

**Bacup and Rawtenstall Grammar School  
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31 August 2015**

**Company Registration Number:  
08205021 (England and Wales)**

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## Reference and Administrative Details

Trustees:	D S King (Chairman) P H Skilling (Vice Chairperson) S Bradshaw * R Boaden D Cain * S Carney (staff trustee)* S Harris (staff trustee) (resigned 31/08/2015) K Harwood S Henry C Jackson (appointed 10/12/2014) * N Lees (resigned 12/01/2015) B Lynch M Mahmood* (resigned 31/08/2015) U Memon* (Chair of Audit Committee) C Merrifield (appointed 10/12/2014) G Moylan J Pickering (resigned 31/08/2015) A Porteous (Headteacher and Accounting Officer)* K Reynard (staff trustee)* (resigned 25/09/2014) P Terry (Chair of Finance Committee)* M White (resigned 31/08/2015) A Winstanley (resigned 20/05/2015)  * members of the Finance Committee
Company Secretary:	A J Hughes
Senior Leadership Team:	
Headteacher	A B Porteous
Deputy Headteacher	L F Cassidy (appointed 01/09/2014)
Deputy Headteacher	G E Greenhalgh (appointed 01/09/2014)
Assistant Headteacher	P W Reeves
Assistant Headteacher	D F Morriss
Assistant Headteacher	W M Seddon (appointed 01/09/2014)
Assistant Headteacher	J E Dougherty
Development Director	E C Gauntlett
School Business Manager	J L Goy
Principal and Registered Office:	Glen Road Waterfoot Rossendale Lancashire BB4 7BJ
Company Registration Number:	08205021 (England and Wales)
Independent Auditor:	Mazars LLP The Lexicon Mount Street Manchester M2 5NT

**Reference and Administrative Details (continued)**

Bankers: Natwest  
28 Bank Street  
Rawtenstall  
Lancashire  
BB4 8TS

Solicitors: Browne Jacobson  
Ground Floor  
3 Piccadilly Place  
Manchester  
M1 3BN

### **Trustees' Report**

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year 1<sup>st</sup> September 2014 to 31<sup>st</sup> August 2015. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11-18 serving the Rossendale Valley and other nearby towns. There are currently 1226 pupils on roll.

### **Structure, Governance and Management**

#### **Constitution**

The Academy is a company limited by guarantee and an exempt charity with no share capital (company registration number 08205021). The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees of the Academy trust are also the directors of the charitable company for the purpose of company law. The charitable company is known as Bacup and Rawtenstall Grammar School.

Details of the trustees who served during the year 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 charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

#### **Trustees' Indemnities**

Since the incorporation of the charitable company, the Governors have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in note 12 to the Financial Statements the limit of this indemnity is £2,000,000.

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

##### Appointment of Governors

The number of Governors shall be not less than three but is not subject to any maximum.

The Members may appoint one Governor and no more than one third of the total number of individuals appointed as Governors shall be employees of the Academy Trust (including the Headteacher).

The Headteacher shall be a Governor Ex-Officio.

### **Trustees' Report (continued)**

The proportions of the Governing Body at Bacup and Rawtenstall Grammar School are as follows:

- Seven Parent Governors, elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. The Governing body shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Governors. Any election of Parent Governors which is contested shall be held by secret ballot. Arrangements for the election shall provide, for every person entitled to vote, an opportunity by post or, if they prefer, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy;
- Up to three Staff Governors. The Governing Body shall make all necessary arrangements for, and determine all matters relating to, an election of the Staff Governors;
- Up to ten Community Governors appointed by the Governing body provided that the person appointed as a Community Governor is a person who lives or works in the community served by the Academy or a person who in the opinion of the Governing Body is committed to the government and success of the Academy;
- The Governors may also appoint up to three Co-opted Governors.

#### **Policies and Procedures Adopted for the Induction and Training of Trustees**

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

As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual. All Governors receive copies of all minutes and new Governors are invited to attend subcommittee meetings.

#### **Organisational Structure**

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and all staff appointments. The Academy Management Team consists of the Headteacher, two Deputy Headteachers, four Assistant Headteachers, Development Director, and School Business Manager.

These Managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets. They are also responsible for the appointment of staff in conjunction with members of the Governing Body. Some spending control is devolved to members of the Management Team, with limits above which a Senior Leadership Manager must countersign.

## **Trustees' Report (continued)**

### **Risk Management**

The Governors have assessed the major risks to which the Academy is exposed. The Governors have implemented a number of systems to assess risks in the operational areas of the Academy and in relation to the control of finance.

The continuing existence of the Academy can best be guaranteed by the standards of education in its widest sense which it provides.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

### **Objectives and Activities**

#### **Objects and Aims**

The principal object and activity of the charitable company is the operation of the Bacup and Rawtenstall Grammar School to provide education for pupils between the ages of 11 and 18.

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy.

The Academy aims:

- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements; and
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

#### **Objectives, Strategies and Activities**

The Academy's strategic activities have included:

- Tuition and learning opportunities for all students appropriate to their ability in order to attain academic and vocational qualifications;
- Development opportunities for all staff;
- A comprehensive programme of extra-curricular activities and trips and visits for students; and
- Careers advice and guidance to help students move to the next stage of their education.

The Governors recognise that equal opportunities should be an integral part of all good practice within the workplace.

The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

#### **Public Benefit**

The Governors have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Bacup and Rawtenstall Grammar School is the maintenance and development of the high quality education provided by the Academy.

### **Trustees' Report (continued)**

In doing this, Bacup and Rawtenstall Grammar School not only offers a broadly-based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities, educational trips, visits and foreign trips is offered and undertaken.

### **Strategic Report**

#### **Achievements and Performance**

The school has completed its first 3 years of operation as an academy. The number of students on roll in the year ended 31st August 2015 numbered 1205 of which 428 were in the Sixth Form.

In 2015, the school continued its record of sustained academic excellence, with very impressive examination results, both at A-level and GCSE. At A-level, the overall pass rate at A\*-E, excluding General Studies, was 98%. 60% of grades were A\*, A or B and 35%, over a third, were A\* or A grades. Five students gained places at Oxbridge, with many more gaining places on competitive courses at top universities.

At GCSE, results were similarly excellent, and were an improvement on 2014. 99% of our students this year achieved 5 or more A\*-C grades including English and Maths. 74% achieved 5 or more A\*-A grades. 63% of grades were the top grades of A and A\*, matching our best performance ever; 27% were A\* grade, our highest performance ever, and 90% of our students achieved the English Baccalaureate.

The school also places a strong emphasis on the broader development of the individual students, and offers a very wide range of activity outside the taught curriculum to support this.

#### **Key Financial Performance Indicators**

The Academy complies with all the terms and conditions of its Funding Agreement. Financial performance is regularly monitored and action taken to ensure that:

- Revisions to budgeted expenditure are properly authorised and controlled;
- Cash levels are sufficient to meet financial obligations; and
- Reserve levels are reviewed and held at appropriate levels.

#### **Going Concern**

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

#### **Financial Review**

Most of the Academy's income is obtained from the Department for Education (DfE) in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objectives of the Academy. The GAG received during the year covered by this report and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.



### **Trustees' Report (continued)**

Expenditure for the year covered by this report was more than the GAG received from the DfE together with other incoming resources. This operating deficit is due to additional investment and refurbishment of the facilities. The Academy trust continues to closely monitor the financial position through detailed and accurate budgeting and tight budgetary control procedures which have been firmly embedded in the Academy Trust's daily financial management.

#### **Reserves Policy**

The Governors review the reserve levels of the Academy regularly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Governors' Finance Committee has reviewed these reserve levels and believes that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected emergencies such as urgent maintenance. Under normal circumstances the Governors would aim to maintain reserves of between 2% and 5% of GAG as an appropriate cushion.

The Governors consider the level of reserves presently held to be satisfactory for the level of the Academy's operations and in view of the planned capital expenditure programme.

#### **Financial position**

The Academy held revenue fund balances at the 31st August 2015 of £11,694k comprising £9,807k of restricted funds and £1,887k of unrestricted general funds. Included within restricted funds is the pension reserve which shows a deficit of £654k. Further details of the carry forward balances on each fund can be found in note 17 to the accounts.

#### **Investment Policy**

Apart from the cash held for the operation of the Academy, Bacup and Rawtenstall Grammar School has no material investments. With respect to its cash holdings the Governing Body has adopted a low risk strategy. The Academy holds a current account and an interest bearing account.

#### **Principal Risks and Uncertainties**

The principal risk to the Academy is the maintenance of student numbers as funding is directly related to the number of students on roll.

## **Trustees' Report (continued)**

### **Plans for Future Periods**

The Academy will continue to provide a challenging and balanced curriculum that meets the needs of students across all year groups and maintains and, where possible, improves the academic success of the students. The Academy will continue to invest in a broad range of extra-curricular activities.

The Academy has an ambitious development plan for the school site including a modern resource centre, improved science facilities, improved dining facilities and, in the longer term, a multi-purpose building. The Governors recognise that these plans can only be implemented when the necessary funding is available but are hopeful that, with a combination of accumulated reserves, continued prudent financial management, support from the EFA's capital fund and from a successful Centenary Appeal, they will be able to achieve some if not all of the development plan.

### **Provision of Information to the Auditor**

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by the order of the board of trustees, as the company directors, on 15<sup>th</sup> December 2015 and signed on the board's behalf by:



**D S King**  
Chair of Trustees

## Governance Statement

### Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher 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 Bacup and Rawtenstall Grammar School 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
D S King (Chairman)	6	6
P H Skilling (Vice Chairperson)	6	6
R Boaden	3	6
S Bradshaw	4	6
D Cain	3	6
S Carney (staff trustee)	5	6
S Harris (staff trustee) (resigned 31/08/2015)	4	6
K Harwood	6	6
S Henry	0	6
C Jackson (appointed 10/12/2014)	5	5
N Lees (resigned 12/01/2015)	1	2
B Lynch	4	6
M Mahmood (resigned 31/08/2015)	3	6
U Memon	4	6
C Merrifield (appointed 10/12/2014)	5	5
G Moylan	3	6
J Pickering (resigned 31/08/2015)	3	6
A Porteous (Headteacher and Accounting Officer)	6	6
P Terry	6	6
M White (resigned 31/08/2015)	6	6
A Winstanley (resigned 20/05/2015)	1	6

Where trustees are unable to attend meetings they are encouraged to pass on comments to the Chair for discussion at the meeting.

Although Mrs Henry has not been able to attend meetings of the board of trustees she does provide support to certain committees of the board where her expertise is especially relevant.

## **Governance Statement (continued)**

The finance committee is a sub-committee of the main board of trustees. Its purpose is to:

- review and authorise the annual budget and recommend the budget for approval by the board of trustees;
- monitor expenditure against budget;
- ensure the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies;
- Authorise the award of contracts over £5,000;
- Approve items not included within the budget.

Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
P Terry (Chairman)	3	3
A Porteous (Headteacher and Accounting Officer)	3	3
S Bradshaw	1	3
D Cain	1	3
S Carney (staff trustee)	1	3
C Jackson (staff trustee) (appointed 10/12/2014)	2	2
D S King	1	3
M Mahmood (resigned 31/08/2015)	1	3
U Memon (Chairman of Audit Committee)	1	3

The audit committee is a sub-committee of the main board of trustees. Its purpose is to:

- Advise the board of trustees on the adequacy and effectiveness of the systems of internal control, arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness;
- Advise the board of trustees on the appointment, reappointment, dismissal and remuneration of auditors;
- Monitor the effectiveness of auditors;
- Consider the reports of the auditors and, when appropriate, advise the board of trustees on material control issues;
- Monitor the implementation of agreed audit recommendations;
- Ensure that allegations of fraud and irregularity are appropriately investigated and control weaknesses addressed.

Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
U Memon (Chairman)	1	3
A Porteous (Headteacher and Accounting Officer)	3	3
S Bradshaw	1	3
D Cain	1	3
S Carney (staff trustee)	1	3
C Jackson (staff trustee) (appointed 10/12/2014)	2	2
D S King	1	3
M Mahmood (resigned 31/08/2015)	1	3
P Terry	3	3

The executive committee is also a sub-committee of the main board of trustees. One of its main purposes is to ensure the coordination of the activities of the other sub committees and to give the chairs of those committees the opportunity to review collectively the policies of the school.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
D S King (Chairman)	3	3
S Bradshaw	2	3
R Boaden	2	3
B Lynch	3	3
U Memon	0	3
G Moylan	3	3
A Porteous (Headteacher and Accounting Officer)	3	3
P H Skilling	3	3
P Terry	3	3

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bacup and Rawtenstall Grammar School for the year 1<sup>st</sup> September 2014 to 31<sup>st</sup> August 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 1<sup>st</sup> September 2014 to 31<sup>st</sup> August 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.

### 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.

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 year by:

- Curriculum staffing review to ensure staff are deployed in line with their skill set
- Better use of Cover Supervisors and timetabled contacts to significantly reduce supply costs
- Use of in-house subject specialists to cover maternity leaves instead of employing additional staff on short-term contracts.
- Improved purchasing procedures and controls to ensure we are getting value for money
- Reviewed capitation spend with a focus on need instead of reliance on a formula allocation.
- Increased income generation.

## **Governance Statement (continued)**

### **The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Mazars LLP to support the Executive Committee in their responsibilities for maintaining proper systems of internal control.

This work includes performing a range of checks on the academy trust's financial systems. On a termly basis, Mazars LLP reports to the Executive Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

### **Review of Effectiveness**

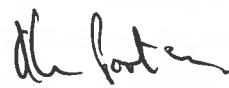
As Accounting Officer the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work carried out by Mazars LLP in supporting the Executive and Finance Committees
- 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 the review of the system of internal control by the Executive Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 15<sup>th</sup> December 2015 and signed on its behalf by:

  
**D S King**  
Chair of Trustees

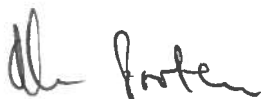
  
**A B Porteous**  
Accounting Officer

## **Statement on Regularity, Propriety and Compliance**

As accounting officer of Bacup and Rawtenstall Grammar School 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.



**A B Porteous**

Accounting Officer

15<sup>th</sup> December 2015

## **Statement of Trustees' Responsibilities**

The trustees (who act as governors of Bacup and Rawtenstall Grammar School 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 year. In preparing these financial statements, the trustees are required to:

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

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFADfE 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 15<sup>th</sup> December 2015 and signed on its behalf by:



**DS King**  
Chair of Trustees



## **Independent Auditor's Report on the Financial Statements to the Members of Bacup and Rawtenstall Grammar School**

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

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees (who are also the directors of the charitable company 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. This report is made solely to the governors as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

## **Independent Auditor's Report on the Financial Statements to the Members of Bacup and Rawtenstall Grammar School**

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

In our opinion the information given in the Trustees' Annual Report and 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.



Janine Fox (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Lexicon  
Mount Street  
Manchester  
M2 5NT

17 December 2015

## **Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Bacup and Rawtenstall Grammar School and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 21 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bacup and Rawtenstall Grammar School during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Bacup and Rawtenstall Grammar School and the EFA in accordance with the terms of our engagement letter dated 21 September 2015. Our work has been undertaken so that we might state to Bacup and Rawtenstall Grammar School 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 Bacup and Rawtenstall Grammar School and the EFA, for our review work, for this report, or for the opinion we have formed.

### **Respective responsibilities of the Bacup and Rawtenstall Grammar School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Bacup and Rawtenstall Grammar School's funding agreement with the Secretary of State for Education dated 25th May 2012 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 August 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 the Governing Body of Bacup and Rawtenstall Grammar School and the Education Funding Agency**

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

**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 August 2015 has not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

*Mazars LLP*  
Reporting Accountant

Mazars LLP  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

17 December 2015

**Statement of Financial Activities for the Year Ended 31 August 2015**  
**(including Income and Expenditure Account)**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	2015 Total £000	2014 Total £000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income	3	27	1	-	28	103
Activities for generating funds	4	626	336	-	962	951
Investment income	5	12	-	-	12	16
<i>Incoming resources from charitable activities:</i>						
Funding for the academy trust's educational operations	6	-	5,807	27	5,834	6,750
<b>Total incoming resources</b>		<b>665</b>	<b>6,144</b>	<b>27</b>	<b>6,836</b>	<b>7,820</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income		67	-	-	67	68
<i>Charitable activities:</i>						
Academy trust educational operations	8	181	6,413	262	6,856	6,574
Governance costs	9	-	42	-	42	54
<b>Total resources expended</b>	7	<b>248</b>	<b>6,455</b>	<b>262</b>	<b>6,965</b>	<b>6,696</b>
<b>Net (outgoing) / incoming resources before transfers</b>		<b>417</b>	<b>(311)</b>	<b>(235)</b>	<b>(129)</b>	<b>1,124</b>
Gross transfers between funds	17	-	-	-	-	-
<b>Net (expenditure) / income for the year</b>		<b>417</b>	<b>(311)</b>	<b>(235)</b>	<b>(129)</b>	<b>1,124</b>
<b>Other recognised gains &amp; losses</b>						
Actuarial (losses) / gains on defined benefit pension schemes	17 & 26	-	(14)	-	(14)	262
<b>Net movement in funds</b>		<b>417</b>	<b>(325)</b>	<b>(235)</b>	<b>(143)</b>	<b>1,386</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2014	17	1,470	(367)	10,734	11,837	10,451
<b>Total funds carried forward at 31 August 2015</b>	17	<b>1,887</b>	<b>(692)</b>	<b>10,499</b>	<b>11,694</b>	<b>11,837</b>

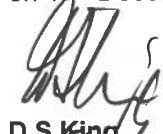
All of the academy trust's activities derive from continuing operations during the above two financial periods.

**Balance Sheet as at 31 August 2015**

**Company Number 08205021**

	Notes	2015 £000	2015 £000	2014 £000	2014 £000
<b>Fixed assets</b>					
Tangible assets	13		10,746		10,050
<b>Current assets</b>					
Stock	14	5		10	
Debtors	15	157		918	
Cash at bank and in hand		1,957		2,412	
		<u>2,119</u>		<u>3,340</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	16	(517)		(951)	
<b>Net current assets</b>			<u>1,602</u>		<u>2,389</u>
<b>Total assets less current liabilities</b>			<b>12,348</b>		<b>12,439</b>
Pension scheme liability	26		<u>(654)</u>		<u>(602)</u>
<b>Net assets including pension liability</b>			<u><b>11,694</b></u>		<u><b>11,837</b></u>
<b>Funds of the academy trust:</b>					
<b>Restricted income funds</b>					
Fixed asset fund	17	10,499		10,734	
General fund	17	(38)		235	
Pension reserve	17	(654)		(602)	
<b>Total restricted funds</b>			<b>9,807</b>		<b>10,367</b>
<b>Unrestricted income funds</b>					
General fund	17	1,887		1,470	
<b>Total unrestricted funds</b>			<u><b>1,887</b></u>		<u><b>1,470</b></u>
<b>Total funds</b>			<u><b>11,694</b></u>		<u><b>11,837</b></u>

The financial statements on pages 21 to 43 were approved by the trustees, and authorised for issue on 15<sup>th</sup> December 2015 and are signed on their behalf by:



**D S King**  
Chair of Trustees

**Cash Flow Statement for the Year Ended 31 August 2015**

	Notes	2015 £000	2014 £000
Net cash inflow from operating activities	21	464	27
Returns on investments and servicing of finance	22	12	16
Capital expenditure	23	(931)	542
(Decrease) / Increase in cash in the year	24	<u>(455)</u>	<u>585</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2014		2,412	1,827
Net funds at 31 August 2015		<u>1,957</u>	<u>2,412</u>

## **Notes to the Financial Statements for the Year Ended 31 August 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 trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### **Incoming Resources**

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

- **Grants Receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year 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 and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship Income**

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

- **Donations**

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

- **Other Income**

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



**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**Resources Expended**

All expenditure is recognised in the year 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 trustees' meetings and reimbursed expenses.

**Tangible Fixed Assets**

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

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

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

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

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

- |                                    |            |
|------------------------------------|------------|
| • Freehold buildings               | 50 years   |
| • Motor Vehicles                   | 4 years    |
| • Fixtures, fittings and equipment | 3-10 years |
| • ICT equipment                    | 3 years    |

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

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

**Leased Assets**

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

**Stock**

Unsold catering stocks are valued at the lower of cost or net realisable value.

**Taxation**

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

**Pensions Benefits**

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

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

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

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

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 where the asset acquired or created is held for a specific purpose.

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

**Agency Arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from 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 can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

**2. General Annual Grant (GAG)**

Under the funding agreement with the Secretary of State the academy trust was not subject to limits at 31 August 2015 on the amount of GAG that could be carried forward from one year to the next

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**3. Voluntary Income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2015 Total £000</b>	<b>2014 Total £000</b>
Donations	27	1	28	103
	<u>27</u>	<u>1</u>	<u>28</u>	<u>103</u>

**4. Activities for Generating Funds**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2015 Total £000</b>	<b>2014 Total £000</b>
Catering income	309	-	309	316
Trip income	-	336	336	416
Music lesson income	48	-	48	43
Other income	269	-	269	176
	<u>626</u>	<u>336</u>	<u>962</u>	<u>951</u>

**5. Investment Income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2015 Total £000</b>	<b>2014 Total £000</b>
Short term deposits	12	-	12	16
	<u>12</u>	<u>-</u>	<u>12</u>	<u>16</u>

**Statements for the Year Ended 31 August 2015 (continued)**

**6. Funding for the Academy Trust's Educational Operations**

	Unrestricted Funds £000	Restricted Funds £000	2015 Total £000	2014 Total £000
<b>DFE / EFA grants</b>				
General Annual Grant (GAG) (Note 2)	-	5,800	5,800	5,747
Capital Grants	-	27	27	1,001
	-	5,827	5,827	6,748
<b>Other Government grants</b>				
Local authority grants	-	7	7	2
	-	7	7	2
	-	5,834	5,834	6,750

**7. Resources Expended**

	Staff costs £000	Non Pay Premises £000	Expenditure Other Costs £000	2015 Total £000	2014 Total £000
Costs of generating voluntary income	67	-	-	67	68
Academy's educational operations					
Direct costs	3,991	-	955	4,946	4,922
Allocated support costs	815	521	574	1,910	1,652
	4,806	521	1,529	6,856	6,574
Governance costs including allocated support costs	25	-	17	42	54
	4,898	521	1,546	6,965	6,696

**Incoming / outgoing resources for the year include:**

	2015 £000	2014 £000
Operating leases	18	17
Fees payable to auditors	9	9
- External audit		
- Other services	5	4

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**8. Charitable Activities - Academy's Educational Operations**

	2015 £000	2014 £000
<b>Direct costs – educational operations</b>		
Teaching and educational support staff costs	3,991	3,906
Depreciation	262	228
Technology costs	27	33
Educational Supplies	168	167
Examination fees	151	149
Staff development	28	22
Educational consultancy	-	2
Other direct costs	318	415
	<u>4,945</u>	<u>4,922</u>
<b>Support costs – educational operations</b>		
Support staff costs	815	782
Technology costs	64	80
Recruitment and support	6	22
Maintenance of premises & equipment	290	106
Cleaning	11	12
Rent & rates	31	20
Energy costs	120	117
Insurance	59	45
Security & transport	8	7
Catering	181	177
Bank interest & charges	9	10
Other support costs	317	274
	<u>1,911</u>	<u>1,652</u>
<b>Total direct and support costs</b>	<u>6,856</u>	<u>6,574</u>

**9. Governance Costs**

	2015 £000	2014 £000
Legal & professional fees	2	17
Auditors' remuneration		
- Audit of financial statements	9	9
- Other audit costs	5	4
Support staff costs	25	24
Trustee's reimbursed expenses	1	-
	<u>42</u>	<u>54</u>

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**10. Staff**

**a. Staff costs**

Staff costs during the year were:

	2015 £000	2014 £000
Wages and salaries	4,024	3,893
Social security costs	294	286
Pension costs	557	538
	<b>4,875</b>	<b>4,717</b>
Supply teacher costs	19	28
Staff restructuring costs	4	35
	<b>4,898</b>	<b>4,780</b>

**b. Staff severance payments**

Included in staff restructuring costs is 1 non-statutory/non-contractual payment totalling £4,000 (2014:£35,193).

**c. Staff numbers**

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

	2015 No	2014 No
<b>Charitable activities</b>		
Teachers	67	67
Administration & support	41	44
Management	9	9
	<b>117</b>	<b>120</b>

**d. Higher paid staff**

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

	2015 No	2014 No
£60,001 - £70,000	2	1
£100,001 - £110,000	1	1

The three above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £32,816 (2014: £58,830).

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**11. Related Party Transactions - Trustees' Remuneration & Expenses**

The Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration was as follows:

A Porteous (Headteacher and trustee):	£100,000 - £105,000	(2014: £100,000 - £105,000)
Employers pension contributions:	£10,000 - £15,000	(2014: £10,000 - £15,000)
K Reynard (staff trustee):	Not a trustee	(2014: £40,000 - £45,000)
Employers pension contributions:	Not a trustee	(2014: £5,000 - £10,000)
C Jackson (staff trustee):	£35,000 - £40,000	(2014: not a trustee)
Employers pension contributions:	£0 - £5,000	(2014: not a trustee)
S Carney (staff trustee):	£20,000 - £25,000	(2014: £10,000 - £15,000)
Employers pension contributions:	£0 - £5,000	(2014: £0 - £5,000)
S Harris (staff trustee):	£25,000 - £30,000	(2014: £20,000 - £25,000)
Employers pension contributions:	£0 - £5,000	(2014: £0 - £5,000)

During the year ended 31 August 2015, travel and subsistence expenses totalling £1,095 (2014: £155) were reimbursed to 4 trustees (2014: 3 trustees). A payment of £50 was made to 1 trustees in recognition of providing assistance for the entrance exam.

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

**13. Trustees' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £116 (2014: £116).

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

**14. Tangible Fixed Assets**

	Freehold land & buildings £000	Furniture & equipment £000	Computer equipment £000	Motor Vehicles £000	Assets under construction £000	Total £000
<b>Cost</b>						
At 1 September 2014	9,810	120	286	-	257	10,473
Additions	-	-	55	14	889	958
Disposals	-	-	-	-	-	-
At 31 August 2015	9,810	120	341	14	1,146	11,431
<b>Depreciation</b>						
At 1 September 2014	300	44	79	-	-	423
Charged in year	157	17	85	3	-	262
Disposals	-	-	-	-	-	-
At 31 August 2015	457	61	164	3	-	685
<b>Net book values</b>						
At 31 August 2015	9,353	59	177	11	1,146	10,746
At 31 August 2014	9,510	76	207	-	257	10,050



**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**15. Stock**

	<b>2015 £000</b>	<b>2014 £000</b>
Stationery	-	5
Catering	5	5
	<u>5</u>	<u>10</u>

**16. Debtors**

	<b>2015 £000</b>	<b>2014 £000</b>
Trade debtors	2	1
VAT recoverable	133	101
Other debtors	2	3
Prepayments and accrued income	20	813
	<u>157</u>	<u>918</u>

**17. Creditors: amounts falling due within one year**

	<b>2015 £000</b>	<b>2014 £000</b>
Trade creditors	179	705
Taxation and social security	89	83
Accruals and deferred income	249	163
	<u>517</u>	<u>951</u>

	<b>2015 £000</b>
<b>Deferred income (included above)</b>	
Deferred income at 31 August 2014	95
Resources deferred in the year	112
Amounts released from previous years	(95)
Deferred income at 31 August 2015	<u>112</u>

At the balance sheet date the academy trust was holding funds received in advance for catering sales and school trips booked in advance for 2015/16.

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**18. Funds**

	Balance at 1 Sept 2014 £000	Incoming Resources £000	Resources Expended £000	Gains, losses & transfers £000	Balance at 31 Aug 2015 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(377)	5,807	(6,103)	-	(673)
Other donations	612	337	(314)	-	635
Pension reserve	(602)	-	(38)	(14)	(654)
	(367)	6,144	(6,455)	(14)	(692)
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	1,111	27	(106)	-	1,032
Gifts from predecessor school	9,623	-	(156)	-	9,467
	10,734	27	(262)	-	10,499
<b>Total restricted funds</b>	10,367	6,171	(6,717)	(14)	9,807
<b>Unrestricted funds</b>					
Unrestricted funds	1,470	665	(248)	-	1,887
<b>Total unrestricted funds</b>	1,470	665	(248)	-	1,887
<b>Total Funds</b>	11,837	6,836	(6,965)	(14)	11,694

Included within unrestricted funds is an amount of £408,515 related to the BRGS Fundraising Trust. This is a separate legal entity but, because the majority of trustees are academy trustees or appointed by academy trustees, the fund has been treated as being under the control of the academy trustees and the opening balance and movements in the year of the BRGS Fundraising Trust have been included in these accounts.

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**19. Analysis of net assets between funds**

Fund balances at 31 August 2015 are represented by:

	Unrestricted funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	10,746	10,746
Current assets	2,110	9	-	2,119
Current liabilities	(223)	(47)	(247)	(517)
Pension scheme liability	-	(654)	-	(654)
<b>Total net assets</b>	<b>1,887</b>	<b>(692)</b>	<b>10,499</b>	<b>11,694</b>

**20. Capital commitments**

	2015 £000	2014 £000
Contracted for, but not provided for in the financial statements	263	970

**21. Financial commitments**

**Operating Leases**

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

	2015 £000	2014 £000
<b>Other</b>		
Expiring within two and five years inclusive	3	11
	<b>3</b>	<b>11</b>

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**22. Reconciliation of net income to net cash inflow from operating activities**

	<b>31 Aug 2015</b>	<b>31 Aug 2014</b>
	<b>Total £000</b>	<b>Total £000</b>
Net income	(129)	1,124
Depreciation (Note 13)	262	228
Capital grants from DfE and other capital income	(27)	(1,001)
Interest receivable (Note 5)	(12)	(16)
FRS 17 pension costs less contributions payable (Note 26)	38	5
FRS 17 pension finance income (Note 26)	-	36
Decrease / (Increase) in stocks	5	5
Decrease / (Increase) in debtors	761	(817)
(Decrease) / Increase in creditors	(434)	463
<b>Net cash inflow from operating activities</b>	<b>464</b>	<b>27</b>

**23. Returns on investments and servicing of finance**

	<b>31 Aug 2015</b>	<b>31 Aug 2014</b>
	<b>Total £000</b>	<b>Total £000</b>
Interest received	12	16
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>12</b>	<b>16</b>

**24. Capital expenditure and financial investment**

	<b>31 Aug 2015</b>	<b>31 Aug 2014</b>
	<b>Total £000</b>	<b>Total £000</b>
Purchase of tangible fixed assets	(958)	(459)
Capital grants from DfE / EFA	27	1,001
<b>Net cash (outflow) / inflow from capital expenditure and financial investment</b>	<b>(931)</b>	<b>542</b>

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)****25. Analysis of changes in net funds**

	At 1 Sept 2014	Cash flows	At 31 Aug 2015
	£000	£000	£000
Cash in hand and at bank	2,412	(455)	1,957
	<u>2,412</u>	<u>(455)</u>	<u>1,957</u>

**26. 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.

**27. 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 Your Pension Service. Both are defined-benefit schemes.

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

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

**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.

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**27. Pension and similar obligations (continued)**

**Valuation of the Teachers' Pension Scheme**

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

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

The pension costs paid to TPS in the period amounted to £403,851 (2014: £397,760).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**27. Pension and similar obligations (continued)**

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)****27. Pension and similar obligations (continued)****Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £119k, of which employer's contributions totalled £89k and employees' contributions totalled £30k. The agreed contribution rates for future years are 13.7 per cent for employers and between 5.5 per cent and 7.5 per cent 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 Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

	At 31 Aug 15	At 31 Aug 14
<b>Principal actuarial assumptions</b>	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.7	3.7
Rate of increase for pensions in payment / inflation	2.2	2.2
Discount rate for scheme liabilities	4.0	4.0
Inflation assumption (CPI)	2.2	2.2
Commutation of pensions to lump sums	50	50

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

	At 31 Aug 15	At 31 Aug 14
<i>Retiring today</i>	<i>%</i>	<i>%</i>
Males	22.9	22.9
Females	25.4	25.3
 <i>Retiring in 20 years</i>		
Males	25.1	25.0
Females	27.8	27.7



**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**27. Pension and similar obligations (continued)**

**Local Government Pension Scheme**

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

	Expected return at 31 Aug 15	Fair value at 31 Aug 15 £000	Expected return at 31 Aug 14	Fair value at 31 Aug 14 £000
Equities	6.5%	347	7.0%	405
Government bonds	2.5%	55	2.9%	2
Bonds	3.6%	26	3.8%	217
Property	6.1%	91	6.2%	78
Cash	0.5%	13	0.5%	20
Other	6.5%	473	7.0%	94
<b>Total market value of assets</b>		<b>1,005</b>		<b>816</b>
Present value of scheme liabilities Funded		<b>(1,659)</b>		<b>(1,418)</b>
<b>Deficit in the scheme</b>		<b>(654)</b>		<b>(602)</b>

The actual return on scheme assets was £35k (2014: £29k).

Amounts recognised in the statement of financial activities	Year Ended 31 Aug 2015 £000	Year Ended 31 Aug 2014 £000
Current service cost (net of employee contributions)	(98)	(64)
Total operating charge	<b>(98)</b>	<b>(64)</b>
<b>Analysis of pension finance income</b>		
Expected return on pension scheme assets	49	21
Interest on pension liabilities	(61)	(57)
<b>Pension finance income / (costs)</b>	<b>(12)</b>	<b>(36)</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £183k gain (2014: £197k gain).

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)**

**27. Pension and similar obligations (continued)**

**Local Government Pension Scheme**

<b>Movements in the present value of defined benefit obligations were as follows:</b>	<b>Year Ended 31 Aug 2015 Total £000</b>	<b>Year Ended 31 Aug 2014 Total £000</b>
<b>At 1 September</b>	<b>1,418</b>	<b>1,143</b>
Current service cost	139	94
Interest cost	61	57
Employee contributions	41	30
Actuarial loss	-	92
Benefits paid	-	2
Past service cost	-	-
Curtailments and settlements	-	-
Business combinations	-	-
<b>At 31 August</b>	<b>1,659</b>	<b>1,418</b>

<b>Movements in the fair value of the Academy's share of scheme assets:</b>	<b>Year Ended 31 Aug 2015 Total £000</b>	<b>Year Ended 31 Aug 2014 Total £000</b>
<b>At 1 September</b>	<b>816</b>	<b>320</b>
Expected return on assets	49	21
Actuarial (loss) / gain	(14)	354
Employer contributions	113	89
Employee contributions	41	30
Benefits paid	-	2
Business combinations	-	-
<b>At 31 August</b>	<b>1,005</b>	<b>816</b>

The estimated value of employer contributions for the year ended 31 August 2016 is £113k.

**Notes to the Financial Statements for the Year Ended 31 August 2015  
(continued)****27. Pension and similar obligations (continued)****Local Government Pension Scheme**

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Present value of defined benefit obligations	<b>(1,659)</b>	(1,418)	(1,143)
Fair value of share of scheme assets	<b>1,005</b>	816	320
Deficit in scheme	<b>(654)</b>	(602)	(823)
Experience adjustments on share of scheme assets	<b>(14)</b>	354	18
Experience adjustments on share of scheme liabilities	-	44	83

**28. Agency Arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2015 the trust received £32,487 and disbursed £34,739 from the fund. An amount of £16,478 is included in other creditors relating to undistributed funds that is repayable to EFA.

**29. Related party transactions**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

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

Mr A B Porteous (Headteacher and Accounting Officer):

- Mrs K Porteous (spouse) employed as a Biology Teacher at the academy from 1<sup>st</sup> September 2014, and Head of Year from 1<sup>st</sup> September 2015. She received remuneration of between £35,000 - £40,000 in the year.

