

Hodgson Academy
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the year ended 31st August 2015

Company Registration Number:
07604183 (England and Wales)

Hodgson Academy

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Hodgson Academy

Reference and administrative details

| | | |
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| Members | Mr C McConnachie Mrs S Molloy Mrs K Harvey Mr A Walker Mr C Jackson | (appointed 16 th June 2015) (appointed 11 th March 2015) |
| Trustees | Mr C McConnachie* Mrs S Molloy *+ Mrs K Harvey *+ Mr A Walker* Mr C Jackson*+ Mrs A Wright Mrs S Benson Mr D Cross*+ Mrs N Galloway*+ Mrs J Villa*+ Mrs L Brunskill * Mrs S Khan Mrs S Fox Mr A Nicholson* Mrs T Roethling * Mrs K Simms* Mrs A Preston*+ Mr R Pendlebury-Jones | Member/Chair Member/Vice Chair Member Member/Parent Member/Parent (appointed 7 th October 2014) Co-opted (resigned 7 th October 2014) Co-opted (appointed 10 th March 2015) Member appointed (resigned 10 th October 2015) Member appointed Member appointed (appointed 10 th March 2015) Staff Staff Staff Accounting Officer/Member (appointed 17 th March 2015) Principal / Ex officio Parent (resigned 5 th January 2015) Parent (appointed 10 th February 2015) Parent (appointed 6 th October 2015) |
| *Member of Business & Resources Committee +Member of Audit & Risk Management Committee | | |
| Company Secretary | Mr M Pickles | |
| Strategic Leadership Team | Mr A Nicholson Mrs T Roethling Mr D Yarwood Mrs R Townley Mrs L Carter-Davies Mr T Kearns Mr I Siddall Mr P Lamoury Mrs S Hetherington Mr M Pickles | Executive Principal Principal Deputy Principal Senior Assistant Principal (retired 31 st August 2015) Senior Assistant Principal (resigned 21 st June 2015) Senior Assistant Principal (appointed Deputy Principal 1 st September 2015) Senior Assistant Principal Senior Assistant Principal Senior Assistant Principal (appointed 1 st September 2015) Finance Director |

Hodgson Academy

Reference and administrative details (Continued)

| | |
|-----------------------------|--|
| Registered Office | Moorland Road Poulton-le-Fylde Blackpool FY6 7EU |
| Company Registration Number | 07604183 |
| Auditors | CWR Chartered Accountants 20 Mannin Way Lancaster Business Park Caton Road Lancaster LA1 3SW |
| Bankers | Lloyds Bank Corporation Street Blackpool FY1 1EY |

Hodgson Academy

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of Hodgson Academy for the period from the 1st September 2014 to the 31st August 2015. The annual report serves the purposes of both a Trustees' report, and a Directors' report including a strategic report under company law.

The Trust operates an Academy for pupils aged 11 to 16 serving a catchment area mainly in the Wyre and Blackpool districts. It has a pupil capacity of 1125 and had a roll of 1092 on the May 2015 school census.

1. Structure, Governance and Management

1.1 Constitution:

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees act as the Trustees for the charitable activities of the Academy Trust and are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Hodgson Academy, Company Number 07604183.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

1.2 Members' Liability:

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

1.3 Trustees' Indemnities:

Since the incorporation of the Charitable Company on 14th April, 2011 the Trustees (Directors) have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in note 12 to the Financial Statements the limit of this indemnity is £10,000,000.

1.4 Method of Recruitment and Appointment or Election of Trustees:

The processes for appointing or electing the various types of Trustee at Hodgson Academy are as follows:

1) *Member Trustees* – The Members (Trustees) of Hodgson Academy have the right to appoint up to SEVENTEEN Trustees.

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

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

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

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

Hodgson Academy

Trustees' Report (continued)

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

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

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

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

The Trustees may not appoint an employee of Hodgson Academy as a Co-opted Trustee if the number of Trustees who are employed by the School (including the Principal) would thereby exceed one third of the total number of Trustees.

5) The Principal is an ex-officio Trustee.

1.5 Policies and Procedures Adopted for the Induction and Training of Trustees:

Following their appointment/election all new Trustees receive an introduction to their role from the Chairman and Principal. This introduction includes the opportunity to tour the school site and to meet other members of the Academy's Leadership Teams. An Induction Pack of information relevant to their role is issued by both the Academy and the Local Authority Governor Services Team who provide support to the Governing Body.

The Board of Trustees at Hodgson Academy is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to undertake their role more effectively.

To this end the Board of Trustees maintains a Service Level Agreement with the Local Authority's (Lancashire County Council) Governor Services Department. This Agreement allows for any or all of the members of the Board of Trustees to attend any of the training courses provide by the Local Authority.

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

There is a nominated Link Trustee who acts as liaison between Governor Services and the Board of Trustees.

1.6 Organisational Structure:

Before conversion to Academy status on 1st May, 2011 Hodgson Academy was a maintained school as defined in the School Standards and Framework Act 1998.

At Hodgson Academy the majority of the roles and responsibilities of the Board of Trustees have been delegated to a small number of committees. The full Board of Trustees retains full responsibility for certain actions. Upon conversion the Academy restructured its governing committees to reflect the roles and responsibilities of the Trustees. Three main committees, Business and Resources, Standards and Effectiveness and Audit and Risk Management now meet on a regular basis throughout the school year, all of them reporting back to the full Board of Trustees. The Committees have specific Terms of Reference which are reviewed and renewed on an annual basis.

Members of the Strategic Leadership Team (SLT), in addition to the Executive Principal and Principal, attend the Trustees meetings as appropriate.

The Trustees are responsible for the strategic management of the School; deciding and setting key aspects of the School, including strategic direction, annual budgets, senior staff appointments, Academy policies etc. Operational management is the responsibility of the Executive Principal, Principal and staff. The latter is carried out at a number of levels i.e. by the Strategic Leadership Team, the Extended Leadership Team, the Operational Leadership Team, Lead Teachers and Heads of Houses.

Hodgson Academy

Trustees' Report (continued)

The Academy policies are developed by senior members of the Academy's staff, consulting as appropriate, to reflect both the strategic direction agreed by the Trustees and also statutory requirements. These policies are approved and adopted by the Board of Trustees, and implemented as procedures and systems by the Strategic Leadership Team and other designated members of staff.

During the period 1st September, 2014 to 31st August 2015 the full Board of Trustees has met three times; the Business and Resources Committee has met six times; The Standards and Effectiveness Committee has met six times; and the Audit and Risk Management Committee has met three times.

Since 2005 the senior leadership team at Hodgson has been regarded as 'outstanding' by Ofsted. To the very clear benefit of our students and their life chances in the modern world, our track record of strong and effective strategic leadership and governance has been a cornerstone of the continued improvements made at Hodgson Academy. As a Board of Trustees we are extremely proud of these achievements and the Board will continue to work closely with the senior leadership team to plan for a future where Hodgson Academy remains one of England's very best and most highly achieving schools.

Reflecting this history of effective collaborative work with other schools, Hodgson in partnership with Blackpool Sixth Form College was, four years ago, designated one of the country's first 100 National Teaching Schools, Mr Nicholson was already at that time a National Leader of Education (NLE). Since our designation as The Fylde Coast Teaching School we have built up a national profile for excellence in 'school to school support', leadership development and teacher training. In line with the continued excellent achievements of Hodgson Academy and our Teaching School, the Department of Education approached us to consider the sponsorship of a small number of local academies in the Fylde Coast area. After long and detailed discussions at all levels within the governing bodies and the leadership teams of both Hodgson and Blackpool Sixth Form College the academy agreed to this request. The Teaching School took over the sponsorship of Unity Academy on 1st September 2013 and similar sponsorships of Aspire Academy and Montgomery School came into effect on 1st September 2014 and 1st October 2014 respectively.

Underpinning all the negotiations and plans was the governing body's determination to secure the very best on-going and future provision for Hodgson Academy students. It was agreed by the Board of Trustees at the time to adjust the leadership structure at Hodgson to ensure the very best school leadership for Hodgson and the structures have subsequently undergone a number of changes to reflect the needs of the Academy.

In the summer of 2015 the Board of Trustees made the following changes.

- Deputy Principal, Mr Derek Yarwood, has taken over full responsibility for behaviour and standards.
- Mr Tom Kearns was appointed to the role of Deputy Principal with full responsibilities for Student Support and Teaching and Learning.
- Miss Sarah Hetherington was appointed as Senior Assistant Principal with responsibility for operationally running the Hodgson commitment to the Fylde Coast Teaching School (replacing Mrs Louisa Carter-Davies who resigned her position in June 2015 to move into a headship role elsewhere in the county).
- Ms Fiona Bate was appointed to the role of Assistant Principal, Special Educational Needs Co-ordinator (SENCO).
- Mr Andrew Day, Assistant Principal took over the responsibilities of Director of Humanities with additional responsibility for the Extended Leadership Team with a focus on EBacc, Conduct, Behaviour, Student Leadership and British Values.

The leadership structure is designed to provide the necessary strong and continued commitment to Hodgson Academy students and delivers the capacity to facilitate our new and wider responsibility for the improvement of opportunities of a greater number of Fylde Coast learners. The Board of Trustees continue to closely monitor the situation to ensure that leadership capacity for Hodgson Academy remains outstanding on an ongoing basis.

Hodgson Academy

Trustees' Report (continued)

1.7 Related Parties and Other Connected Charities and Organisations:

Hodgson Academy Parent, Teachers and Friends Association
Hodgson Uniform Shop Limited

2. Objectives and Activities

2.1 Objects and Aims:

The principal object and activity of the Charitable Company is the operation of Hodgson Academy to provide education for pupils between the ages of 11 and 18. The Academy provides an education for pupils who are drawn from the area in which the School is situated.

2.2 Objectives, Strategies and Activities:

The Academy Trust was set up on 14th April 2011 to advance, for the public benefit, education in the Wyre, Blackpool and Fylde area of the County of Lancashire by maintaining, operating and developing Hodgson Academy; a school with a history and tradition dating back to 1932. Hodgson Academy offers a broad-based curriculum. Whilst the Academy continues to review its curriculum offer on an annual basis the Academy continues to support the importance of pupils having a secure grounding in technological based subjects.

The Board of Trustees is determined to maintain the traditional ethos, values, standards and achievements of the School, whilst continuing to work to fulfil the academy's longer term development plans.

Our values are

- Commitment to high expectations and the highest possible standards.
- Dedication to the care and development of the whole child.
- Faithfulness to the traditional values of courtesy, respect and discipline.

and through (The Hodgson Experience)

- Promoting care and respect.
- Motivation and enjoyment.
- Inspiring a love of learning.
- Developing independence and creativity.
- Encouraging participation.
- Ensuring aspiration and achievement.
- Motivation and enjoyment.

we will achieve our aims of

- Developing confident, emotionally intelligent, independent and enterprising young people who take charge of their own destiny.
- Releasing the full potential of all our learners, fostering a culture of life-long learning and enabling all to be successful.
- Providing a safe, supportive, health conscious and sustainable environment in which all learners can flourish, enjoy and achieve.
- Raising attainment and enhancing the provision of technology subjects within our learning community, meeting the demands of the constantly evolving digital age.
- Ensuring all young people understand the rights and responsibilities of being an active, caring and valued member of our diverse, dynamic, global society.
- Enhancing the life chances of all learners by contributing to the transformation of education locally, nationally and internationally.

Trustees' Report (continued)

A full review of our academy aims will be undertaken in the Autumn Term of 2015.

Our Development Plan Objectives for the Academic Year 2014/2015 were based around the following headings;

1. Quality Leadership

- a) Bespoke pathways of leadership development for all staff.
- b) Leadership review and adaptation.
- c) Ensuring the impact of new leadership roles.

2. Outstanding Teaching and Learning

- a) Enhance Joint Practice Development (JPD) to ensure outstanding pedagogy.
- b) Bespoke pathways of professional development for all staff.
- c) School-Centred Initial Teacher Training (SCITT) development.

3. Thriving Hodgson Community

- a) Reading School (Reading to Learn).
- b) House System.
- c) Improve our practices to increase the quality time available to focus on teaching and learning.

4. Exceptional Progression

- a) Effective use of data for all learners.
- b) Embedding and forward planning of a 3 year KS4 curriculum.
- c) High attainers make better than expected progression.

And these would address what we now class as the Hodgson Standards;

- 100% of lessons are good with most lessons being outstanding.
- Professional development is at the heart of everything we do.
- Student attainment and progress places the school in the top five percent of schools nationally.
- All groups of Learners make exceptional progress.
- Every student has access to a relevant, engaging and personalised curriculum which enhances their knowledge and understanding.
- Every student benefits from the Hodgson experience and embraces the Academy's ethos and culture.
- The Teaching School is a centre of excellence which contributes to the further improvement of Hodgson.
- Hodgson maintains and enhances its outstanding status.
- Hodgson ensures a full and inclusive intake.
- Hodgson grows new outstanding leaders to ensure sustainability and capacity.
- Excellent Governance continues to have a significant impact.
- Hodgson continues to be financially sustainable.

We believe that we have made excellent progress with regards to our Development Plan objectives during the course of 2014/15.

Moving forward our Development plan objectives for 2015/16 are as follows:

| | |
|--|--|
| 1.Establishing Exemplary Behaviour (Behaviour and Safety) | Ensure consistency in the application and understanding of core values of consideration and respect for everyone. |
| | Revisit and drive our code of conduct and punctuality, attendance, uniform, safe and sensible behaviour and effort/exam results (PAUSE) by all stakeholders. |
| | Enhance the House system. |
| 2.Ensuring Exceptional progress (Attainment) | Deliver Hodgson Academy targets. |
| | Deliver Pupil Premium and catch up targets. |
| | Deliver EBacc basket subject targets. |

Trustees' Report (continued)

| | |
|---|---|
| 3.Enriching an impactful curriculum (Teaching and Learning) | Ensure high quality Schemes of Work (SOW) are in place and followed to support new curriculum at KS4. |
| | To ensure rapid progress at KS3. |
| | To produce, in collaboration with primary colleagues, a curriculum, which through application, deepens understanding. |
| | Fit for purpose life without levels assessment system. |
| | Proactive safeguarding. |
| 4.Continuous development of rigorous Teaching & Learning (Teaching and Learning) | Every teacher is a teacher of Special Educational Needs and Disability (SEND) and works effectively with Teaching Assistants (TA's) through quality first teaching. |
| | To ensure appraisal process is used to meet Continuing Professional Development (CPD) needs of individual staff to support them in achieving whole school objectives. |
| | Accessing the teaching school resources to better improve our own practice. |
| | Additional provision of learning spaces. |
| | Reading school. |
| 5. Sustaining agile and cohesive leadership (Leadership and Management) | Embedding the new leadership structure. |
| | Support new staff to the school and roles through coaching, mentoring and a buddy system. |
| | Revisit and drive a sense of shared vision and values. |
| | Spotting, nurturing and developing talent. |

2.3 Public Benefit:

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Hodgson Academy is the maintenance and development of the high quality education provided by the Academy to the young people of Poulton le Fylde and the surrounding locality.

In doing this Hodgson Academy not only offers a broad-based academic education but aims to educate the whole child. The Academy is proud of the personalisation that takes place with its curriculum so that all students regardless of academic ability have the opportunity to succeed. Individual curriculum pathways are constructed that incorporate academic and appropriate vocational education that ensures the engagement of our pupils and provides the platform for their entry into further education and employment.

A very wide-range of extra-curricular activities and educational visits both locally, nationally and internationally are offered and undertaken which form part of the overall Hodgson Experience.

Trustees' Report (continued)

3. Strategic report

3.1 Achievements and Performance:

Hodgson Academy establishes challenging targets and monitors the progress of all pupils throughout their education. We ensure that intervention programmes are quickly established when there are signs that expected levels of progress are not being achieved and indeed when greater than expected levels of progress are not being achieved.

Analysis of GCSE results for the academic years 2013/14 and 2014/15 (prior to formal validation in the DfE Performance Tables)

| | 2013/14 | | 2014/15 | |
|------------------------------------|---------|----------|---------|----------|
| | School | National | School | National |
| 5 A* - C including English & Maths | 76%* | 55% | 70%* | 56% |
| Expected Progress English | 78%* | 70% | 79%* | 69% |
| Expected Progress Mathematics | 74%* | 65% | 77%* | 66% |
| English Baccalaureate | 27% | 24% | 32% | 24% |
| Average Point Score | 430.3* | 361.9 | 404.6* | 366.6 |
| Capped Point Score | 338.8* | 306.9 | 334.6* | 308.6 |
| Value Added | 998.7 | 1000.0 | 1012.3* | 1000.0 |

*This result is significantly positive in comparison to the national picture (source RAISE online un-validated report November 2015).

70% of our students achieved the 'headline' 5A*/ C (including English and Maths) grade and this was the highest figure achieved in state funded Fylde, Wyre and Blackpool schools. Since 2008, Hodgson has held first place within the locality for 6 out of the 7 years (being 3% below St Bede's School and 2% below Baines School in 2011). Whilst this was a fall from the previous year's figure this was expected in light of the prior attainment at Key Stage 2 of the class of 2015.

Initial indications are that the attainment and progress of these students taking into their prior attainment at Key Stage 2 are improved upon the results of 2014.

Expected Progress of students in English and Mathematics comfortably exceeded both Local Authority and National performance and similarly the percentage of students achieving the English Baccalaureate measure has exceeded Local Authority and National results.

Full details of all of our examination results for the Class of 2015 can be found on the Academy website www.hodgson.lancs.sch.uk.

Achievement of identified groups

The Academy measures all performances in identified groups amongst our cohort of students. These groups are defined by amongst others, Sex, Race, Special Educational Need, Prior Attainment at Key Stage 2, Free School Meal (Pupil Premium) and Looked after Children.

We are committed to 'narrowing the gap' between all groups of students so that all students achieve as well as their peers and that they make outstanding progress relative to their starting points at the academy.

Pupil Premium students achieved 37% in the 'headline' 5 A*- C measure (including English and Mathematics) against a national figure of 36%. This did not narrow the gap that exists between their peers at Hodgson and even greater focus will be placed on rectifying this in 2015/16.

The school publishes a full report on the performance of its Pupil Premium students with reference to their performance against non-Pupil Premium students both at the school and nationally. This report is published on the school website www.hodgson.lancs.sch.uk.

Hodgson Academy

Trustees' Report (continued)

Other Achievements

Teaching School

Hodgson Academy, in partnership with Blackpool Sixth Form College, is a designated National Teaching School. This prestigious designation was awarded in the first instance to only 100 schools / partnerships in the initial wave of designations.

The partnership continues to take a national and regional lead in both shaping and delivering the training and professional development of current and future generations of teachers. Hodgson Academy has a long tradition of supporting and mentoring other schools to raise their attainment, but our Teaching School status is enabling us to extend this work even further.

The Teaching School's Vision

Our moral imperative is to ensure outstanding learning opportunities for all students on the Fylde Coast, in order to enhance life chances. The alliance will narrow the gap in achievement ensuring continuous improvement in standards of attainment.

The Fylde Coast Teaching School Alliance is committed to facilitating the highest standards of teaching, learning and assessment in each phase of learning. The Alliance will ensure excellent professional development both for current practitioners and leaders and for future recruits to the profession and aspiring leaders.

Through dynamic partnerships, the Alliance will make a significant contribution to raising standards in all associated schools. We embrace change and will seek to challenge complacency, re-vitalising learning and ensuring success for all; those learning, teaching and leading. At all times we recognise and embrace a learning culture, constantly seeking to improve practice and outcomes in home organisations and across our community.

Aims

- To generate and maintain momentum in educational innovation to secure outstanding practice in all phases of learning.
- To develop professional relationships based on Trust, Transparency and High Aspirations.
- To ensure a sustainable educational model by developing teachers and leaders of the future.

The Teaching School has formed the Fylde Coast Academy Trust (FCAT) which is now the sponsor of Unity Academy in Blackpool. On 1st September 2014 FCAT became the sponsor of the newly established Aspire Academy in Blackpool. On 1st October 2014 sponsorship commenced of Montgomery School, again in Blackpool.

It should be noted that the financial arrangements for the Teaching School Alliance and Fylde Coast Academy Trust are entirely separate from Hodgson Academy. The Teaching School is established as a Trust in its own right as is the Fylde Coast Academy Trust and Academy funds will not be utilised to support these Trusts in any capacity. Hodgson Academy will be reimbursed by the Trusts for the support that it provides in ensuring that the Trusts' objectives can be achieved.

3.2 Key Performance Indicators:

The Academy has focused on, in 2014/15:

- Continuation of a Capital expenditure programme to enhance the facilities and environment of the school and to make best use of reserves that had built up above expected levels. The Academy continues to be pleased with the results of this on-going programme details of which are contained later within this report.
- Financial sustainability - Ensuring that effective budget planning over a three year period is taking into account increasing staff costs (National Insurance and pension costs), new staffing structures and new curriculum structures as well as the capital investment planned for improvements to our school site and buildings. Budgets are in place for 2016/17 and 2017/18.

Trustees' Report (continued)

- Examination performance particularly ensuring that student progression improved upon 2013/14 results. The Academy, overall, is pleased with the outcomes for 2014/15. There were some disappointing results with pupil premium students which will continue to be a major focus for the New Year.
- Sustaining student numbers at optimum levels. It is pleasing to report that student numbers have stabilised and subsequently increased since the low point in 2012. We are confident that the current picture is a healthy one.
- Embedding new leadership structures to ensure the capacity is available within Hodgson to also support Teaching School activities. We are confident that further new structures allied to changes in roles and responsibilities are continuing to provide the quality and capacity of leadership that is expected of an outstanding school.
- Governor training - A full programme of training has been completed with the Board of Trustees to continue to enhance their skills and knowledge, so that they can continue to provide the necessary level of challenge and strategic overview to our school leaders. Changes to the membership of the Governing Body during 2014/15 have further strengthened the Governing Body.
- Academy Planning - As our planning processes continue to develop trustees continue to be challenged to take responsibilities for sections of our Development Plans so that they can report back to all Trustees on progress being made and understand more deeply the impact that is being achieved in each area of the Plan. Each section of the Plan is monitored half termly by the relevant sub-committee of the Trustees and this process continues to generate much more opportunity for Trustees to challenge the school leaders.

3.3 Going Concern:

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that Hodgson Academy 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 (note 1).

4. Financial Review

4.1 Operating and Financial Review for the year:

The Academy remains in a strong financial position.

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

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

Our Year 7 intake in September 2012 was well below the norm and has been running at approximately 40 students below the admission number. This position required us to significantly re-evaluate our financial circumstances as the possibility of much lower income streams for a number of years was a clear threat. Cost controls were further tightened and staffing structures evaluated to ensure that in the first instance that the Academy was making no longer term unsustainable commitments. The Academy worked hard to maximise its 2013 intake and into the future. Our September 2013 intake was a little under number but at a more than acceptable level given the circumstances. Our September 2014 and 2015 intakes have been excellent and student numbers appear stable.

Trustees' Report (continued)

We have been able to move forward in instigating new building and capital projects throughout the year. Progress on these projects has been excellent and the school is benefiting from enhanced facilities.

Our field drainage project is nearing completion and very soon our PE staff and students will be able to enjoy using a well-drained sports field opposite the main school buildings.

Three more of our Science Labs have had their bench tops replaced. These labs have also been re-painted and had new flooring put down. In essence we have the feel of three new labs and indeed all of our labs are now fitted with the same benching and look modern and welcoming.

Our Food Technology room has had a complete make-over with the room being re-painted, new flooring, new fronts to the cupboard and drawer units, new suspended ceiling and new windows. Similar to the Science labs this room now has the feel of a brand new facility.

A new Intervention room has been created out of old office space within the English Department. Equipped with 10 PC's this is a valuable addition to our learning spaces.

I Block has been completely re-carpeted as well as Classroom M2 (Maths). Our Textiles room has had new flooring installed and the stairs and upstairs corridors in T Block have also benefited from new vinyl flooring.

Windows have been replaced in the Hot Pot Diner as well as along the corridors either side of the Assembly Hall. The Hot Pot Diner has also benefited from the introduction of sound insulation panels in an effort to reduce noise levels and make for a calmer environment.

We have created a new office / reception area out of what was the old cleaners store and we will be bringing this into use shortly. This area will become the first port of call for students rather than the main reception. We have also created a new meeting room area in what was a PE store. This will benefit the Heads of House and Pastoral Staff.

We have created a new room to house our ICT servers in a more secure and controlled environment along with providing an external access to our ICT Support area which will alleviate the need for ICT Classrooms I1 and I2 to be disturbed by passers through.

As is the norm a significant amount of painting and decorating has occurred, particularly in corridors and stairwells throughout school. Additionally, a significant number of display boards, white boards and poster frames have been installed on the English corridors to further enhance these areas.

Outside, the car parking area adjacent to I Block has been completely re-surfaced and re-lined. Additionally some fence railing has been installed adjacent to the Bus Bays and when fully completed this will enable us to prevent access to the area at times when the Bays are not in use.

Our Canopies are due to be installed in September 2015 and these will provide external areas of school that can be used all year round, particularly for our new year 7's.

The replacement of the boundary fencing between ourselves and Fylde Cricket Club will also be completed in September 2015.

In addition to all of the above there has been much work behind the scenes in respect of our ICT infrastructures. New Servers have been installed and new switches that connect our network together have been installed throughout the school. Work has commenced in ensuring wireless connectivity is available throughout the whole school site. These works will be finished in the near future.

4.2 Reserves Policy:

Under its Funding Agreement with the Secretary of State for Education Hodgson Academy is allowed to hold reserves at the year end of 2% of its General Annual Grant (GAG) for expenditure of a recurrent nature and a further 10% for expenditure of a capital nature, including maintenance and refurbishment of the academy's buildings and facilities.

The Academies Financial Handbook has clarified that these limits have been removed in certain circumstances but if there is a substantial surplus in evidence there must be a clear plan for how it will be used to benefit all pupils.

Trustees' Report (continued)

The Trustees have reviewed these reserve levels and believes that they comfortably 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 5% and 10% of GAG as an appropriate cushion.

The Academy has previously exercised a considerable degree of caution due to concerns over a possible reduction in student numbers due to historical falling birth rates. The Academy did not wish to commit to expenditure that would impact on reserve levels moving forward until we were satisfied that student numbers were sustainable and indeed improving. This has resulted in higher GAG balances / reserves being held for a period of time pending the go ahead to embark on a capital investment programme for our school site / buildings.

It is pleasing to report that the surplus has been reduced and that the GAG balance is now within the the Funding Agreement (FA) limit. Our capital expenditure plans will see our overall reserves reduced still further. Our plans are summarised later in this report in the section 'Plans for Future Periods'.

4.3 Investment Policy:

Apart from the cash held for the operation of the Academy, Hodgson Academy has no realisable investments. With respect to its cash holdings the Board of Trustees has adopted a low risk strategy. In addition to the main current account the School maintains 'notice' money market accounts to generate additional interest.

4.4 Principal Risks and Uncertainties:

Hodgson Academy has, since incorporation, been undertaking a comprehensive assessment of possible risks to the future of the academy (Risk Register).

The chief risks currently identified are as follows:

1. The retention and recruitment of quality staff.
2. The impact of higher levels of staff turnover and greater than average levels of new staff, particularly Non-Qualified Teachers (NQT's).
3. The capacity of leadership throughout the Academy, reflecting the needs of new leaders and the necessary support to the Teaching School and Fylde Coast Academy Trust.
4. Leadership of SEN following the retirement of the existing SENCO on 31st August 2015.
5. Ensuring necessary succession planning is in place.
6. Ensuring staff well-being.
7. Performance Management and Pay Policies remaining rigorous, but fair, and reflecting the need to deliver the standards required of the academy as well as rewarding staff appropriately.
8. Examination results – the reputational risks if results are seen to be falling.
9. Examination results – the performance of separate cohorts and ensuring that gaps are narrowed on a year by year basis.
10. Ofsted – the reputational risks if standards are seen to be falling as well as the impact on the Teaching School.
11. Safeguarding Practices – the reputational risks if safeguarding standards fall or are perceived to be falling.
12. The Teaching School – the reputational risks if the academy's name is called into question by the appropriateness and success of our alliances.
13. Student Numbers – the risks of falling rolls as a result of a fall in our own standards / reputation or the increasing standards / reputation of competitor organisations.
14. The expertise / skill set of the Governing Body in overseeing the strategic direction of the Academy, holding the Academy to account and ensuring financial stability.

This risk assessment is a dynamic, ongoing assessment and is a standing item for the Audit and Risk Management Committee as well as other Trustee committees. Systems and procedures continue to be developed to manage and mitigate these risks.

No specific financial risks are identified other than concerns over future funding levels due to economic circumstances and the risk of a reduction of grant income should student numbers fall.

Trustees' Report (continued)

5. Plans for Future Periods

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

The Trustees recognise that through good financial management they have been able to invest in and improve significantly the quality of the built environment of the academy in recent years.

Since 2010 and prior to this year the Sports Hall has been fully redeveloped, four Science Laboratories have been refurbished, new Bus Bays have been built, a new Dance / Drama studio has been built, a new Training Centre (the Learning Pod) has been developed and a new All Weather pitch has been laid. Significant roofing works have taken place further improving the structure of our school buildings. A new ICT suite has been developed and significant investment continues to be made in upgrading our ICT infrastructure.

Section 4.1 contains details of expenditure in buildings and ICT for this financial year.

Plans are drawn up to completely redevelop our Changing Room facilities and at the same time provide additional classroom space to support our Pastoral, Learning Support and Intervention teams. Planning permission has been obtained and this project is contracted to commence in October 2015 and will cost a little over £400,000.

Plans are drawn up to extend our Dining Room facilities to give additional space for our students to utilise at unstructured times. Planning permission has been obtained and this project is contracted to commence in November 2015 and will cost a little over £155,000.

A redevelopment of our main Learning Centre is in the planning phase to further enhance the learning experience of our students and to support our aims of being a Reading School. It is anticipated that this project will cost in the region of £200,000-250,000 and a target date for commencement of the project is Easter 2016.

These projects will utilise a significant percentage of our reserves and maximise the use of these funds to ensure that all of our stakeholders and particularly our student's benefit from enhanced facilities befitting an outstanding school.

Careful financial management has placed the Academy in a strong position to meet the challenges that lie ahead in respect of possible reduced income streams from government. Full and detailed reviews of all expenditure will always remain necessary on an ongoing basis to ensure that our financial position remains sustainable and efficient over time and that the Academy can continue to invest and deliver an outstanding education to all of its students over the years to come.

Identification of additional funding streams through for example donations, successful funding bids and fundraising activities will further help to boost the Academy's financial resources.

6. Funds held as Custodian Trustee on behalf of others

During the year ending the 31st August 2015 Hodgson Academy did not hold any funds as a Custodian Trustee on behalf of any other charitable organisation.

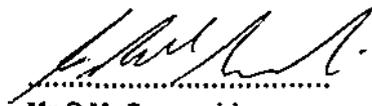
Trustees' Report (continued)

7. Auditor

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on the 14th December 2015 and signed on the board's behalf by:



Mr C McConnachie
Chair of Trustees

Hodgson Academy

Governance Statement

1. Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Hodgson 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 Executive Principal, as Accounting Officer, and the Principal 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 Hodgson 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.

2. Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statements of Trustees' Responsibilities.

Full Board of Trustees

The Board of Trustees has met formally three times during the period ended the 31st August 2015. Attendance at meetings of the Full Board of Trustees in the period was as follows: (33 out of 41 possible attendances – 80.5%).

| TRUSTEE | MEETINGS ATTENDED | OUT OF POSSIBLE |
|--|-------------------|-----------------|
| Mr C McConnachie | 3 | 3 |
| Mrs S Molloy | 2 | 3 |
| Mrs K Harvey | 1 | 3 |
| Mr A Walker | 3 | 3 |
| Mr C Jackson (appointed 7 th October 2014) | 2 | 3 |
| Mrs A Wright (resigned 7 th October 2014) | 0 | 0 |
| Mrs S Benson (appointed 10 th March 2015) | 1 | 2 |
| Mr D Cross (resigned 10 th October 2015) | 1 | 3 |
| Mrs N Galloway | 3 | 3 |
| Mrs J Villa (appointed 10 th March 2015) | 2 | 2 |
| Mrs L Brunskill | 3 | 3 |
| Mrs S Khan | 2 | 3 |
| Mrs S Fox | 3 | 3 |
| Mr A Nicholson (appointed 17 th March 2015) | 1 | 1 |
| Mrs T Roethling | 3 | 3 |
| Mrs K Simms (resigned 5 th January 2015) | 1 | 1 |
| Mrs A Preston (appointed 10 th February 2015) | 2 | 2 |
| Mr R Pendlebury-Jones (appointed 6 th October 2015) | 0 | 0 |

Hodgson Academy

Governance Statement (Continued)

Business and Resources Committee

To assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibilities for:

- sound management of the Academy's finances and resources, including proper planning, monitoring and probity.
- all aspects of staffing and human resources and ensuring that the staff complement at the Academy meets the needs of the establishment.
- maintenance, upgrading and development of the Academy land and buildings to meet current and future needs.
- ensuring that health and safety legislation is complied with and the academy is a safe and healthy workplace.
- ensuring that all necessary physical safeguarding procedures are in place.

Attendance at meetings of the Business and Resources Committee in the period was as follows: (35 out of 58 possible attendances – 60.3%).

| TRUSTEE | MEETINGS ATTENDED | OUT OF POSSIBLE |
|------------------|-------------------|-----------------|
| Mr C McConnachie | 5 | 6 |
| Mrs S Molloy | 5 | 6 |
| Mrs K Harvey | 3 | 6 |
| Mr A Walker | 0 | 2 |
| Mr C Jackson | 5 | 5 |
| Mr D Cross | 1 | 6 |
| Mrs N Galloway | 3 | 6 |
| Mrs J Villa | 1 | 3 |
| Mrs L Brunskill | 5 | 6 |
| Mr A Nicholson | 0 | 1 |
| Mrs T Roethling | 4 | 6 |
| Mrs K Simms | 1 | 2 |
| Mrs A Preston | 2 | 3 |

Standards and Effectiveness Committee

To assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibilities for monitoring the academy's standards and effectiveness with particular reference to:

- the academic achievement of all students both in relation to actual attainment and levels of progress made.
- ensuring that the Academy curriculum meets all relevant statutory requirements and provides the most appropriate pathways for all students to progress to the best of their abilities.
- ensuring that procedures for students with special educational needs meet all statutory requirements.
- ensuring inclusion and access for all students irrespective of race, gender, sexual orientation, disability, age, ability and background.
- the monitoring of all aspects of attendance, child protection, safeguarding and other pastoral matters.
- the transition of students from Key Stage to Key Stage and ensuring it meets the needs of the student.
- the perception of the academy within the community.

Attendance at meetings of the Standards and Effectiveness Committee in the period was as follows: (49 out of 67 possible attendances – 73.1%).

Governance Statement (Continued)

| TRUSTEE | MEETINGS ATTENDED | OUT OF POSSIBLE |
|------------------|-------------------|-----------------|
| Mr C McConnachie | 6 | 6 |
| Mrs S Molloy | 6 | 6 |
| Mrs K Harvey | 1 | 6 |
| Mr A Walker | 6 | 6 |
| Mr C Jackson | 4 | 5 |
| Mrs A Wright | 0 | 1 |
| Mrs S Benson | 3 | 3 |
| Mrs N Galloway | 4 | 6 |
| Mrs J Villa | 1 | 3 |
| Mrs S Khan | 5 | 6 |
| Mrs S Fox | 5 | 6 |
| Mr A Nicholson | 0 | 2 |
| Mrs T Roethling | 5 | 6 |
| Mrs K Simms | 1 | 2 |
| Mrs A Preston | 2 | 3 |

Audit and Risk Management Committee

To assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibilities for:

- conducting the procedure for the appointment of external auditors and making due recommendations.
- reviewing the Academy's internal and external financial statements/reports to ensure that they reflect best practice.
- considering all relevant reports by the appointed external auditor, including reports on the academy's accounts, achievement of value for money and the response to any management letters.
- reviewing the effectiveness of the Academy's internal control systems to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner.
- ensuring that the Academy's internal audit service meets, or exceeds, the standards expected by the Department for Education and advise the Board of Trustees on the annual and long-term audit programme. Considering internal audit reports, including value-for-money reports and the arrangements for their implementation.
- maintaining and overseeing the Academy's risk register.

Attendance at meetings of the Audit and Risk Management Committee in the period was as follows: (11 out of 17 possible attendances – 64.7%).

| TRUSTEE | MEETINGS ATTENDED | OUT OF POSSIBLE |
|----------------|-------------------|-----------------|
| Mrs S Molloy | 0 | 3 |
| Mrs K Harvey | 0 | 3 |
| Mr C Jackson | 3 | 3 |
| Mrs N Galloway | 3 | 3 |
| Mrs J Villa | 1 | 1 |
| Mr D Cross | 3 | 3 |
| Mrs A Preston | 1 | 1 |

Governance Statement (Continued)

3. Review of Value for Money

As Accounting Officer, the Executive Principal, 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:

- Staff at Hodgson are fully accountable for student progress and achievement as well as delivering our Academy Plan. Rigorous performance management is the key driver. Investment in effective professional development and effective collaboration with others drives forward a culture of continuous improvement. As a Teaching School we strive, in conjunction with our strategic partners to provide quality Continuous Professional Development (CPD) and Joint Practice Development (JPD).
- Distributed leadership is a feature of our organisational structures. Hodgson is a designated Teaching School in partnership with Blackpool Sixth Form College. Leadership capacity has been restructured at Hodgson to meet the demands placed upon us and remains under constant review to ensure that we have the necessary capacity in place.
- Our curriculum is monitored and reviewed annually to ensure that it provides the necessary pathways for all of our student population. The school has moved to a three year Key Stage 4 in September 2015 to reflect student and curriculum needs. Our staffing profile is structured to ensure that it meets the curriculum demand and maximises efficiency and structures will adapt accordingly to meet future needs. Investment in staffing has taken place in key subject areas such as mathematics and English, supported by the Pupil Premium, to enhance provision and further improve the student's opportunities to succeed. Further investment is being targeted at Science.
- In School, variation across subject areas is identified annually and acted upon with increased support put in place as necessary.
- Support staffing structures have been reviewed to ensure that they reflect the needs of the Academy.
- Substantial resources are allocated to improving and maintaining our ICT infrastructure to support the demands of the curriculum and the tracking and monitoring of student progress. The availability of appropriately specified PC's, Laptops, Notebooks and I Pad's has been crucial to supporting students as well as the necessary back office infrastructure. Further significant investment went into upgrading such equipment during 2015 following the necessary tender processes.
- The Academy has a Lead Teacher of Cohorts (Pupil Premium, Gifted & Talented and Key Stage 3 Catch Up) to co-ordinate and drive forward the necessary interventions to ensure these students achieve all that can be expected from them. Further restructuring of the senior leadership team has also allowed for one member to focus their energies on these crucial cohorts.
- The vast majority of students are targeted to make better than expected progress. Strong & effective intervention programmes and extensive revision and additional support programmes are budgeted for, and provided to meet the demands of identified students and student groups.
- The Academy Plan identifies, where necessary, those specific cohorts that are identified as needing additional focus.
- All Cohorts are rigorously tracked. Line Management meetings throughout the organisation are focused on student progress.
- Hodgson is a designated Teaching School in partnership with Blackpool Sixth Form College. The Teaching School, in collaboration with the Sixth Form and in conjunction with its strategic partners is at the forefront of CPD / JPD provision and the sharing of best practice for both ourselves and other schools.

Governance Statement (Continued)

- Training is delivered across the Teaching School with its partners utilising the skills of staff from across all of the establishments.
- The Executive Principal is a National Leader of Education (NLE) and the Academy has six Specialist Leaders of Education (SLE's).
- The Teaching School has formed Fylde Coast Academy Trust which now sponsors three schools in Blackpool, Unity Academy, Aspire Academy and Montgomery School.
- The Academy has continued to allocate resources to continue its work with feeder primary schools. Facing significant falling rolls within the locality the importance of recruiting new students every year is of course crucial to maintaining our income at the levels we expect. Although income was a crucial factor in this decision the increased activities have further enhanced our knowledge of students coming to Hodgson and improved their transition to us thus helping to get them off to a 'flying start'. Additional outlay within such transition work will pay for itself if student numbers are secured.

The Trust has been undergoing a significant period of refurbishment / redevelopment detailed elsewhere in this report. Tendering processes are utilised to ensure Value for Money.

Examination results for the academic year 2014/15 confirm that the Academy has achieved some excellent outcomes.

- 71% of our students gained 5 A*-C including English and Maths – the highest results of all state maintained schools on the Fylde Coast.
- Attendance rates at 95.5% are excellent (national rate is 94.8%).
- At the time of writing this report all of our 2015 leavers have, to the best of the information available to us, gone onto further education or employment.
- The Academy's financial performance during this period has been strong with controlled day to day expenditure augmented by a programme of buildings refurbishment and redevelopment.
- The full Governing Body is supported by the Business and Resources Committee (and as appropriate by the Standards and Effectiveness Committee and Audit and Risk Management Committee) in holding the school to account. Regular monitoring of the Academy's financial performance takes place and governors take a full interest in the Academy's expenditure plans.
- The Academy Plan drives forward the key priorities for the academic year and Governors committees take responsibility for the monitoring of our progress towards achieving the relevant objectives.
- Our financial outcomes have been met in that the academy remains in a healthy financial position, with funding available to support capital reinvestment in the school as well as provide further support and intervention to those cohorts of students that need it.
- Since conversion to Academy status the school continues a regular program of review of all Service Level Agreements / Contracts to achieve best value. HR Support, Payroll Support, ICT Support, Insurance and Grounds are examples of areas in which the Academy has left the support of the Local Authority to positive effect. Most recently Legal Services and Broadband Connectivity have been transferred to a private provider from the Local Authority arrangements following the expiry of contract arrangements.
- The Academy has accessed the academies financial benchmarking site. The financial benchmarking site utilised by the majority of secondary schools (not academies) has also been utilised.
- Our major focus has been ensuring that our total staffing costs measure favourably against similar organisations and that all staffing decisions taken have reflected thoroughly on both the short term and the long term implications of any such appointments. Additional staffing has been brought in to further strengthen the key areas of English, mathematics and science to build on their existing strengths and support their crucial work with those students not making as much progress as would be preferred. As such careful monitoring of such expenditure is needed to ensure that our staffing cost ratios do not begin to rise and remain under control.

Governance Statement (Continued)

- Internal Financial Regulations are in place to ensure that tendering is undertaken where it is necessary to do so. The academy will not choose the cheapest option if it is not appropriate to do so, but if it is to choose a more expensive route then such decisions will be appropriately recorded and explained. Cheapest is not always best and other factors such as quality of service provision play an important role in decision making.
- All significant spending decisions (including those relating to staffing) are channelled through Governors to discuss and debate the most appropriate way forward considering all the options available to us.
- The Academy has continued to utilise Local Authority support functions where 'economies of scale' determine that we can receive a better price. We continue to use the Government Procurement Service (now Crown Commercial Service) for energy contracts.
- We are registered with a number of consortiums e.g. Crescent Purchasing, Yorkshire Purchasing to take advantage where appropriate of purchasing frameworks.
- Lancashire Academies have created a Finance Directors Forum which has started to look at how we can work together to generate the best deals for us all as a group. The Academy is a member of the Lancashire Association of School Business Managers which similarly looks at 'group' purchasing options.
- The Academy has a formal 'lettings' programme which generates a steady income through the hire of the academy premises for sport, music, drama and adult education.
- Funding bids are investigated and submitted where there is a reasonable anticipation of success.
- The Governors Business and Resources Committee monitors the Academy's financial performance. Internal Financial Regulations are in place and expenditure above agreed limits has to be ratified by Governors.
- The Governors Audit & Risk Management Committee (whilst in its relative infancy) monitors the Academy Risk Register and identifies the most serious risks to the academy. Each governors committee assesses its own most important risks on a meeting by meeting basis.
- An investment policy is in place and the Academy accesses fixed interest money market accounts through its bankers to increase investment income. No share based investments are held.
- Whilst the Academy has had healthy balances we have been concerned with regards to falling rolls. Numbers of young people in the area have been lower so caution has been the watchword whilst every effort has been expended to maximise our chances of securing a full intake year on year. Naturally, exam results play an important part in helping to ensure this. To date our efforts in securing a full intake have proved effective following a disappointing 2012 intake.
- Insurance is in place to meet all Department for Education (Dfe) requirements.
- The Academy continues to reflect on all decisions made in light of the outcomes that it can measure. We exercised a measure of caution after a disappointing intake in 2012 due to the prospect of further falling rolls. Successes in maintaining our intake in subsequent years have ensured our good financial health and allowed for us to plough ahead with increased investment into the academy site and buildings and as necessary provide as much curriculum and student support as is deemed practical.

Governance Statement (Continued)

4. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy's 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 Hodgson Academy for the period from the 1st September 2014 to the 31st August 2015 and up to the date of approval of the annual report and financial statements.

5. Capacity to Handle Risk

The Board of Trustees have 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 period ending the 31st 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.

6. 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 Business and Resources Committee of reports which indicate as appropriate 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 Trustees have appointed a Responsible Officer (RO) through the Local Authority Internal Audit function. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the Audit & Risk Management Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The RO function has been fully delivered in line with the EFA's requirements and no material control issues arose as a result of the RO's work.

Governance Statement (Continued)

7. Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the 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 Business & Resources 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 the 14th December 2015 and signed on its behalf by:



.....
Mr C McConnachie
Chair of Trustees



.....
Mr A Nicholson
Accounting Officer

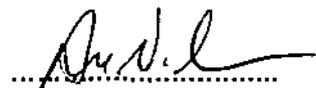
Hodgson Academy

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Hodgson Academy I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



.....
Mr A Nicholson
Accounting Officer

Date: 14th December 2015

Statement of Trustees' Responsibilities

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

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

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

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

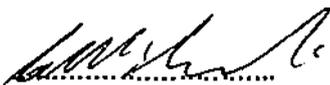
The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding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

In so far as the Trustees are aware:

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

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

Approved by order of the Board of Trustees on the 14th December 2015 and signed on its behalf by:



Mr C McConnachie
Chair of Trustees

Independent Auditor's Report to the Members of Hodgson Academy

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

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 26, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

(Continued)

Independent Auditor's Report to the Members of Hodgson Academy (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



.....
Mr Jeffrey Bellamy FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 15th December 2015

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

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

Respective responsibilities of Hodgson Academy's Accounting Officer and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

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

(continued)

Independent Reporting Accountant's Assurance Report on Regularity to Hodgson Academy and the Education Funding Agency (continued)

Conclusion

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



.....
Mr Jeffrey Bellamy FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 15th December 2015

Hodgson Academy

Statement of Financial Activities for the year ended 31st August 2015 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

| | Note | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total 2015 £000 | Total 2014 £000 |
|---|--------|-------------------------------|--|---|--------------------------------|--------------------------------|
| Incoming resources | | | | | | |
| <i>Incoming resources from generated funds:</i> | | | | | | |
| Voluntary income | 3 | - | 176 | - | 176 | 160 |
| Activities for generating funds | 4 | 347 | 42 | - | 389 | 367 |
| Investment income | 5 | 11 | - | - | 11 | 10 |
| <i>Incoming resources from charitable activities:</i> | | | | | | |
| Funding for the Academy's educational operations | 6 | 16 | 5,156 | 235 | 5,407 | 5,235 |
| Total incoming resources | | 374 | 5,374 | 235 | 5,983 | 5,772 |
| Resources expended | | | | | | |
| <i>Cost of generating funds:</i> | | | | | | |
| Costs of generating voluntary income | 7 | - | 177 | - | 177 | 158 |
| Costs of activities for generating funds | 7 | 304 | 42 | - | 346 | 338 |
| <i>Charitable activities:</i> | | | | | | |
| Academy's educational operations | 8 | 1 | 5,307 | 273 | 5,581 | 5,108 |
| Governance costs | 9 | - | 20 | - | 20 | 19 |
| Total resources expended | 7 | 305 | 5,546 | 273 | 6,124 | 5,623 |
| Net incoming/(outgoing) resources before transfers | | 69 | (172) | (38) | (141) | 149 |
| Gross transfers between funds | 16 | (4) | (18) | 22 | - | - |
| Net income/(expenditure) for the year | | 65 | (190) | (16) | (141) | 149 |
| Other recognised gains and losses | | | | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | 16, 26 | - | (75) | - | (75) | 179 |
| Net movement in funds | | 65 | (265) | (16) | (216) | 328 |
| Reconciliation of funds | | | | | | |
| Funds brought forward at 1 st September 2014 | 16 | 470 | (350) | 7,013 | 7,133 | 6,805 |
| Funds carried forward at 31st August 2015 | 16 | 535 | (615) | 6,997 | 6,917 | 7,133 |

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

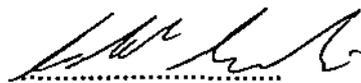
A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Hodgson Academy

Balance sheet as at 31st August 2015

| | Notes | 2015 £000 | 2015 £000 | 2014 £000 | 2014 £000 |
|--|-------|----------------|--------------|----------------|--------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 6,720 | | 6,758 |
| Current assets | | | | | |
| Debtors | 14 | 201 | | 277 | |
| Cash at bank and in hand | | 1,568 | | 1,901 | |
| | | <u>1,769</u> | | <u>2,178</u> | |
| Liabilities | | | | | |
| Creditors: Amounts falling due within one year | 15 | <u>(433)</u> | | <u>(768)</u> | |
| Net current assets | | | <u>1,336</u> | | <u>1,410</u> |
| Total assets less current liabilities | | | 8,056 | | 8,168 |
| Pension scheme liability | 26 | | (1,139) | | (1,035) |
| Net assets including pension liability | | | <u>6,917</u> | | <u>7,133</u> |
| Funds of the academy: | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund(s) | 16 | 6,997 | | 7,013 | |
| General fund(s) | 16 | 524 | | 685 | |
| Pension reserve | 16 | <u>(1,139)</u> | | <u>(1,035)</u> | |
| Total restricted funds | | | 6,382 | | 6,663 |
| Unrestricted income funds | | | | | |
| General fund(s) | 16 | <u>535</u> | | <u>470</u> | |
| Total unrestricted funds | | | 535 | | 470 |
| Total funds | | | <u>6,917</u> | | <u>7,133</u> |

The financial statements on pages 31 to 52 were approved by the Trustees, and authorised for issue on the 14th December 2015 and are signed on their behalf by:



Mr C McConnachie
Chair of Trustees

Company Limited by Guarantee
Registration Number 07604183

Hodgson Academy

Cash Flow Statement for the year ended 31st August 2015

| | Notes | 2015 £000 | 2014 £000 |
|---|-------|----------------------------|----------------------------|
| Net cash (outflow)/inflow from operating activities | 20 | (344) | 534 |
| Returns on investments and servicing of finance | 21 | 11 | 10 |
| Capital expenditure | 22 | - | (553) |
| (Decrease) in cash in the year | 23 | <u>(333)</u> | <u>(9)</u> |
| Reconciliation of net cash flow to movement in net funds | | | |
| Net funds at 1 st September 2014 | | 1,901 | 1,910 |
| Net funds at 31st August 2015 | | <u>1,568</u> | <u>1,901</u> |

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

1 Accounting Policies

Basis of Preparation

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

Going Concern

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

- **Grants receivable**

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

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

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Donations**

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

- **Other income**

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

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

1 Accounting Policies (continued)

- **Donated goods, facilities and services**

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

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

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

1 Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £1000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. As an exception to this the Trustees have agreed to capitalise ICT equipment costing in excess of £200.

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

Depreciation is provided on all tangible fixed assets 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:

| | |
|----------------------------------|-------------------------------|
| Long leasehold buildings | Over 125 years' straight line |
| Building refurbishments | Over 10 years' straight line |
| Fixtures, fittings and equipment | Over 8 years' straight line |
| ICT equipment | Over 3 years' straight line |
| Motor Vehicles | Over 4 years' straight line |

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

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

Leased Assets

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

Taxation

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

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

1 Accounting Policies (continued)

Pensions Benefits

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

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

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

Fund Accounting

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

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

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

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

2 General Annual Grant (GAG)

Under the Funding Agreement with the Secretary of State the Academy was subject to limits at 31st August 2015 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31st August 2015.

3 Voluntary Income

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2015 £000 | Total 2014 £000 |
|----------------------------------|--|--------------------------------------|--------------------------------|--------------------------------|
| Trips and other non public funds | - | 176 | 176 | 157 |
| Other donations | - | - | - | 3 |
| | <u>-</u> | <u>176</u> | <u>176</u> | <u>160</u> |

4 Activities for Generating Funds

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2015 £000 | Total 2014 £000 |
|--|--|--------------------------------------|--------------------------------|--------------------------------|
| Hire of facilities | 24 | - | 24 | 26 |
| Catering income | 111 | - | 111 | 102 |
| Sale of educational goods and services | 57 | - | 57 | 24 |
| Supplies of staff | 155 | - | 155 | 183 |
| Insurance claim income | - | 42 | 42 | 32 |
| | <u>347</u> | <u>42</u> | <u>389</u> | <u>367</u> |

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

5 Investment Income

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2015 £000 | Total 2014 £000 |
|---------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Short term deposits | 11 | - | 11 | 10 |
| | <u>11</u> | <u>-</u> | <u>11</u> | <u>10</u> |

6 Funding for Academy's Educational Operations

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2015 £000 | Total 2014 £000 |
|-------------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| DfE/EFA Capital grants | | | | |
| Academy capital maintenance grants | - | 213 | 213 | 114 |
| Academy main building grants | - | 22 | 22 | 22 |
| | <u>-</u> | <u>235</u> | <u>235</u> | <u>136</u> |
| DfE/EFA revenue grants | | | | |
| General Annual Grant (GAG) (note 2) | - | 4,938 | 4,938 | 4,887 |
| Other DfE/EFA grants | 16 | 200 | 216 | 176 |
| | <u>16</u> | <u>5,138</u> | <u>5,154</u> | <u>5,063</u> |
| Other Government grants | | | | |
| Local authority grants | - | 18 | 18 | 8 |
| Other government grants (note 28) | - | - | - | 28 |
| | <u>-</u> | <u>18</u> | <u>18</u> | <u>36</u> |
| | <u>16</u> | <u>5,391</u> | <u>5,407</u> | <u>5,235</u> |

7 Resources Expended

| | Staff Costs £000 | Non Pay Expenditure | | Total 2015 £000 | Total 2014 £000 |
|--|------------------------|---------------------|------------------------|-----------------------|-----------------------|
| | | Premises £000 | Other Costs £000 | | |
| Costs of generating voluntary income | - | - | 177 | 177 | 158 |
| Costs of activities for generating funds | 209 | 2 | 135 | 346 | 338 |
| Academy's educational operations | | | | | |
| Direct costs | 3,524 | 132 | 456 | 4,112 | 3,915 |
| Allocated support costs | 557 | 626 | 286 | 1,469 | 1,193 |
| | <u>4,290</u> | <u>760</u> | <u>1,054</u> | <u>6,104</u> | <u>5,604</u> |
| Governance costs including allocated support costs | - | - | 20 | 20 | 19 |
| | <u>4,290</u> | <u>760</u> | <u>1,074</u> | <u>6,124</u> | <u>5,623</u> |

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

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

7 Resources Expended (continued)

| | 2015 £000 | 2014 £000 |
|---|--------------|--------------|
| Net expenditure for the year includes: | | |
| Operating leases | | |
| Plant and machinery | 1 | - |
| Other leases | - | - |
| Fees payable to auditor for: | | |
| Audit | 3 | 3 |
| Other services | 11 | 7 |
| | <u>15</u> | <u>10</u> |

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

8 Charitable Activities

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2015 £000 | Total 2014 £000 |
|--|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Direct costs – educational operations | | | | |
| Teaching and educational support staff costs | - | 3,524 | 3,524 | 3,328 |
| Depreciation | - | 258 | 258 | 222 |
| Educational supplies | - | 220 | 220 | 249 |
| Examination fees | - | 78 | 78 | 86 |
| Staff development | - | 32 | 32 | 30 |
| | <u>-</u> | <u>4,112</u> | <u>4,112</u> | <u>3,915</u> |
| Support costs – educational operations | | | | |
| Support staff costs | 1 | 556 | 557 | 520 |
| Depreciation | - | 15 | 15 | 13 |
| Recruitment and support | - | 10 | 10 | 3 |
| Maintenance of premises and equipment | - | 502 | 502 | 291 |
| Cleaning | - | 18 | 18 | 19 |
| Rent and rates | - | 36 | 36 | 36 |
| Heat and light | - | 56 | 56 | 58 |
| Insurance | - | 76 | 76 | 78 |
| Transport | - | 7 | 7 | 11 |
| Catering | - | 15 | 15 | 13 |
| School Direct payments to primary schools (note 28) | - | - | - | 28 |
| Other support costs including Service Level Agreements and other professional fees | - | 177 | 177 | 123 |
| | <u>1</u> | <u>1,468</u> | <u>1,469</u> | <u>1,193</u> |
| Total direct and support costs | <u>1</u> | <u>5,580</u> | <u>5,581</u> | <u>5,108</u> |

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

9 Governance Costs

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2015 £000 | Total 2014 £000 |
|--|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Legal and professional fees | - | 6 | 6 | 9 |
| Auditor's remuneration | | | | |
| • Audit of financial statements | - | 3 | 3 | 3 |
| • Accountancy, taxation and other services | - | 7 | 7 | 7 |
| • 31 st March 2015 Comparison Study | - | 4 | 4 | - |
| | <u>-</u> | <u>20</u> | <u>20</u> | <u>19</u> |

10 Staff

(a) Staff costs

| | 2015 £000 | 2014 £000 |
|-------------------------------------|--------------|--------------|
| Staff costs during the period were: | | |
| Wages and salaries | 3,410 | 3,262 |
| Social security costs | 247 | 235 |
| Pension costs | 518 | 511 |
| | <u>4,175</u> | <u>4,008</u> |
| Supply staff costs | 115 | 58 |
| | <u>4,290</u> | <u>4,066</u> |

(b) Staff numbers

The average number of persons (including Strategic Leadership Team) employed by the Academy during the year, and the full time equivalents, was as follows:

| | 2015 Number | 2015 Full-time equivalent | 2014 Number | 2014 Full-time equivalent |
|------------------------------|----------------|---------------------------------|----------------|---------------------------------|
| Charitable Activities | | | | |
| Teachers | 61 | 59 | 61 | 58 |
| Administration and support | 50 | 40 | 51 | 40 |
| Strategic Leadership Team | 9 | 9 | 9 | 9 |
| | <u>120</u> | <u>108</u> | <u>121</u> | <u>107</u> |

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

10 Staff (continued)

(c) Higher paid staff

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

| | 2015 No. | 2014 No. |
|---------------------|-------------|-------------|
| £60,001 - £70,000 | 1 | 1 |
| £70,001 - £80,000 | 1 | 1 |
| £100,001 - £110,000 | 1 | 1 |
| | 3 | 3 |

Two of the above employees participated in the Teacher's Pension Scheme. The other employee participated in the Local Government Pension Scheme.

11 Related Party Transactions - Trustees' Remuneration and Expenses

The Head teacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head teacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The annual value of Trustees' remuneration was as follows:

A Nicholson (Executive Principal and Trustee):

| | |
|----------------------------------|---|
| Remuneration | £105,001 - £110,000 (2014: £100,001 - £105,000) |
| Employers' pension contributions | £10,001 - £15,000 (2014: £10,001 - £15,000) |

T Roethling (Principal and Trustee):

| | |
|----------------------------------|---|
| Remuneration | £75,001 - £80,000 (2014: £75,001 - £80,000) |
| Employers' pension contributions | £10,001 - £15,000 (2014: £10,001 - £15,000) |

L Brunskill (Staff Trustee):

| | |
|----------------------------------|---|
| Remuneration | £40,001 - £45,000 (2014: £35,001 - £40,000) |
| Employers' pension contributions | £5,001 - £10,000 (2014: £5,001 - £10,000) |

S Khan (Staff Trustee):

| | |
|----------------------------------|---|
| Remuneration | £40,001 - £45,000 (2014: £35,001 - £40,000) |
| Employers' pension contributions | £nil - £nil (2014: £nil - £nil) |

S Fox (Staff Trustee):

| | |
|----------------------------------|---|
| Remuneration | £25,001 - £30,000 (2014: £25,001 - £30,000) |
| Employers' pension contributions | £1 - £5,000 (2014: £1 - £5,000) |

During the year ended 31st August 2015, travel and subsistence expenses totalling £1,895 (2014 - £1,114) were reimbursed or paid directly to 1 Trustee (2014 - 2).

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

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

12 Trustees' and Officers' Insurance

The Academy opted into the Department of Education's risk protection arrangement (RPA) in May 2015 as an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business and provides cover of up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall costs of the RPA scheme for the year ended 31st August 2015 (2014: £942).

13 Tangible Fixed Assets

| | Leasehold Land and Buildings £000 | Building Refurbishments £000 | Furniture and Equipment £000 | Computer Equipment £000 | Motor Vehicles £000 | Total £000 |
|-----------------------------------|--|------------------------------------|---------------------------------------|-------------------------------|---------------------------|---------------|
| Cost | | | | | | |
| At 1 st September 2014 | 6,015 | 875 | 29 | 359 | 10 | 7,288 |
| Additions | - | 74 | 1 | 155 | 5 | 235 |
| Disposals | - | - | - | (19) | - | (19) |
| At 31 st August 2015 | 6,015 | 949 | 30 | 495 | 15 | 7,504 |
| Depreciation | | | | | | |
| At 1 st September 2014 | 160 | 112 | 8 | 241 | 9 | 530 |
| Charged in year | 48 | 99 | 3 | 120 | 3 | 273 |
| Disposals | - | - | - | (19) | - | (19) |
| At 31 st August 2015 | 208 | 211 | 11 | 342 | 12 | 784 |
| Net book values | | | | | | |
| At 31 st August 2015 | 5,807 | 738 | 19 | 153 | 3 | 6,720 |
| At 31 st August 2014 | 5,855 | 763 | 21 | 118 | 1 | 6,758 |

14 Debtors

| | 2015 £000 | 2014 £000 |
|---------------|--------------|--------------|
| Trade debtors | 55 | 39 |
| Other debtors | 82 | 153 |
| Prepayments | 64 | 85 |
| | <u>201</u> | <u>277</u> |

15 Creditors: amounts falling due within one year

| | 2015 £000 | 2014 £000 |
|------------------------------|--------------|--------------|
| Trade creditors | 95 | 320 |
| Taxation and social security | 80 | 81 |
| Other creditors | 55 | 54 |
| Accruals and deferred income | 203 | 313 |
| | <u>433</u> | <u>768</u> |

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

16 Funds

| | Balance at 1 st September 2014 £000 | Incoming Resources £000 | Resources Expended £000 | Gains, Losses and Transfers £000 | Balance at 31 st August 2015 £000 |
|-------------------------------------|---|-------------------------------|-------------------------------|---|---|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 679 | 4,938 | (5,089) | (18) | 510 |
| Other DfE/EFA grants | - | 200 | (194) | - | 6 |
| Local Authority grants | - | 18 | (15) | - | 3 |
| National College grants | 5 | - | - | - | 5 |
| Other restricted funds | 1 | 218 | (219) | - | - |
| | <u>685</u> | <u>5,374</u> | <u>(5,517)</u> | <u>(18)</u> | <u>524</u> |
| Pension reserve | (1,035) | - | (29) | (75) | (1,139) |
| | <u>(350)</u> | <u>5,374</u> | <u>(5,546)</u> | <u>(93)</u> | <u>(615)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/EFA capital grants | 68 | 235 | - | (213) | 90 |
| Other capital grants | 187 | - | - | - | 187 |
| Capitalised assets post conversion | 903 | - | (225) | 235 | 913 |
| Assets on conversion | 5,855 | - | (48) | - | 5,807 |
| | <u>7,013</u> | <u>235</u> | <u>(273)</u> | <u>22</u> | <u>6,997</u> |
| Total restricted funds | <u>6,663</u> | <u>5,609</u> | <u>(5,819)</u> | <u>(71)</u> | <u>6,382</u> |
| Unrestricted funds | | | | | |
| Unrestricted funds | 470 | 374 | (305) | (4) | 535 |
| Total unrestricted funds | <u>470</u> | <u>374</u> | <u>(305)</u> | <u>(4)</u> | <u>535</u> |
| Total funds | <u>7,133</u> | <u>5,983</u> | <u>(6,124)</u> | <u>(75)</u> | <u>6,917</u> |

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31st August 2015. Note 2 discloses whether the limit was exceeded. At the year end the carry forward of GAG funding was £510,000.

Other DfE/EFA Grants includes monies received outside of GAG funding, for example pupil premium and these Grants are all related to the furtherance of education within the Academy. £6,000 of these funds remains unspent at the 31st August 2015.

Local Authority grants represent amounts payable to the Academy predominantly from Lancashire County Council. These funds relate to Special Educational Needs (SEN) funding, pupil premium and Maths Consultant Programme. As at the 31st August 2015 £3,500 remains unspent.

The National College grants income is in relation to the National Leader of Education status the Academy has obtained. £4,500 remains unspent at the year end. National Leaders of Education (NLEs) are outstanding Head teachers who use their skills and experience to support schools in challenging circumstances.

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

16 Funds (continued)

Other restricted funds include monies from trips & non-public funds and donations. During the year the trips & non-public funds had no excess expenditure over income.

The pension reserve represents the value of the Academy's share of the deficit in the Local Government Pension Scheme. The value of the deficit had risen to £1,139,000 at the 31st August 2015.

DfE/EFA capital grants represent capital monies received during the year from the EFA, predominantly from the Capital Improvement Fund for roof repairs. As at 31st August 2015, all of the Capital Improvement funding had been utilised, however £90,000 of other capital grant funding remained unspent and is carried forward to the next accounting period.

Other capital grants represent capital monies received from Lancashire County Council on conversion to Academy status. This balance of £187,000 remains unspent at the year end and the full amount is carried forward to the next accounting period.

Capitalised assets post conversion represents the value of assets purchased since conversion to Academy status. These assets will be depreciated in line with the accounting policies agreed by the Trustees as set out in note 1.

Assets on conversion represent the transfer of leasehold assets, valued at £6,015,000 per the EFA building valuation carried out in 2012, into the Academy on conversion to Academy status depreciated over a 125 year period.

Unrestricted funds represents funds generated via activities such as from Teaching School activities, DfE School Experience funding, lettings, catering and bank interest receivable. This fund also includes the surplus on conversion to Academy status of £337,000. The surplus on this fund at the year end was £535,000 and these funds can be used at the discretion of the Trustees to meet the charitable objectives of the Academy.

17 Analysis of net assets between funds

Fund balances at 31st August 2015 are represented by:

| | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total Funds £000 |
|--------------------------|--|--|--|-----------------------------|
| Tangible fixed assets | - | - | 6,720 | 6,720 |
| Current assets | 535 | 957 | 277 | 1,769 |
| Current liabilities | - | (433) | - | (433) |
| Pension scheme liability | - | (1,139) | - | (1,139) |
| Total net assets | 535 | (615) | 6,997 | 6,917 |

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

18 Capital commitments

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Contracted for, but not provided in the financial statements | 78 | 352 |

19 Financial commitments

Operating leases

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

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

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

| | 2015 £000 | 2014 £000 |
|---|--------------|--------------|
| Net (expenditure)/income | (141) | 149 |
| Depreciation (note 13) | 273 | 235 |
| Capital grants from DfE/EFA and other capital income (note 6) | (235) | (136) |
| Interest receivable (note 5) | (11) | (10) |
| FRS 17 pension cost less contributions payable (note 26) | 7 | 8 |
| FRS 17 pension finance costs (note 26) | 22 | 43 |
| Decrease/(Increase) in debtors | 76 | (105) |
| (Decrease)/Increase in creditors | (335) | 350 |
| Net cash inflow from operating activities | <u>(344)</u> | <u>534</u> |

21 Returns on investments and servicing of finance

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Interest received | 11 | 10 |
| Net cash inflow from returns on investment and servicing of finance | <u>11</u> | <u>10</u> |

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

22 Capital expenditure and financial investment

| | 2015 | 2014 |
|---|-------------|--------------|
| | £000 | £000 |
| Purchase of tangible fixed assets | (235) | (689) |
| Capital grants from DfE/EFA | 235 | 136 |
| Net cash outflow from capital expenditure and financial investment | <u>-</u> | <u>(553)</u> |

23 Analysis of changes in net funds

| | At 1 st September 2014 £000 | Cash flows £000 | At 31 st August 2015 £000 |
|--------------------------|---|--------------------|---|
| Cash in hand and at bank | 1,901 | (333) | 1,568 |
| | <u>1,901</u> | <u>(333)</u> | <u>1,568</u> |

24 Contingent Liabilities

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

25 Members' Liability

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

26 Pension and similar obligations

The 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 Lancashire County Pension Fund. Both are multi-employer defined-benefit schemes.

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

At the end of the financial year contributions amounting to £16,447 (2014: £15,258) were payable to the schemes at 31st August 2015 and are included within creditors.

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

26 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £577,000 (2014: £547,000).

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

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

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

26 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31st August 2015 was £192,000, of which employer's contributions totalled £146,000 and employees' contributions totalled £46,000. The agreed contribution rates for future years are 15.9% for employers and the rate for employees remains dependent on the salary of the employee.

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

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

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

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

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

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

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | Expected return at 31 st August 2015 | Fair value at 31 st August 2015 £000 | Expected return at 31 st August 2014 | Fair value at 31 st August 2014 £000 |
|-------------------------------------|---|---|---|---|
| Equities | 6.5% | 506 | 7.0% | 614 |
| Government Bonds | 2.5% | 81 | 2.9% | 2 |
| Other Bonds | 3.6% | 38 | 3.8% | 328 |
| Property | 6.1% | 134 | 6.2% | 118 |
| Cash | 0.5% | 19 | 0.5% | 30 |
| Other | 6.5% | 692 | 7.0% | 142 |
| Total market value of assets | | <u>1,470</u> | | <u>1,234</u> |
| Present value of scheme liabilities | | | | |
| - Funded | | (2,609) | | (2,269) |
| (Deficit) in the scheme | | <u>(1,139)</u> | | <u>(1,035)</u> |

The actual return on scheme assets was £53,000 (2014: £90,000).

Amounts recognised in the statement of financial activities

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Current service cost (net of employee contributions) | 153 | 137 |
| Past service cost | - | - |
| Total operating charge | <u>153</u> | <u>137</u> |
| Analysis of pension finance income / (costs) | | |
| Expected return on pension scheme assets | 73 | 62 |
| Interest on pension liabilities | (95) | (105) |
| Pension finance (costs) | <u>(22)</u> | <u>(43)</u> |

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £166,000 loss (2014: £146,000 loss).

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

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | 2015 £000 | 2014 £000 |
|------------------------------------|--------------|--------------|
| At 1st September | 2,269 | 2,204 |
| Current service cost | 153 | 137 |
| Interest cost | 95 | 105 |
| Employee contributions | 46 | 41 |
| Actuarial loss/(gain) | 55 | (208) |
| Benefits paid | (9) | (10) |
| At 31st August | 2,609 | 2,269 |

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

| | 2015 £000 | 2014 £000 |
|------------------------------------|--------------|--------------|
| At 1st September | 1,234 | 1,041 |
| Expected return on assets | 73 | 62 |
| Actuarial (loss) | (20) | (29) |
| Employer contributions | 146 | 129 |
| Employee contributions | 46 | 41 |
| Benefits paid | (9) | (10) |
| At 31st August | 1,470 | 1,234 |

The estimated value of employer contributions for the year ended 31st August 2016 is £153,000.

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

| | 2015 £000 | 2014 £000 | 2013 £000 | 2012 £000 |
|---|--------------|--------------|--------------|--------------|
| Present value of defined benefit obligations | (2,609) | (2,269) | (2,204) | (1,958) |
| Fair value of share of scheme assets | 1,470 | 1,234 | 1,041 | 780 |
| Deficit) in the scheme | (1,139) | (1,035) | (1,163) | (1,178) |
| Experience adjustments on share of scheme assets | (20) | (29) | 66 | (44) |
| Experience adjustments on scheme liabilities: | - | 259 | - | - |

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

27 Related Party Transactions

Owing to the nature of the Academy'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 member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at cost and in accordance with the Academy's financial regulations, the Academies Financial Handbook and normal procurement procedures.

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

28 Agency arrangements

The Academy distributed funds to two primary schools as an agent for the EFA Schools Direct Salaried Student Programme. During the year the Academy received £28,000 (2014 £28,000) and subsequently paid these funds out.

The Academy received £40,296 from the Department for Education (Dfe) for National College of Teaching and Leadership (NCTL) funding in respect of Flyde Coast Teaching School (FCTS). The Academy acted as an agent in this transaction and subsequently forwarded this money to FCTS.