

PARK HALL ACADEMY
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 MARCH 2015

Company Limited by Guarantee
Registration Number:
06988928 (England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES, AND ADVISORS**Trustees and Members**

J Hiorns (chair and sponsor trustee)*
M Murphy (interim executive principal and accounting officer)*
D Burgess (sponsor trustee)
A Pavey* (co-opted)
D Hersey* (sponsor trustee)
W Bohanna (sponsor trustee)
W Jarema* (sponsor trustee) - resigned 28 February 2015
C O'Donovan (sponsor trustee) - resigned 25 February 2015
G Allen* (staff trustee) - resigned 1 May 2015
G Cook (co-opted) - resigned 1 May 2015
M Robinson* (co-opted) - resigned 1 May 2015
L Wheeldon (parent trustee) - resigned 1 May 2015

* = members of the Finance and General Purposes committee

Company Secretary

G Marsh

Senior Management Team

- Interim Executive Principal	M Murphy
- Interim Principal	D Burgess
- Senior Vice Principal	T Close
- Vice Principal	S Gregory
- Vice Principal	J Barber

Finance and Operations Director

G Marsh

Bursar

C Orford

Principal and Registered Office

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

Company Registration Number

06988928

Independent Auditor

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

TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2015

The trustees present their report together with the financial statements and auditors report of the charitable company for the period ended 31 March 2015.

The company was formed on 12 August 2009 and the academy commenced on 1 September 2009. The trust operates an academy for pupils aged 11 to 18 serving a catchment area in Solihull. It has a pupil capacity of 1,400 pupils and had a roll of 1,176 in the school census in September 2014. The trust discontinued its operations on 31 March 2015 when all the management activities were transferred to Arden Multi Academy Trust (AMAT).

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

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

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

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

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

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

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

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

Policies and Procedures adopted for the induction and Training of Trustees

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

During the period under review the trustees held 3 meetings.

TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)**Organisational Structure**

The Academy Governance structure consisted of three levels: the Trustees, the Senior Leadership Team and the Management Team. The aim of the management structure was to devolve responsibility and encourage involvement in decision making at all levels.

The trustees were responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

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

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

Connected Organisations

Arden School are sponsors to Park Hall Academy and have nominated trustees who assist the academy in achieving its objectives. A majority of trustees are Arden appointed. During the year the support provided by Arden has significantly increased with many senior staff working across both Academies.

OBJECTIVES AND ACTIVITIES**Objects and Aims**

The principal object and activity of the charitable company is "to advance for the public benefit education in the United Kingdom, in particular without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to Mathematics or Performing Arts".

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

The main objectives of the academy during the period ended 31 March 2015 are summarised below:

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

TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)**Principal Activities**

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

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

Objects, Strategies and Activities

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

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

Equal opportunities policy

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

Disabled Persons

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

Public Benefit

The trustees have complied with their duty in section 17 of the Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission (on their website) in exercising their powers or duties.

During period ended 31 March 2015 the following activities relating to public benefit were undertaken:

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

Achievements and Performance

The period reported on represents the first two terms of the Academy's sixth year of operation. It has seen a significant increase in popularity in its preference applications and, notwithstanding the re-entry into Special Measures, the September 2014 intake was only 20 students below its Pupil Admission number.

TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)**STRATEGIC REPORT**

This report covers the part year from 1 September 2014 to 31 March 2015. On the 1 April, the operations of the Academy Trust, including assets, staff and responsibility for fulfilling the obligations of the Funding Agreement, were transferred to the Arden Multi-Academy Trust, (AMAT).

The transfer was approved in principle by the Board at a meeting on 16 October 2014 at which a sub-group of Trustees were given authority to sign the final documentation putting the transfer into effect. The transfer agreements were signed by the Chair of Trustees and the Chair of the Finance and General Purposes Committee on 31 March 2015.

As part of the Transfer, the Board satisfied itself that the funding that the AMAT would receive to support Park Hall was robust and that the AMAT plans to continue to improve educational achievement and pupil welfare were satisfactory. It was confirmed by the AMAT that the acting Head Teacher, Mr Damian Burgess, would become the Principal of the Academy following completion of the transfer.

The Board are now in the process of winding up the Academy Trust and anticipate that this will occur later in 2015; the company will be held as a dormant entity by AMAT.

This was the Academies sixth year of operation. As anticipated, the re-entry of the Academy into special measures in late 2014 had an impact on the admissions. The impact was mitigated by a number of strategies and the final year 7 entry of 220 is regarded as an indication that the Academy leadership have succeeded in largely maintaining the confidence of the local community. Total pupil numbers rose significantly as a result of the small size of the exiting Y11, although this in turn led to a slight reduction in the number of pupils moving into the Sixth Form.

Examination results had shown an improving trend over the life of the Academy until Summer 2013. The 2014 report noted the drop in results and the actions taken by the Sponsor and Trustees in response.

Through the period of this report, Mr Burgess has continued to implement the agreed Action Plan implementing a focus on key priorities of:

- Raising achievement in English and Maths.
- Raising achievement in other subjects identified as requiring improvement.
- Extending the effectiveness of leadership, management and governance.
- To improve behaviour throughout the academy by proactively enforcing sensible rules in order to allow every students to fulfil their potential

The following sections highlight the outcomes of this initiative in terms both of examination results and the external assessments by Ofsted and HMI.

Summer 14 examination results

The Summer 2014 examinations and reporting of results are under the new first-entry framework, making direct comparison with previous years problematic:

- At Key Stage 4, the 5A*-C including English & Maths fell to 34% under the first-entry criteria from the reported XX% the previous year.

This year, RAISEonline also reports best-entry where students had previously sat an examination. Under best-entry, this figure is also reported as 40%.

- The English 3LP score in 2014 was 48%-first entry (62%- best entry) This compares to national figure of 70% (first entry)
- The Maths 3LP score in 2014 was 32%- first entry (43% best entry) This compares to national figure of 65% (first entry)

TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

- Performance at AS level significantly improved in 2014. Value added performance at AS level improved to -0.09 and is now close to being in line with National expectations as shown on p7 of the OFSTED School sixth Form Performance and Assessment report. Performance at A level in 2014 also places Park Hall at the top of the A level Performance tables in North Solihull.

Progress to exit Special Measures

The HMI Office appointed to oversee progress at Park Hall is Mrs Denah Jones.

There have been a number of visits made to the Academy over this period. Visits by Ofsted have only two possible conclusions; that the Academy is or is not making reasonable progress.

Ofsted – Section 8 Inspection 4 / 5 November 2014

Judgement- The academy is making reasonable progress towards the removal of special measures.

DfE Visit by Dr Calvin Pike- 22 January 2015**Actions**

- Complete the process to gain MAT status working with DfE officials
- Enhance the effectiveness of governors
- Improve communication between Trust, governors and senior leaders
- Strengthen the ADP
- Working with external agencies as necessary, address high persistent absence rate and improve attendance levels overall
- Raise standards
- Embed the roles of middle managers
- Improve the quality of teaching still further so that a higher proportion is good or better
- Increase opportunities for pupils to become more independent in their learning within and outside lessons

Ofsted – Section 8 Inspection 16 / 17 April 2015

Judgement- The academy is making reasonable progress towards the removal of special measures.

Financial Outlook

The restructuring undertaken at the end of the previous year and the associated staff reductions have led to a more robust financial position. Budget variances that have arisen as a result of the costs of preparing for transfer to AMAT have been raised with the funding agencies. Additional funding has now been secured by the AMAT and these costs have been able to be recharged to Arden.

Looking Forward

It is the view of the Trustees that, at transfer to the AMAT, the Academy is on the path to a successful exit from Special Measures and that the Academy's financial position within the AMAT should remain satisfactory. The Trustees acknowledge that future funding rounds will be tight but believe that the position will be more robust within a multi-academy trust than continuing as a stand alone Academy. Exit from Special Measures is unlikely to occur before a significant improvement in Examination Results can be demonstrated in Summer 2015. It is therefore judged that the Academy will remain in Special Measures for the Academic Year 14/15.

Pupil Premium

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

TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)**Key Financial Performance Indicators**

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

	Period 01.09.14 to 31.03.15	Year Ended 31.08.14
Pupil numbers	1,176	1,133
Staff costs as a % of revenue income received from EFA	78%	81%
Staff costs as a % of total revenue grant income	78%	80%
Staff costs as a % of total costs	72%	72%
Capital expenditure per pupil	£5	£209

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that following the termination of the funding agreement on 31 March 2015, the activities of the Academy Trust will be transferred to the AMAT from 1 April 2015. For this reason the Academy Trust is preparing the financial statements on a winding up basis and measuring assets and liabilities at their carrying value. No material adjustments are required as a result of ceasing to apply the going concern basis.

FINANCIAL REVIEW**Overview**

Most of the academy's income is obtained from the EFA in the form of recurrent grants, including the General Annual Grant, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 March 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

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

During the period ended 31 March 2015, total expenditure of £4,143,000 (year ended 31 August 2014: £7,269,000) was largely covered by recurrent grant funding from the EFA together with start up funding and other incoming resources. Excluding restricted fixed assets funds there was a deficit for the period of £315,000 (year ended 31 August 2014: deficit £738,000).

During the period, as a result of the entry into Special Measures, the trustees approved a number of items of expenditure beyond the originally approved budget. The trustees took this action mindful that the failure to make reasonable progress and to exit special measures at the earliest possible opportunity was the most significant risk threatening the future success of the Academy, and appropriate deployment of reserves was thus necessary and appropriate.

The main items of additional expenditure were:

- payments to Arden Academy for the salary costs of staff who have supported the improvements in leadership and teaching;
- payments to staff leaving the Academy as part of the reorganisation of the Leadership and Associate staff teams;
- investment in new teaching spaces within the building to provide space for small group interventions.

TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

At 31 March 2015 the net book value of fixed assets was £350,000 (31 August 2014: £481,000) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education to the pupils of the academy.

The Local Government Pension Scheme (LGPS) figures as at 31 March 2015 are based on projecting forward the estimated position at 1 September 2014 and assuming that the experience over the year, apart from investment returns, has been in line with the assumptions made at the start of the year.

The estimated FRS17 deficit at 31 March 2015 is £1,077,000. The main reasons for the increase from £861,000 are because of:

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

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

Financial and Risk Management Objectives and Policies

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

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

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

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

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

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

Reserves policy

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

TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

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

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

Financial position

The academy held fund balances at 31 March 2015 of £147,000 (year ended 31 August 2014: £307,000), after allowing for the pension deficit of £1,077,000 (year ended August 2014: £861,000); and fixed assets reserves £350,000 (year ended 31 August 2014: £481,000). The fund balances comprised £139,000 (year ended 31 August 2014: £307,000) of restricted funds and £8,000 (year ended 31 August 2014: £nil) of unrestricted funds.

Investment Policy

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risk management

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

Plans for future periods

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

Following the OFSTED inspection, which placed the Academy in special measures. The Trustees took the decision to transfer the management of the school to AMAT from 1 April 2015.

Auditors

In so far as the trustees are aware:

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

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a strategic report was approved by the board of trustees, as the company directors on 30 October 2015 and signed on their behalf by:



J Hiorns

Chair of Trustees

30 October 2015

GOVERNANCE STATEMENT FOR THE PERIOD ENDED 31 MARCH 2015**Scope of Responsibility**

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

The board of trustees has delegated the day-to-day responsibility to the Interim Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Park Hall Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 2 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a Possible
J Hiorns	2	2
C O'Donovan	1	2
G Allen	1	1
G Cook	1	1
W Jarema	1	2
A Pavey	1	2
M Robinson	1	2
M Murphy (interim executive principal & accounting officer)*	2	2
D Hersey	-	2
W Bohanna	2	2
D Burgess	2	2
L Wheeldon	1	2
A Smith	1	1
J Bellingham	1	1
S Bloomer	1	1

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

Trustee	Meetings attended	Out of a Possible
G Allen - Staff Trustee	1	1
W Jarema	1	1
M Murphy	1	1
A Pavey - Coopted	1	1
J Hiorns	1	1
D Hersey	1	1
D Burgess	-	1
M Robinson	1	1

Review of Value for Money

As accounting officer the headteacher has responsibility for ensuring that the academy trust 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.

GOVERNANCE STATEMENT FOR THE PERIOD ENDED 31 MARCH 2015**Review of Value for Money (Continued)**

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, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the period by:

- Savings on gas and electricity following work undertaken by the schools facilities manager
- Further staffing restructuring to focus resources on pupil needs and so drive improvement forward as shown in improved results
- A review and change in the use of external agencies

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Park Hall Academy for the period ended 31 March 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ending 31 March 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed M Robinson, a trustee without specific involvement in the work of the Finance and General Purposes Committee, as Reviewer to carry out a programme of internal checks. The Reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. Professional accounting support will be available to the Reviewer who will be responsible, inter alia, for ensuring appropriate advice is available to the Board on financial management matters, that effective systems are in place and for overseeing a sample audit of financial processes. In particular the checks carried out in the current period included:

- review of controls over bank and payroll;
- compliance with capital accounting policies;
- sample checking of high value capital and revenue items ;
- checking special salary payments are in compliance with School Teachers' Pay and Conditions - Model Pay Policy for Schools;
- related party recording was accurate and complete.

The Reviewer reports to the board of trustees on the outcomes each term. All work has been delivered as planned and no significant control weaknesses have been identified.

GOVERNANCE STATEMENT FOR THE PERIOD ENDED 31 MARCH 2015**Review of Effectiveness**

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee (or audit committee) and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 30 October 2015 and signed on its behalf by:

[Signed]

[Signed]



J Hiorns
Chair of Trustees



M Murphy
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE PERIOD ENDED 31 MARCH 2015

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and the EFA.

[Signed]

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

M Murphy
Accounting Officer

30 October 2015

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE PERIOD ENDED 31 MARCH 2015

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

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

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

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 30 October 2015 and signed on its behalf by:

[Signed]



J Hiorns
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARK HALL ACADEMY FOR THE PERIOD ENDED 31 MARCH 2015

We have audited the financial statements of Park Hall Academy for the period ended 31 March 2015 which comprise the Statement of Financial Activities, the Income and Expenditure account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Accounts Direction 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trusts circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements 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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 March 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 Annual Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARK HALL ACADEMY FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)**Opinion on other matter 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
- 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.



.....
Malcolm Winston
Senior Statutory Auditor
UHY Hacker Young (Birmingham) LLP, Statutory Auditor
9-11 Vittoria Street
Birmingham
B1 3ND

30 October 2015

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PARK HALL ACADEMY AND THE EDUCATION FUNDING AGENCY FOR THE PERIOD ENDED 31 MARCH 2015

In accordance with the terms of our engagement letter dated 28 August 2014 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 the academy trust during the period 1 September 2014 to 31 March 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 the Park Hall Academy and the EFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Park Hall Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Park Hall Academy funding agreement with the Secretary of State for Education dated 1 September 2009, and the Academies Financial Handbook extant from 1 September 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 period 1 September 2014 to 31 March 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO PARK HALL ACADEMY AND THE EDUCATION FUNDING AGENCY FOR THE PERIOD
ENDED 31 MARCH 2015 (cont'd)**

Summary of the work undertaken was as follows:

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

Conclusion

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



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

30 October 2015

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 MARCH 2015

(Including Statement of Total Recognised Gains and Losses)

		Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Discontinued Operations Period 01.09.14 to 31.03.15 £'000	Year Ended 31.08.14 £'000
	Note					
Incoming resources						
<i>Incoming resources from generated funds:</i>						
- Voluntary income	3	-	-	-	-	-
- Activities for generating funds	4	4	-	-	4	23
- Investment Income	5	8	-	-	8	8
<i>Incoming resources from charitable activities:</i>						
- Funding for the academy trust's educational operations	6	-	3,810	6	3,816	6,526
Total incoming resources		12	3,810	6	3,828	6,557
Resources expended						
<i>Cost of generating funds:</i>						
- Costs of generating voluntary income		4	-	-	4	-
<i>Charitable activities:</i>						
- Academy trust educational operations	7	-	3,962	137	4,099	7,158
<i>Governance costs</i>	9	-	40	-	40	111
Total resources expended	7	4	4,002	137	4,143	7,269
Net incoming/(outgoing) resources before transfers		8	(192)	(131)	(315)	(712)
Gross transfers between funds	16	-	-	-	-	-
Net income/(expenditure) for the year		8	(192)	(131)	(315)	(712)
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	26	-	(192)	-	(192)	179
Net movement in funds		8	(384)	(131)	(507)	(533)
Reconciliation of funds						
Funds brought forward at 1 September 2014		-	(554)	481	(73)	460
Funds carried forward at 31 March 2015	16	8	(938)	350	(580)	(73)

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

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2015

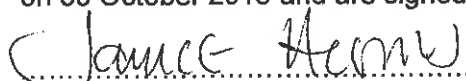
		Period 01.09.14 to 31.03.15 £'000	Year Ended 31.08.14 £'000
	Note		
Income			
DfE/EFA general annual grant (GAG)	2 & 6	3,535	6,032
DfE/EFA start up grants	6	19	16
DfE/EFA capital grants	6	6	33
Other DfE/EFA grants	6	227	424
Other government grants	6	29	21
Interest receivable	5	8	8
Other income	3 & 4	4	23
Total income		3,828	6,557
Expenditure			
Staff costs	7 & 10	2,963	5,155
FRS 17 LGPS pension adjustment		24	61
Non pay expenditure			
- Premises	7	250	438
- Supplies and services		347	593
- Other		422	811
Depreciation	7 & 13	137	211
Total expenditure	7	4,143	7,269
Net deficit for the period/year		(315)	(712)

The income and expenditure account is derived from the statement of financial activities on page 21 which, together with the notes to the financial statements on pages 25 to 45 provides full information on the movements during the year on all the funds of the academy trust.

BALANCE SHEET AS AT 31 MARCH 2015

	Note	31 March 2015 £'000	31 August 2014 £'000
Fixed assets			
Tangible assets	13	<u>350</u>	<u>481</u>
		<u>350</u>	<u>481</u>
Current assets			
Debtors	14	299	252
Cash at bank and in hand		<u>728</u>	<u>992</u>
		<u>1,027</u>	<u>1,244</u>
Current liabilities			
Creditors: Amounts falling due within one year	15	<u>(880)</u>	<u>(937)</u>
Net current assets		<u>147</u>	<u>307</u>
Total assets less current liabilities		<u>497</u>	<u>788</u>
Net assets excluding pension liability		<u>497</u>	<u>788</u>
Pension scheme liability	26	(1,077)	(861)
Net assets including pension liability		<u>(580)</u>	<u>(73)</u>
Funds of the Academy:			
Restricted funds			
- Restricted fixed asset fund	16	350	481
- Restricted general fund	16	139	307
- Pension reserve	16	<u>(1,077)</u>	<u>(861)</u>
Total Restricted Funds		<u>(588)</u>	<u>(73)</u>
Unrestricted funds			
- General fund	16	8	-
Total Unrestricted Funds		<u>8</u>	<u>-</u>
Total Funds		<u>(580)</u>	<u>(73)</u>

The financial statements on pages 21 to 24 were approved by the trustees and authorised for issue on 30 October 2015 and are signed on their behalf by:



J Hiorns

Chair of Trustees

The notes on pages 25 to 45 form part of these financial statements.

PARK HALL ACADEMY**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2015**

	Notes	Period 01.09.14 to 31.03.15 £'000	Year Ended 31.08.14 £'000
Net cash outflow from operating activities	20	(312)	(623)
Returns on investments and servicing of finance	21	8	8
Capital expenditure	22		(204)
Decrease in cash in the period/year	23	<u>(304)</u>	<u>(819)</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September	23	964	1,783
Net funds at 31 March 2015/31 August 2014	23	<u>660</u>	<u>964</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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 2014 to 2015 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 normally make this assessment in respect of a period of one year from the date of approval of the financial statements, however, with effect from 1 April 2015 the management of Park Hall Academy transferred to AMAT, as outlined in the Trustees Report and in note 28.

Incoming Resources

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

- **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable. Unspent amounts of capital grant are reflected in the balance sheet in creditors; amounts falling due within one year in deferred income.

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

- **Donated services and gifts in kind**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Computer equipment is capitalised based upon the nature and useful life expectancy of the asset irrelevant of cost.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds depreciation on such assets is charged to the unrestricted fund.

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

Depreciation

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

Building Fittings	5%
Motor vehicles	20%
Furniture and equipment	25%
Computer equipment and software	33.33%

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)**Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Taxation

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

Pensions Benefits

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

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

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

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

Fund Accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

Agency Arrangement

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA 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 did not use any of the allocation towards its own administration costs and therefore there are no costs recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

	Period 01.09.14 to 31.03.15 £'000	Year Ended 31.08.14 £'000
2 GENERAL ANNUAL GRANT (GAG)		
a. Results and Carry Forward for the Period/Year		
GAG brought forward from previous year	285	653
GAG allocation for current period/year	3,535	6,032
Total GAG available to spend	3,820	6,685
Recurrent expenditure from GAG	(3,681)	(6,213)
Fixed assets purchased from GAG	-	(187)
GAG carried forward to next year	139	285
Maximum permitted GAG carry forward at end of current period/year (12.7% (2014: 12.7%) of allocation for current period/year)	449	766
GAG to surrender to DfE	(310)	(481)
(12.7% rule breached if result is positive)	(no breach)	(no breach)
b. Use of GAG Brought Forward from Previous Year for Recurrent Purposes		
(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12.7% (2014: 12.7%), can only be used for capital purposes)		
Recurrent expenditure from GAG in current period/year	3,681	6,213
GAG allocation for current period/year	(3,535)	(6,032)
GAG allocation for previous year x 2% x 7/12	(70)	(114)
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current period/year	76	67
(2% rule breached if result is positive)	breach	breach

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 March 2015 on the amount of GAG that could be carried forward from one year to the next. At 21 August 2013 the academy agreed a variation to this funding agreement with the EFA to increase the amount of GAG that could be carried forward from one year to the next from 12% to 12.7%. Included in this amount, 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has exceeded these limits during the period ended 31 March 2015 and year ended 31 August 2014, as a result of additional spend approved by Trustees in response to the academy being placed into special measures. Cost saving measures have been implemented at the academy which should ensure that this breach does not continue in future years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

	Unrestricted Funds £'000	Restricted Funds £'000	Period 01.09.14 to 31.03.15 £'000	Year Ended 31.08.14 £'000
3 VOLUNTARY INCOME				
Donations	-	-	-	-
	-	-	-	-
4 ACTIVITIES FOR GENERATING FUNDS				
Miscellaneous sales	4	-	4	23
	4	-	4	23
5 INVESTMENT INCOME				
Bank interest received	8	-	8	8
	8	-	8	8

6 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Period 01.09.14 to 31.03.15 £'000	Year Ended 31.08.14 £'000
DfE/EFA Capital grants				
. Capital grants	-	6	6	33
	-	6	6	33
DfE/EFA Revenue grants				
. General annual grant (GAG) (note 2)	-	3,535	3,535	6,032
. Start up grant	-	19	19	16
. Summer school grant	-	-	-	28
. Pupil premium grant	-	205	205	326
. Year 7 catch up premium grant	-	22	22	33
. Sports coordinator grant	-	-	-	-
. Bursary fund grant	-	-	-	13
. Other DfE/EFA grants	-	-	-	-
	-	3,781	3,781	6,472
Other Government grants				
. Standards fund - SMBC	-	-	-	-
. SEN Grant - SMBC	-	17	17	24
. Pupil premium grant	-	12	12	6
. Teach first grant	-	-	-	8
. Schools Direct Grant	-	-	-	6
. Library improvement grant	-	-	-	-
. Maths and science teaching support grant	-	-	-	-
. Newman university college teaching grant	-	-	-	1
	-	29	29	21
	-	3,816	3,816	6,526

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

7 RESOURCES EXPENDED

	Staff Costs £'000	Non Pay Expenditure		Period	Year
		Premises £'000	Other Costs £'000	01.09.14 to 31.03.15 £'000	Ended 31.08.14 £'000
Costs of generating voluntary income	-	-	4	4	-
Academy's educational operations					
Direct costs	2,606	-	387	2,993	5,151
Allocated support costs	381	387	338	1,106	2,007
	<u>2,987</u>	<u>387</u>	<u>725</u>	<u>4,099</u>	<u>7,158</u>
Governance costs including allocated support costs	-	-	40	40	111
	-	-	40	40	111
	<u>2,987</u>	<u>387</u>	<u>765</u>	<u>4,139</u>	<u>7,269</u>

Incoming/outgoing resources for the period/year include:

	Period 01.09.14 to 31.03.15 £'000	Year Ended 31.08.14 £'000
Operating leases:		
Plant and machinery	230	411
Other leases	<u>5</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Period 01.09.14 to 31.03.15	Year Ended 31.08.14
	£'000	£'000
<i>DIRECT COSTS</i>		
Teaching and educational support staff costs	2,161	4,121
Arden Academy Trust Limited - teaching staff	336	196
Agency staff	109	192
Academy improvement plan	-	72
Academy uniform	-	20
Assessment and recording	22	19
Capitation including books	123	124
Examination fees	60	99
Alternative curriculum	36	67
Arden Academy Trust limited - alternative curriculum	39	13
Training	43	59
Employers advertising teaching	37	67
Music costs - SMBC	20	47
Vocational learning	-	5
Bursary fund	-	12
Summer school	-	8
Other Direct Costs	7	30
	2,993	5,151

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

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

	Period 01.09.14 to 31.03.15	Year Ended 31.08.14
	£'000	£'000
ALLOCATED SUPPORT COSTS		
Support staff costs	381	707
Depreciation	137	211
Building maintenance	20	29
Electricity	47	84
Gas	17	30
PFI charges	230	409
Water usage	6	11
Water rates	7	11
General rates	24	47
Minibus maintenance charges	1	1
Postage	9	14
Transport - fuel	3	5
Transport - Contract Hire	-	6
Advertising and publicity	19	60
Equipment - other	-	2
Meetings and other expenses	11	19
Catering and payroll services - SMBC	56	116
Other services - SMBC	72	93
Staff expenses	-	1
Supervisors meals	12	20
Telephones	8	10
Travel expenses	2	2
ICT - software and licenses	31	44
ICT - consumables	5	30
Furniture and Fittings	1	7
Parent pay	3	5
Others	4	33
	<u>1,106</u>	<u>2,007</u>
Total direct and support costs	<u><u>4,099</u></u>	<u><u>7,158</u></u>

9 GOVERNANCE COSTS

	Period 01.09.14 to 31.03.15	Year Ended 31.08.14
	£'000	£'000
Support costs	-	50
Legal and professional fees	5	21
Audit of financial statements	7	9
Responsible officer services	1	2
Accountancy and other services	-	3
Insurance	27	26
	<u>40</u>	<u>111</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

10 STAFF	Period	Year
a Staff costs	01.09.14	Ended
	to 31.03.15	31.08.14
	£'000	£'000
Staff costs during the period were:		
Wages and salaries	2,379	3,967
Social security costs	157	288
Other pension costs	322	552
	<u>2,858</u>	<u>4,807</u>
Supply teachers costs	109	192
Staff restructuring costs	20	217
	<u>2,987</u>	<u>5,216</u>

b Staff severance payments

Included in staff restructuring costs for the period are statutory severance payment totalling £20,638 (year ended 31 August 2014 : £216,870). Two (year ended 31 August 2014: Nil) of the statutory payments exceeded £5,000 individually and these were for £10,294 and £7,160

c Staff numbers

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

	Period	Year
	01.09.14	Ended
Charitable Activities	to 31.03.15	31.08.14
Teachers	77	76
Administration and support	51	57
Management	3	3
	<u>131</u>	<u>136</u>

d Higher paid staff

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

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

All of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the period ended 31 March 2015, pension contributions for these staff amounted to £16,644 (year ended 31 August 2014: £38,956).

11 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff trustees receive remuneration in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustee's remuneration and other remuneration was as follows:

M Murphy

Remuneration	£Nil	(year ended 31.08.14 £20,000 - £25,000)
Employers pension contribution	£Nil	(year ended 31.08.14 £0 - £5,000)

D Burgess

Remuneration	£50,000 - £55,000	(year ended 31.08.14 £35,000 - £40,000)
Employers pension contribution	£5,000 - £10,000	(year ended 31.08.14 £5,000 - £10,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES (cont'd)

T Morrison

Remuneration £Nil (year ended 31.08.14 £35,000 - £40,000)

Employers pension contribution £Nil (year ended 31.08.14 £5,000 - £10,000)

G Allen

Remuneration £10,000 - £15,000 (year ended 31.08.14 £20,000 - £25,000)

Employers pension contribution £0 - £5,000 (year ended 31.08.14 £0 - £5,000)

During the period ended 31 March 2015 or year ended 31 August 2014 there were no travel and subsistence expenses reimbursed to the trustees.

Interests in transactions

The sponsoring organisation Arden Academy Trust, supplied teaching and support staff services for £277,975 (year ended 31 August 2014: £225,337) during the year to the academy. The academy supplied a careers advisor and advertising services to Arden AcademyTrust £6,603 (year ended 31 August 2014: £10,689).

12 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended was £1,478 (year ended 31 August 2014:£1,478).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

13 TANGIBLE FIXED ASSETS

	Furniture & Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 September 2014	345	544	38	927
Additions	2	4	-	6
Disposals	-	-	-	-
At 31 March 2015	<u>347</u>	<u>548</u>	<u>38</u>	<u>933</u>
Depreciation				
At 1 September 2014	183	259	4	446
Charged in period	31	101	5	137
Disposals	-	-	-	-
At 31 March 2015	<u>214</u>	<u>360</u>	<u>9</u>	<u>583</u>
Net book value				
At 31 March 2015	<u>133</u>	<u>188</u>	<u>29</u>	<u>350</u>
At 31 August 2014	<u>162</u>	<u>285</u>	<u>34</u>	<u>481</u>

31 March 2015 £'000	31 August 2014 £'000
---------------------------	----------------------------

14 DEBTORS

Trade debtors	3	5
VAT recoverable	58	99
Other debtors	<u>238</u>	<u>148</u>
	<u>299</u>	<u>252</u>

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	68	28
Trade creditors	459	409
Taxation and social	147	162
EFA creditor : abatement of GAG	34	15
Other creditors	68	78
Accruals and deferred income	<u>104</u>	<u>245</u>
	<u>880</u>	<u>937</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (cont'd)

Deferred Income	2015 £'000
Deferred income at 1 September 2014	56
Resources deferred in the period	28
Amounts released from previous years	(56)
Deferred income at 31 March 2015	<u>28</u>

At the balance sheet date the Academy was holding funds received in advance for 2015/16 for devolved formula capital £7,226 (year ended 31 August 2014: £12,807), rates relief £nil (year ended 31 August 2014: £27,856), school trips £2,974 (year ended 31 August 2014: £nil), catering card £5,375 (year ended 31 August 2014: £4,260) and bursary funds £12,282 (year ended 31 August 2014: £11,463).

16 FUNDS

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

	Balance at 1 September 2014 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 March 2015 £'000
Restricted general funds					
General annual grant (GAG) (note i)	285	3,535	(3,681)	-	139
Start up grant (note ii)	22	19	(41)	-	0
Pupil premium grant - EFA (note iii)	0	205	(205)	-	0
Year 7 catch up grant (note iv)	0	22	(22)	-	0
Pupil premium grant - LAC (note v)	0	12	(12)	-	0
SEN grant (note vi)	0	17	(17)	-	0
	<u>307</u>	<u>3,810</u>	<u>(3,978)</u>	<u>0</u>	<u>139</u>
Restricted fixed asset funds					
DfE capital grants (note vii)	64	6	(22)	-	48
Capital expenditure from GAG (note viii)	405	-	(112)	-	293
Capital expenditure - start up grant (note ix)	12	-	(3)	-	9
	<u>481</u>	<u>6</u>	<u>(137)</u>	<u>0</u>	<u>350</u>
Restricted pension scheme liability					
Pension Reserve	(861)	-	(24)	(192)	(1,077)
	<u>(861)</u>	<u>-</u>	<u>(24)</u>	<u>(192)</u>	<u>(1,077)</u>
Total restricted funds	(73)	3,816	(4,139)	(192)	(588)
Unrestricted Funds					
Unrestricted funds	-	12	(4)	-	8
Total unrestricted funds	0	12	(4)	0	8
Total funds	(73)	3,828	(4,143)	(192)	(580)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)**Notes**

- i) General Annual Grant must be used for the normal running costs of the academy. The academy is allowed to carry forward up to 12.7% (2014: 12.7%) of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes. Note 2 discloses whether the limit was exceeded.
- ii) Start up grant has been used to acquire stocks of teaching and learning materials and to support the start up costs of the academy.
- iv) Pupil premium grant has been used to support children placed at the academy from the local authority.
- iv) Year 7 catch up grant has been used to provide additional support in reading and/or maths not achieving level 4.
- v) Pupil premium grant (LAC) has been used to support deprived children from outside the local authority.
- vi) The SEN Grant has been used to support children with special educational needs.
- vii) Restricted fixed **assets** were funded by government grants.
- viii) The gross transfer from the restricted general fund to the restricted fixed asset fund of £nil (year ended 31 August 2014: £186,621) represents the total capital expenditure from the general annual grant (GAG) during the period/year.
- ix) The gross transfer from the restricted general fund to the restricted asset fund of £nil (year ended 31 August 2014: £17,113) represents the total capital **expenditure** from the start up grant during the period/year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2015 are represented by:

	Unrestricted	Pension Restricted	General Restricted	Fixed Assets Restricted	Total
	Funds £'000	Funds £'000	Funds £'000	Funds £'000	£'000
Tangible fixed assets	-	-	-	350	350
Current assets	8	-	1,019	-	1,027
Current liabilities	-	-	(880)	-	(880)
Pension scheme liability	-	(1,077)	-	-	(1,077)
	<u>-</u>	<u>(1,077)</u>	<u>139</u>	<u>350</u>	<u>(580)</u>

18 CAPITAL COMMITMENTS

	31 March 2015 £'000	31 August 2014 £'000
Contracted for, but not provided in the financial statements	Nil	Nil
Authorised by trustees, but not yet contracted	Nil	Nil
The above capital commitments will be met from DfE capital grants to be received in future years.		

19 FINANCIAL COMMITMENTS

Operating leases

At 31 March 2015 and 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	31 March 2015		31 August 2014	
	Land & Buildings £000s	Other £000s	Land & Buildings £000s	Other £000s
Operating leases which				
• Within one year	-	-	-	-
• Within two to five years	-	8	-	1
• Over five years	434	-	417	-
	<u>434</u>	<u>8</u>	<u>417</u>	<u>1</u>

The land and buildings annual commitment relates to a 20 year rent agreement with Solihull Metropolitan Borough Council expiring on 21 August 2034 for the academy's land at buildings at Water Orton Road, Castle Bromwich, West Midlands, B36 9HF.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

20 RECONCILIATION OF NET DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Period 01.09.14 to 31.03.15 £'000	Year Ended 31.08.14 £'000
Net deficit	(315)	(712)
Depreciation (note 13)	137	211
Capital grants from DfE and other capital income	(6)	(33)
Interest receivable (note 5)	(8)	(8)
FRS 17 pension cost less contributions payable (note 26)	-	29
FRS 17 pension finance cost (note 26)	24	32
Increase in debtors	(47)	(16)
Decrease in creditors	(97)	(126)
Net cash outflow from operating activities	(312)	(623)

21 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Period 01.09.14 to 31.03.15 £'000	Year Ended 31.08.14 £'000
Interest received	8	8
Net cash inflow from returns on investment and servicing of finance	8	8

22 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	Period 01.09.14 to 31.03.15 £'000	Year Ended 31.08.14 £'000
Purchase of tangible fixed assets	(6)	(237)
Capital grants from DfE/EFA	6	33
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash outflow from capital expenditure and financial investment	-	(204)

23 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Sept 2014 £'000	Cash flows £'000	At 31 March 2015 £'000
Cash in hand and at bank	992	(264)	728
Bank overdraft	(28)	(40)	(68)
	964	(304)	660

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)**24 CONTINGENT LIABILITIES**

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

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

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

25 MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the **assets** of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)**26 PENSION AND SIMILAR OBLIGATIONS**

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

The total pension cost to the Academy during the period ended 31 March 2015 was £322,011 (year ended 31 August 2014: £552,328) of which £195,792 (year ended 31 August 2014: £338,694) relates to the TPS and £126,219 (year ended 31 August 2014: £213,634) relates to LGPS.

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

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

Teachers' Pension Scheme Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic 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' Pensions 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
- the assumed real rate of return is 3.0% in excess of prices and 2% 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (Continued)

The pension costs paid to TPS in the period amounted to £195,658 (2014: £338,694).

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made for the period ended 31 March 2015 was £233,843 (year ended 31 August 2014: £275,625) of which employer's contributions totalled £195,792 (year ended 31 August 2014: £216,634) and employees contributions totalled £38,051 (year ended 31 August 2014: £61,991). The agreed contributions for future years are 15.6% plus £32,300 one off payment (year ended 31 August 2014: 15.6%) for employers and 6.0% (year ended 31 August 2014: 6.0%) for employees.

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

Principal Actuarial Assumptions

	At 31 March 2015	At 31 August 2014
The major assumptions used by the actuary were:	% per annum	% per annum
Discount rate	3.4%	4.0%
Inflation assumption (CPI/RPI)	2.1%	2.2%
Salary increases	4.0%	4.0%
Pension increase	2.1%	2.2%

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

	At 31 March 2015	At 31 August 2014
	£'000	£'000
Discount rate increased by 0.1% per annum	(55)	(46)
Assumed CPI inflation increased by 0.1% per annum	56	46
Life expectancy at retirement increased by 1 year	46	37

The mortality assumptions used were as follows:

	At 31 March 2015	At 31 August 2014
	years	years
Longevity at age 65 retiring today		
- Men	23.0	22.9
- Women	25.6	25.5
Longevity at age 65 retiring in 20 years		
- Men	25.2	25.1
- Women	28.0	27.8

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (Continued)

Local Government Pension Scheme (Continued)

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

	Expected return at 31 March 2015	Fair value at 31 March 2015 £'000	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	6.5%	905	7.0%	585
Government Bonds	2.2%	121	2.9%	103
Other Bonds	2.9%	162	3.8%	134
Property	5.9%	133	6.2%	113
Cash/liquidity	0.5%	63	0.5%	57
Other	6.5%	147	7.0%	308
Total assets		1,531		1,300
Present value of scheme liabilities				
- Funded		(1,531)		(1,300)
- Unfunded		(1,077)		(861)
Total liabilities		(2,608)		(2,161)
Deficit in the scheme		(1,077)		(861)

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

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

The actual return on the scheme assets in the period was a surplus of £118,000 (year ended 31 August 2014: Surplus £117,000).

Amounts recognised in the Statement of Financial Activities

	Period 01.09.14 to 31.03.15 £'000	Year Ended 31.08.14 £'000
Current service cost	102	162
Past service cost	-	-
Total Operating Charge	102	162

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (Continued)

	Period	Year
	01.09.14	Ended
	to 31.03.15	31.08.14
	£'000	£'000
Local Government Pension Scheme		
Analysis of pension finance		
Expected return on pension scheme assets	(46)	(65)
Interest on pension liabilities	52	97
Losses on curtailments	18	-
Pension finance cost	<u>24</u>	<u>32</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities for the period since the adoption of FRS 17 is a £564,000 loss (year ended 31 August 2014: £372,000 loss).

	Period	Year
	01.09.14	Ended
	to 31.03.15	31.08.14
	£'000	£'000
Movement in deficit during the period		
Balance at 1 September 2014	861	979
Movement in year:		
- Employer service cost (net of employee contributions)	102	162
- Expected return on scheme assets	(46)	(65)
- Interest cost	52	97
- Employer contributions	(102)	(133)
- Losses on curtailments	18	-
- Actuarial gains	<u>192</u>	<u>(179)</u>
Deficit in the scheme at 31 March 2015	<u>1,077</u>	<u>861</u>

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

	Period	Year
	01.09.14	Ended
	to 31.03.15	31.08.14
	£'000	£'000
Scheme liabilities at 1 September 2014	2,161	1,997
Current service cost	102	162
Interest cost	52	97
Contributions by scheme participants	38	44
Benefits paid	(27)	(2)
Losses on curtailments	18	-
Actuarial gains	<u>264</u>	<u>(137)</u>
Scheme liabilities at 31 March 2015	<u>2,608</u>	<u>2,161</u>

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

	Period	Year
	01.09.14	Ended
	to 31.03.15	31.08.14
	£'000	£'000
Fair value of scheme assets at 1 September	1,300	1,018
Expected return on scheme assets	46	65
Contributions by employer	102	133
Contributions by scheme participants	38	44
Benefits paid	(27)	(2)
Actuarial gains	<u>72</u>	<u>42</u>
Fair value of scheme assets at 31 March 2015	<u>1,531</u>	<u>1,300</u>

The estimated value of employer contributions for the period ended 31 March 2016 is £152,000 (year ended 31 August 2015: £150,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (Continued)**Local Government Pension Scheme (Continued)**

The 5 year history of experience adjustments is as follows:

	31 March 2015 £'000	31 August 2014 £'000	31 August 2013 £'000	31 August 2012 £'000	31 August 2011 £'000
Fair value of assets	1,531	1,300	1,018	778	585
Present value of scheme liabilities	2,608	2,161	1,997	1,717	1,401
Deficit in scheme	<u>1,077</u>	<u>861</u>	<u>979</u>	<u>939</u>	<u>816</u>
Experience adjustment on scheme assets	72	42	38	5	(647)
Percentage of scheme assets	4.7%	3.2%	3.7%	0.0%	(110.5%)
Experience adjustment on scheme liabilities	-	-	-	-	29
Percentage of scheme liabilities	0.0%	0.0%	0.0%	0.0%	2.0%
Actuarial gain/(loss) recognised in Statement of Financial Activities	(192)	179	38	(51)	(455)
Percentage of scheme liabilities	7.4%	8.3%	1.9%	(2.97%)	(32.5%)

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

27 RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. During period ended 31 March 2015:

Arden Academy Trust as the sponsoring organisation of Park Hall Academy supplied teaching and support services for £277,974 (year ended 31 August 2014: £225,337) to Park Hall Academy. There was £60,970 outstanding at 31 March 2015 (year ended 31 August 2014: £60,970)

Park Hall Academy supplied a careers advisor and advertising services to Arden Academy Trust for £6,603 (year ended 31 August 2014: £10,689). There was £2,785 outstanding at 31 March 2015

Hilltop Executive Limited provides financial support services to the academy. Mr G Marsh Finance and Operations director of the academy is also a 100% shareholder of Hilltop Executive Limited.

Transactions during the period totalled £36,146 (year ended 31 August 2014: £52,744). There was no outstanding balance at 31 March 2015 (year ended 31 August 2014: £nil).

28 POST BALANCE SHEET EVENTS

On 1 April 2015 the management of Park Hall Academy was transferred to AMAT and Park Hall Academy charitable company became a dormant company from this date.

29 EVENTS AFTER THE BALANCE SHEET DATE

There are no material adjusting or non adjusting events arising after the balance sheet date.

30 AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 March 2015 the trust received £12,321 and disbursed £12,321 from the fund. An amount of £12,282 is included in other creditors relating to the undistributed funds that is repayable to the EFA.

