-12 was **£6,862,686**.

The Academy made the following investments in its tangible assets during 2012-13:

Projects	£
Replacement windows, doors and toilets	280,339
ICT Infrastructure / equipment	67,769
Other equipment and refurbishment	34,140
Total	382,248

Pension Fund (Local Government Pension Scheme)

Under Accounting Standard FRS17 it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for our non-teaching staff to a specific restricted reserve. As at 31 August 2013, the deficit on this reserve amounted to **£389,000**. It should be noted however that this does not present the Academy with a current liquidity problem. Contributions to the pension scheme are being increased over the next few years in order to reduce the deficit.

Investment Policy

During the period of these financial statements the Academy operated two bank accounts, one which was an interest bearing deposit account for surplus funds. In balancing risk against return the Academy policy is geared towards carefully managing the cash flow and maximising returns where possible but at very low risk.

Principal Risks and Uncertainties

The Academy has an established Risk Management Strategy and Risk Register. These are reviewed annually or when significant changes occur. The top financial risks that it has identified and is managing, include:

- not achieving planned increases in student numbers,
- not delivering the forecast necessary savings over the medium term,
- not maintaining sustainable improvements in student performance
- uncertainty about central government funding in the future.

The Academy implemented management action during 2012-13 in order to mitigate these risks and continues to review its medium term financial plan.

PLANS FOR FUTURE PERIODS

Our primary focus in 2013/14 is to ensure all of our students make better progress and achieve high degrees of success in their exams. We are targeting that at least 68% of our students will achieve 5 GCSEs at A* to C including English and Mathematics. Other targets we have set within our Academy Improvement Plan derive from our most recent Ofsted report and include:

- Increase the proportion of lessons that are good and outstanding by providing more opportunities for teachers to work together and observe the outstanding practice that exists.
- Increase the rate of progress that all students make in English by increasing the focus on literacy in all subjects and embedding the new marking strategy designed to improve students' spelling and punctuation.
- Ensure that all leaders use the information the academy gathers on students' potential and progress (which includes the MidYIS programme) to: set challenging targets for the academy and the students, monitor carefully the progress individuals and groups of students are making and ensure that teachers devise learning activities with a suitable level of challenge for all abilities, especially the more able.

AUDITORS

Insofar as the Governors are aware:

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

Approved by order of the members of the Governing Body on 18TH December 2013 and **signed** on its behalf by:



Tim Fenton
Chair of Governors

Holbrook Academy

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Governing Body has delegated the day to day responsibility to the new permanent Principal from 1 September 2013, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements assigned to it in the Funding Agreement between Holbrook Academy and the Secretary of State for Education. The Principal is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The governing body has formally met 6 times during the year. Attendance during the year at meetings of the governing body was as follows:-

Governor	Meetings attended	Out of a possible
I Howell	5	6
J Brazill	5	6
J Crabtree (Staff governor)	5	6
R Edgell	5	6
T Fenton	5	6
R Freeman	5	6
VJ Gould	6	6
J Hazlewood	5	6
T Hunter (Staff governor – Resigned 30.1.13)	2	2
M Johnson	5	6
A Marr	4	6
C Meadows (Staff governor)	5	6
T Stocks	6	6
M Vaughan	5	6
I Williamson	5	6

GOVERNANCE STATEMENT (continued)

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. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy 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 in place for Holbrook Academy for the year ended 31 August 2013 has been developed and strengthened during the course of this year.

- (i) Policies and procedures continued to be reviewed and implemented, including a revised purchasing procedure with more controls operated by the Senior Leadership Team.
- (ii) Financial delegations to the Interim Headteacher and Deputy Headteacher/Head of School were approved by the Governing Body.
- (iii) The review of student, finance and administration support staff structures was completed and recommendations were implemented, including the appointment of a Director of Finance and Resources to give strategic management of the support functions.
- (iv) The Governing Body appointed Ensors, an independent firm of chartered accountants, to conduct independent Responsible Officer type checks on financial controls.
- (v) The development of data processes for tracking student progress and initiating intervention strategies continued.
- (vi) Monitoring arrangements for assessing the quality of teaching and learning continued, including the undertaking of lesson observations and feedback by internal staff in conjunction with the feedback received from the Ofsted Inspectors.

These arrangements will be embedded and strengthened further during 2013-14.

Capacity to Handle Risk

The Governing Body is reviewing the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been or are being implemented to mitigate those risks.

During the course of the year the systems for identifying, evaluating and managing the Academy's significant risks were developed and strengthened. Notably:

- (i) Key Performance Indicators continued to be refined and agreed with Governors.
- (ii) The revised Governing Body Committee structure continued to fortify performance monitoring and communication in the Academy and between the Governors themselves.
- (iii) Additional support was purchased from the local authority to assist with financial management when the finance function capacity was temporarily reduced (due to staff absence).

The Risk and Control Framework

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

- (i) Periodic reviews by the Governing Body of reports against its approved annual budget which indicate financial forecasts against budget,
- (ii) A scheme of financial delegation which includes the need for major spending decisions to be considered and approved by the Governing Body before commitments are made,
- (iii) Internal staff delegations of authority and separation of duties.

GOVERNANCE STATEMENT (continued)

The Governors are cognisant of the Academy's key risks as identified on Page 9 and have implemented management action accordingly.

The Governors confirmed the appointment of Izod Bassett to act as the Academy's external auditor for the year to 31 August 2013 at the meeting of the Governing Body on 6 February 2013.

The Governing Body had considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

As set out in clause (iv) on page 12, the Governing Body appointed Ensors, an independent firm of chartered accountants, to perform Responsible Officer checks for the year in question. This role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. Ensors carried out one visit during 2012-13 to look at the Payroll and Personnel systems and reported their findings to the Governing Body during the year. There were no material control issues identified by Ensors. Their detailed report was circulated and discussed by the Finance & Personnel committee and full Governing Body in September 2013.

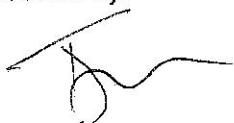
Further visits and reports have been booked to take place during 2013-14 as part of an on-going cycle of reviews to cover other areas including purchasing, assets and income procedures. It was felt to be of particular benefit to have an independent review completed by a firm of accountants for a more business-like approach.

Review of Effectiveness

As Accounting Officer, the Interim Headteacher (Principal from 1 September 2013) has responsibility for reviewing the effectiveness of the system of internal control. During the course of the year in question the review has been informed by;

- the work of the external auditor,
- the work of the independent review of financial controls by Ensors,
- the work of the Finance & Personnel Committee which has responsibility for the monitoring of the internal control framework
- the strong financial skill set of the Finance & Personnel Committee.

Approved by order of members of the Governing Body on 18th December 2013 and **signed** on its behalf by:



Tim Fenton
Chair of Governors



Dr Simon Letman
Principal and Accounting Officer (from 1.9.13)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Holbrook Academy I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Signed.....

Dr Simon Letman
Accounting Officer

STATEMENT OF GOVERNORS RESPONSIBILITIES

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

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The Governors are responsible for keeping adequate accounting records that disclose with reasonable accuracy the financial position of the Academy 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 Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the Academy applies financial and other controls, which conform to the requirements both of priority and of good financial management.

They are also responsible for ensuring grants received from the EFA/DfE have been applied for charitable purposes.

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

Approved by order of the members of the Governing Body on 18th December 2013 and **signed** on its behalf by:



Tim Fenton
Chair of Governors

Independent Auditor's Report to the members of Holbrook Academy

We have audited the financial statements of Holbrook Academy for the year ended 31 August 2013 which comprise of 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 Annual Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 15, the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' 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 31 August 2013, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2013 issued by the Education Funding Agency.

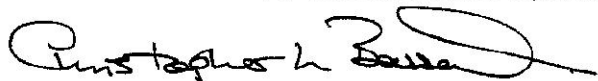
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Christopher L Bassett (Senior Statutory Auditor)

For and on behalf of Izod Bassett, Statutory Auditor, 105 High Street, Needham Market, Suffolk, IP6 8DQ
18 December 2013

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

In accordance with the terms of our engagement letter dated 27 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Holbrook Academy during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Holbrook Academy's funding agreement with the Secretary of State for Education dated 01 July 2011 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

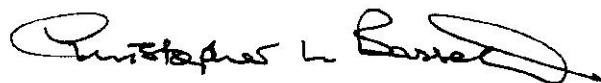
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw our conclusion includes:

- enquiry of governors, officers and staff;
- inspection of accounting records and related documentation;
- review of responsible officer reports, meeting minutes, policy and other relevant documents.

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



Christopher L Bassett (Senior Statutory Auditor)
Izod Bassett, Chartered Accountants
105 High Street, Needham Market, Suffolk, IP6 8DQ

18 December 2013

Statement of Financial Activities for the year ended 31 August 2013

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Fund	Total 2013	Total 13 month period ended 31 August 2012
		£	£	£	£	£
Incoming resources						
Incoming resources from generated funds:						
Voluntary Income	3	4,730	150	7,550	12,430	6,656,042
Activities for generating funds	4	124,102	-	-	124,102	141,541
Investment income	5	371	-	-	371	194
Incoming resources from charitable activities:						
Funding for the Academy's educational operations	6	3,299	2,762,483	234,796	3,000,578	3,014,624
Other income	7	62,176	58,742	5,508	126,426	82,154
Total incoming resources		194,678	2,821,375	247,854	3,263,907	9,894,555
Resources expended						
Cost of generating funds:						
Cost of activities for generating funds	8	114,380	-	-	114,380	107,828
Charitable activities:						
Academy educational operations	9	149,032	2,843,045	157,077	3,149,154	3,061,831
Governance costs	10	-	12,550	-	12,550	56,418
Total resources expended	8	263,412	2,855,595	157,077	3,276,084	3,226,077
Net incoming/(outgoing) resources before transfers		(68,734)	(34,220)	90,777	(12,177)	6,668,478
Gross transfers between funds	18	(7,432)	-	7,432	-	-
Net incoming/(outgoing) resources		(76,166)	(34,220)	98,209	(12,177)	6,668,478
Actuarial losses on defined pension scheme	18,25	-	(4,000)	-	(4,000)	(66,000)
Net movement of funds in the period		(76,166)	(38,220)	98,209	(16,177)	6,602,478
Total funds brought forward at 1 September 2012		105,886	(345,696)	6,842,288	6,602,478	-
Total funds carried forward at 31 August 2013		29,720	(383,916)	6,940,497	6,586,301	6,602,478

All of the Academy's activities derive from continuing activities. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The comparative figures are for the 13 month period ended 31 August 2012.

Balance Sheet as at 31 August 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	14	<u>6,969,115</u>	<u>6,743,944</u>
Current assets			
Stocks	15	6,242	14,886
Debtors	16	77,222	154,253
Cash at bank and in hand		<u>130,368</u>	<u>176,473</u>
		213,832	345,612
Current liabilities			
Creditors: amounts falling due within one year	17	<u>(207,646)</u>	<u>(104,078)</u>
Net current assets		<u>6,186</u>	<u>241,534</u>
Net assets excluding pension liability		6,975,301	6,985,478
Pension scheme liability	25	<u>(389,000)</u>	<u>(383,000)</u>
Net assets		<u>6,586,301</u>	<u>6,602,478</u>
Funds of the Academy			
Restricted funds			
- Fixed asset fund	18	6,940,497	6,842,288
- General funds	18	5,084	37,304
- Pension reserve	18	<u>(389,000)</u>	<u>(383,000)</u>
Total restricted funds		6,556,581	6,496,592
Unrestricted funds			
- General fund	18	<u>29,720</u>	<u>105,886</u>
TOTAL FUNDS		<u>6,586,301</u>	<u>6,602,478</u>

The financial statements on pages 18 to 34 were approved by the Governors, and authorised for Issue on 18 December 2013 and are signed on their behalf by:

Tim Fenton
Chair of Governors

Cash Flow Statement for the year ended 31 August 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	22	87,918	52,918
Cash transferred on conversion to an academy trust		-	92,946
Returns on investments and servicing of finance	23	371	194
Net (outflow)/inflow from capital expenditure/grants	24	(134,394)	30,416
(Decrease)/increase in cash in the period	25	(46,105)	176,473
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September		176,473	-
Net funds at 31 August		130,368	176,473

1 Statement of Accounting policies

Basis of Preparation

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

Going Concern

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

Incoming Resources

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

- **Grants receivable**

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

- **Donations**

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

- **Other income**

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

- **Donated Services and gifts in kind**

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

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

1 Accounting policies (*continued*)**Tangible Fixed Assets**

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

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

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

Leasehold land and buildings	2%
Furniture and equipment	10%
Computer equipment and software	33%

No depreciation is charged on assets that are not brought into use by the balance sheet date.

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.

Stock

Stock is valued at the lower of cost or net realisable value.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 28, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

1 Accounting policies (continued)**Fund Accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Young People's Learning Agency and Department for Education.

2 General Annual Grant

Under the original funding agreement with the Secretary of State (dated 1 August 2011) the academy trust was subject to limits on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes. The academy trust has not exceeded these limits during the year ended 31 August 2013.

Under a deed of variation to the master funding agreement, authorised by The Secretary of State for Education on 10 April 2013, these limits no longer apply.

3 Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Transferred from local authority on conversion	-	-	-	6,862,686
Pension Scheme Liability	-	-	-	(325,000)
Gifted Cash Revenue opening balance	-	-	-	62,987
Gifted Cash Capital opening balance	-	-	-	29,959
Donations – Revenue	4,730	7,700	12,430	25,410
	4,730	7,700	12,430	6,656,042

4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Income from services provided	95,406	-	95,406	97,921
Items sold	17,024	-	17,024	26,673
Hire of facilities	11,672	-	11,672	16,947
	<u>124,102</u>	<u>-</u>	<u>124,102</u>	<u>141,541</u>

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Bank interest	371	-	371	194

6 Funding for Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
DfE/EFA Grants				
General Annual Grant (GAG)	-	2,673,422	2,673,422	2,908,811
Capital Grants	-	234,796	234,796	68,385
Other DfE/EFA grants	-	74,903	74,903	32,528
	<u>-</u>	<u>2,983,121</u>	<u>2,983,121</u>	<u>3,009,724</u>
Other Government Grants				
Local authority grants	3,299	12,000	15,299	4,900
Other income	-	2,158	2,158	-
	<u>3,299</u>	<u>2,997,279</u>	<u>3,000,578</u>	<u>3,014,624</u>

7 Other Incoming Resources

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Academy Trips	-	58,743	58,743	39,316
Catering Income	62,176	-	62,176	40,554
Insurance Claims	-	4,258	4,258	2,284
Fundraising	-	1,249	1,249	-
	<u>62,176</u>	<u>64,250</u>	<u>126,426</u>	<u>82,154</u>

8 Resources Expended

	Staff costs £	Premises £	Other Costs £	Total 2013 £	Total 2012 £
Costs of activities for generating funds	<u>55,895</u>	<u>35,584</u>	<u>22,901</u>	<u>114,380</u>	<u>107,828</u>
Academy's educational operations:					
Direct costs	1,897,547	157,077	407,351	2,461,975	2,515,605
Allocated Support costs	<u>285,052</u>	<u>149,136</u>	<u>252,991</u>	<u>687,179</u>	<u>546,226</u>
	<u>2,182,599</u>	<u>306,213</u>	<u>660,342</u>	<u>3,149,154</u>	<u>3,061,831</u>
Governance costs	<u>-</u>	<u>-</u>	<u>12,550</u>	<u>12,550</u>	<u>56,418</u>
Total resources expended	<u>2,238,494</u>	<u>341,797</u>	<u>695,793</u>	<u>3,276,084</u>	<u>3,226,077</u>

Incoming/outgoing resources for the year include:

	2013 £	2012 £
Operating leases	2,353	2,353
Fees payable to auditor – for audit of financial statements	4,600	4,500
– other assurance and accounting services	<u>3,250</u>	<u>1,750</u>

Notes forming part of the financial statements for the year ended 31 August 2013 (Continued)

9 Charitable Activities – Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Direct Costs				
Teaching and educational support staff cost	45,419	1,773,253	1,818,672	1,975,811
Teaching Staff and educational indirect expenses	-	43,515	43,515	34,915
Agency teaching	-	78,875	78,875	97,064
Direct costs - Depreciation	-	157,077	157,077	156,711
Educational supplies	2,166	76,942	79,108	77,205
Examination fees	-	38,511	38,511	36,669
Staff development	764	4,481	5,245	6,660
Educational consultancy	-	159,600	159,600	55,528
Educational trips	-	52,739	52,739	39,060
Technology	60	28,468	28,528	35,959
Other Direct costs	105	-	105	23
	<u>48,514</u>	<u>2,413,461</u>	<u>2,461,975</u>	<u>2,515,605</u>
Allocated Support Costs				
Support staff costs	15,000	270,052	285,052	233,799
Other Staff indirect expenses	-	9,564	9,564	3,440
Pupil recruitment and support	-	27,048	27,048	43,080
Maintenance of premises and equipment	-	81,213	81,213	87,236
Cleaning	-	135	135	-
Rent, rates and water	-	17,147	17,147	18,395
Insurance	-	32,779	32,779	34,183
Travel and subsistence	-	14,354	14,354	10,034
Catering	82,727	110	82,837	53,625
Bank interest and charges	-	365	365	523
Heat and light	-	50,776	50,776	41,640
Legal & professional fees – non governance	1,425	49,989	51,414	-
Other support costs	1,366	33,129	34,495	20,271
	<u>100,518</u>	<u>586,661</u>	<u>687,179</u>	<u>546,226</u>
Total cost of charitable activities	<u>149,032</u>	<u>3,000,122</u>	<u>3,149,154</u>	<u>3,061,831</u>

10 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Legal and professional fees	-	4,595	4,595	50,028
Auditors remuneration	-	7,850	7,850	6,250
Training	-	105	105	140
	<u>-</u>	<u>12,550</u>	<u>12,550</u>	<u>56,418</u>

11 Staff Costs

	2013 £	2012 £
Staff costs during the period were:		
Wages and salaries	1,732,240	1,947,201
Social security costs	122,431	131,831
Other pension costs	258,163	270,593
	<u>2,112,834</u>	<u>2,349,625</u>
Compensation payments	125,660	-
Indirect employee expenses	-	38,355
	<u>2,238,494</u>	<u>2,387,980</u>

The above staff costs include agency and supply teacher costs of £78,875 (2012: £97,064)

The compensation payments represent the total amount paid, including redundancy payments, to 10 members of staff who left employment during the year.

	2013	2012
The average number of persons (including senior management team) employed by the academy during the period:		
Charitable Activities		
Teachers	31	32
Administration and support	25	17
	<u>56</u>	<u>49</u>

	2013	2012
The number of employees whose annual emoluments fell within the following bands was:		
£60,001 - £70,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for this employee amounted to £8,856.

12 Governors' remuneration and expenses

The principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration, including pension contributions, for the year ended 31st August 2013 was:

C Meadows	£30,000-£35,000	(2012: £25,000-£30,000)
J Crabtree	£25,000-£30,000	(2012: £20,000-£25,000)
T Hunter	£10,000-£15,000	(2012: £15,000-£20,000)

During the year ended 31 August 2013, expenses totalling £86 were reimbursed to 1 governor.

13 Governors and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim. The cost of this insurance for the year was £788 (2012:£813).

Notes forming part of the financial statements for the year ended 31 August 2013 (Continued)

14 Tangible fixed assets

	Leasehold land and Buildings £	Plant and Machinery £	Furniture and equipment £	Computer equipment and software £	Total £
Cost:					
At 1 September 2012	6,862,686	-	8,617	29,353	6,900,656
Additions	291,607	8,144	14,728	67,769	382,248
At 31 August 2013	<u>7,154,293</u>	<u>8,144</u>	<u>23,345</u>	<u>97,122</u>	<u>7,282,904</u>
Depreciation:					
At 1 September 2012	148,692	-	488	7,532	156,712
Charge for period	139,757	1,629	1,999	13,692	157,077
At 31 August 2013	<u>288,449</u>	<u>1,629</u>	<u>2,487</u>	<u>21,224</u>	<u>313,789</u>
Net written down value					
At 31 August 2013	<u>6,865,844</u>	<u>6,515</u>	<u>20,858</u>	<u>75,898</u>	<u>6,969,115</u>
At 31 August 2012	<u>6,713,994</u>	<u>-</u>	<u>8,129</u>	<u>21,821</u>	<u>6,743,944</u>

The cost of leasehold land and buildings at 1 September 2012 of £6,862,686 represents the valuation of the long term (125 years) leasehold interest transferred by Suffolk County Council to the academy on conversion on 1 August 2013.

15 Stock

	2013 £	2012 £
Items for re-sale	3,647	5,701
Consumables	2,595	9,185
	<u>6,242</u>	<u>14,886</u>

16 Debtors

	2013 £	2012 £
Service user debtors	-	9,000
Prepayments and accrued income	35,394	28,400
Other debtors	2,725	-
VAT receivable	39,103	116,853
	<u>77,222</u>	<u>154,253</u>

17 Creditors: amounts falling due within one year

	2013 £	2012 £
Expense creditors	79,050	87,603
Other creditors	9,170	-
Accruals and deferred income	119,426	16,475
	<u>207,646</u>	<u>104,078</u>

Deferred income included above amounts to £7,472 (2012: £1,425) which relates to income received in advance for grants and school trips.

Notes forming part of the financial statements for the year ended 31 August 2013 (Continued)

18 Funds

	Balance at 1 September 2012 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2013 £
Restricted general funds					
General Annual Grant	19,107	2,733,225	(2,752,332)	-	-
Other DfE/YPLA Grant	8,726	15,100	(23,826)	-	-
Other Restricted Funds	9,471	73,050	(77,437)	-	5,084
	<u>37,304</u>	<u>2,821,375</u>	<u>(2,853,595)</u>	<u>-</u>	<u>5,084</u>
Restricted pension fund					
Pension reserve	(383,000)	-	(2,000)	(4,000)	(389,000)
Restricted Fixed Assets					
Transferred on conversion	6,743,953	-	(137,254)	-	6,606,699
DfE/YPLA capital grants	68,385	234,796	(1,321)	-	301,860
Capital expenditure from GAG	29,950	-	(15,953)	-	13,997
Capital expenditure from other funds	-	13,058	(2,549)	7,432	17,941
	<u>6,842,288</u>	<u>247,854</u>	<u>(157,077)</u>	<u>7,432</u>	<u>6,940,497</u>
Total Restricted Funds	<u>6,496,592</u>	<u>3,069,229</u>	<u>(3,012,672)</u>	<u>3,432</u>	<u>6,556,581</u>
Unrestricted funds					
Unrestricted funds	105,886	194,678	(263,412)	(7,432)	29,720
Total Funds	<u>6,602,478</u>	<u>3,263,907</u>	<u>(3,276,084)</u>	<u>(4,000)</u>	<u>6,586,301</u>

19 Analysis of net assets between funds

	Unrestricted funds	Restricted General funds	Restricted Fixed asset funds	Total Funds 2013 £
Funds balances at 31 August are represent by				
Tangible fixed assets	-	-	6,969,115	6,969,115
Current assets	34,160	169,759	9,913	213,832
Current liabilities	(4,440)	(164,675)	(38,531)	(207,646)
Pension scheme liabilities	-	(389,000)	-	(389,000)
Total net assets	<u>29,720</u>	<u>(383,916)</u>	<u>6,940,497</u>	<u>6,586,301</u>

20 Financial commitments

	2013 £	2012 £
Operating leases		
At 31 August 2013 the Academy had annual commitments under non cancellable operating leases as follows:		
Expiring within one year	1,602	2,353
Expiring within two to five years inclusive	5,963	-
Expiring in over five years	-	-

21 Capital commitments

	2013 £	2012 £
Contracted for but not provided in the financial statements	48,000	-
	=====	=====

22 Reconciliation of net income to net cash inflows

	2013 £	2012 £
Net (expenditure)/ income	(12,179)	6,668,478
Transferred on conversion	-	(6,630,632)
Depreciation	157,077	156,712
Capital grants from DfE and other capital grants	(247,853)	(68,385)
Interest receivable	(371)	(194)
FRS17 pension cost less contributions payable	(12,000)	(22,000)
FRS17 pension finance income	14,000	14,000
Increase/decrease in stocks	8,645	(14,886)
Increase/decrease in debtors	77,031	(154,253)
Increase/decrease in creditors	103,568	104,078
Net cash inflow from operating activities	87,918	52,918

23 Returns on investments and servicing of finance

	2013 £	2012 £
Interest received	371	194

24 Capital grants and expenditure

	Total 2013 £	Total 2012 £
Capital grants from DfE/YPLA	234,796	68,385
Capital donations	13,058	
Purchase of tangible assets	(382,248)	(37,969)
Net cash inflow on capital expenditure	(134,394)	30,416

25 Analysis of charges in net funds

	At 1 September 2013 £	Cashflows £	At 31 August 2013 £
Cash at bank and in hand	176,473	(46,105)	130,368

26 Pensions and similar obligations

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

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

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

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

Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS.

Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £118,000, of which employer's contributions totalled £95,000 and employees' contributions totalled £23,000. The agreed contribution rates for future years are 25.7% for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £12,900	5.50%
£12,901 - £15,100	5.80%
£15,101 - £19,400	5.90%
£19,401 - £32,400	6.50%
£32,401 - £43,300	6.80%
£43,301 - £81,100	7.20%
Above £81,100	7.50%

Principal Actuarial Assumptions

	At 31 August 2013 % p.a.	At 31 August 2012 % p.a.
Pension increase rate	2.80	2.20
Salary increase rate	5.10	4.50
Expected return on assets	5.90	4.50
Discount rate	4.60	4.10

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 2013 Years	At 31 August 2012 Years
<i>Current pensioners</i>		
Male	21.4	21.4
Female	23.3	23.3
<i>Future pensioners</i>		
Male	23.7	23.7
Female	25.7	25.7

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 2013	Value at 31 August 2013	Expected Return at 31 August 2012	Value at 31 August 2012
		£000		£000
Equities		537	6.8%	335
Bonds		164	4.6%	167
Property		70	4.8%	58
Cash		8	3.9%	17
Total market value of assets		779		577
Present value of scheme liabilities - funded		(1,168)		(960)
Deficit in the scheme		(389)		(383)

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

The return on the Fund in market value terms for the year to 31 August 2013 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary. The estimated return for the year to 31 August 2013 is 10%.

Amounts recognised in the statement of financial activities

	2013 £000	2012 £000
Current service cost	83	73
Past service cost	-	-
	83	73
Total operating charge		

Analysis of pension finance income/(costs)

	2013 £000	2012 £000
Expected return on pension scheme assets	29	33
Interest on pension liabilities	(43)	(47)
Pension finance income/(costs)	(14)	(14)

The actuarial gains and losses for the current period 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 £70,000 loss (2012: £66,000 loss).

Movements in the present value of defined benefit obligations:

	2013 £000	2012 £000
At 1 September	960	778
Current service cost	83	73
Interest cost	43	47
Employee contributions	23	22
Actuarial (gain)/loss	59	40
At 31 August	1,168	960

Local Government Pension Scheme (continued)**Movements in the fair value of academy's share of scheme assets:**

	2013 £000	2012 £000
At 1 September	577	453
Expected return on assets	29	33
Actuarial gain/(loss)	55	(26)
Employer contributions	95	95
Employee contributions	23	22
	<u>779</u>	<u>577</u>
At 31 August		

History of experience adjustments:

	2013 £000	2012 £000
Present value of defined benefit obligations	(1,168)	(960)
Fair value of share of scheme assets	<u>779</u>	<u>577</u>
Deficit in the scheme	<u>(389)</u>	<u>(383)</u>
Experience adjustments on share of scheme assets	55	(26)
Experience adjustments on scheme liabilities	-	-

27 Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The only related party transactions for the year were salaries paid to two members of staff who are the wives of Mr M Johnson and Mr I Bowell, governors of the academy.

28 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.