

Ripley St Thomas Church of England Academy

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the year ended 31st August 2013

**Company Registration Number:
07588464 (England and Wales)**

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Reference and administrative details

Trustees	Mrs L Appleyard Mr D Bateman Mrs R Buckland Mr K Carman Mr S Coates Prof J Crewdson Cllr S Denwood Dr P Gager Mrs J Garnett (Appointed 1 st June 2013) Rev M Gisbourne Mr F Kershaw (Resigned 31 st May 2013) Mrs A Kinder Mrs S Lane-Dixon Dr L Louden Mr P Marshall Rev C Newlands Mrs E Nicholls Rev J Scamman Mr C Whiteside Cllr V Wilson
Senior Leadership Team	Mrs E Nicholls (Principal) Mr M Sim (Assistant Principal) Mrs C Walmsley (Assistant Principal) Mrs A Bray (Vice-Principal) Mr I Gomersall (Vice-Principal) Mr M Wood (Vice-Principal) Mrs J Garnett (Head of Sixth Form) Mrs S Edwards (Director of Business and Finance)
Registered Office	Ashton Road Lancaster LA1 4RS
Company Registration Number	07588464
Auditors	Colman, Whittaker and Roscow The Close Queen Square Lancaster LA1 1RS
Bankers	Lloyds TSB Bank PLC PO Box 1000 Andover BX1 1LT

Reference and administrative details (continued)

Solicitors

Oglethorpe, Sturton and Gillibrand
16 Castle Park
Lancaster
LA1 1YG

Trustees' Report

The Trustees present their annual report together with the audited financial statements of the Academy for the year ended the 31st August 2013.

1 Structure, Governance and Management

1.1 Constitution

The Academy is a company limited by guarantee and an exempt charity with no share capital (company registration number 07588464). The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Governors act as the Trustees for the charitable activities of Ripley St Thomas Church of England Academy and are also the Directors of the charitable company for the purposes of company law. Details of Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

In total the Academy has six Members. The Articles of Association require the Members of the charitable company to appoint a minimum of eleven Trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

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 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 ceased to be a Member.

1.3 Trustees' Indemnities

Since the incorporation of the charitable company on 1st April 2011, the Trustees have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in note 11 to the Financial Statements the limit of this indemnity is £2,000,000.

1.4 Principal Activities

The principal activity of Ripley St Thomas Church Of England Academy is to provide a quality, free education to pupils aged 11 – 18 who live within a commutable distance of the school.

1.5 Trustees

The Governors act as the Trustees for the charitable activities of the Academy Trust and are also the Directors of the charitable company for the purpose of company law.

During the year under review the Trustees held three Full Governing Body meetings and between two and four meetings of each of the main sub committees, Admissions, Curriculum, Buildings, Grounds and Health & Safety, Pupil Discipline, Staffing, and The Finance committee. The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new Trustees will be given a tour of the Academy and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. All Trustees receive copies of all minutes and new Trustees are invited to attend sub-committee meetings. A named Trustee has responsibility for training and Trustees are encouraged to access training courses provided by the Local Authority (LA).

Trustees' Report (continued)

Composition of Trustees

The following categories are applicable to the Governing Body at Ripley St Thomas Church of England Academy:

- Parent Trustees: parents of children at the school;
- Staff Trustees: members of the school staff;
- Foundation Trustees;
- Co-opted Trustees.

The number of Trustees shall not be less than three but shall not be subject to any maximum. The Academy may also have any Co-opted Trustee(s) appointed under Article 59.

Appointment of Trustees

The Members appoint a minimum of eleven Trustees of whom:

- I. A minimum of three are appointed by the Diocesan Board of Education;
- II. A minimum of four are nominated by the Parochial Church Councils; and
- III. The Principal shall be a Trustee Ex-Officio;
- IV. A minimum of four are appointed by the Chair of the Ripley Trust;
- V. Up to three Co-opted Trustees.

The proportions of the Governing Body at Ripley St Thomas Church of England Academy are as follows:

- Three Staff Trustees, appointed by the Members through such a process as they may determine. The Members shall make all necessary arrangements for, and determine all matters relating to, an election of the Staff Trustees;
- Two Parent Trustees, elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time when he/she is elected. The Members shall make all necessary arrangements for, and determine all matters relating to, an election of the Parent Trustees. Any election of Parent Trustees which is contested shall be held by secret ballot. Arrangements for the election shall provide, for every person entitled to vote, an opportunity by post or, if they prefer, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy;
- The Principal, treated for all purposes as an Ex Officio Trustee;
- Three Trustees appointed by the Diocesan Board of Education;
- Four Trustees appointed by the Chair of the Ripley Trust;
- Four Trustees, appointed by the Parochial Church Councils of Lancaster St Mary, and Lancaster St Thomas;
- Two co-opted Trustees.

1.6 Organisational Structure

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and all staff appointments. The Academy Senior Leadership team set up in this year consists of the Principal, three Vice-Principals, two Assistant Principals, Head of Sixth Form, and Director of Business and Finance.

These Managers control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Leadership Team always contain a Trustee.

1.7 Risk Management

The Trustees have assessed the major risks to which the Academy is exposed. The Trustees have implemented a number of systems to assess risks in the operational areas of the Academy and in relation to the control of finance. A Risk Register has been completed and is reviewed annually.

Trustees' Report (continued)

The continuing existence of the Academy can best be guaranteed by the standards of education in its widest sense, which it provides. This is the preferred school for many families who could easily favour another. Anything less than oversubscription could signal the beginning of financial and educational problems.

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

2. Objectives and Activities

2.1 Objectives and Aims

The principal object and activity of the charitable company is the operation of the Ripley St Thomas Church of England Academy to provide education for pupils of mixed abilities between the ages of 11 and 18.

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

The main objectives of the Academy during the year ended 31st August 2013 are summarised in the Academy's Mission Statement:

"As a worshipping community, witnessing to the Christian faith in all the Academy's activities, Ripley St Thomas aims to develop to the full academic, spiritual, aesthetic and physical potential of each pupil, encouraging in all its members a real and living faith in God."

Our Christian ethos remains at the heart of all we do and is the foundation for all our activities. We encourage all our young people to explore the big issues of life and develop a living faith to sustain them through the ups and downs of their lives. A chaplain is employed to direct and support our communal Christian life together. Our day begins and ends with prayer, all year groups meet together twice weekly for worship and we regularly worship in our local churches. The Academy puts great emphasis on service and our young people are involved in local, national and international charity projects, raising significant sums of money each year for those in need.

In addition, the Academy aims:

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

2.2 Objective, Strategies and Activities

The Academy's strategic activities have included:

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

Trustees' Report (continued)

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

2.3 Public Benefit:

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Ripley St Thomas Church of England Academy is the maintenance and development of the high quality Christian education provided by the Academy.

In doing this Ripley St Thomas Church of England Academy not only offers a broadly-based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities, educational trips, visits and foreign trips are offered and undertaken.

3. Achievements and Performance

The educational environment continues to be turbulent with piecemeal changes to the examination systems, particularly in English, causing difficulty for all schools. Results across all key stages at Ripley continued to be well above the national average with excellent AS results and increased APS best 8 score and A* and A grades at GCSE. However, lower than expected English results meant that the academy did not achieve its targets this year relating to the percentage of students achieving 5A*-C grades including Maths and English.

Currently the academy is preparing for the new GCSEs and A levels coming on stream in the next couple of years and, with that in mind, will be moving to a 2 year KS3 and a 3 year KS4.

The number of students on roll continues to increase with the total number now having passed the 1700 mark, with 400 of these in the sixth form. The extra-curricular life of the Academy, one of the strengths of Ripley, continues to grow with the addition of an Australian Exchange and the Gold D of E award. A South African exchange is currently being developed and the highlights of the year included a Music trip to Belgium and an expedition to Malawi.

We continue to improve our estate with a new build comprising a learning resources centre, a mini lecture theatre and a professional learning centre integrated into our beautiful Lodge building. A further extension to the sixth form is planned for next year to accommodate increased numbers through 2 additional classrooms and an extended silent study area.

The Academy continues to pursue excellence in all aspects of its life, with high expectations and a culture of hard work at its core. Robust self evaluation becomes ever more important in our quest to close attainment gaps highlighted by the Pupil Premium agenda. Our priorities for this year include a focus on literacy across the Academy with a particular emphasis on those who enter year 7 with levels of achievement lower than national norms.

The Academy is fortunate to have a committed and dedicated staff and governing body who understand that every child matters and are willing to do whatever it takes to enable young people to achieve. We look forward to a productive and positive year ahead.

3.1 Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that Ripley St Thomas Church of England 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).

3.2 Key Financial Performance Indicators

The Academy complies with all the terms and conditions of its Funding Agreement.

Trustees' Report (continued)

4. Financial Review

4.1 Operating and Financial Review for the year

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

Expenditure for the period covered by this report was more than covered by the GAG received from the DfE together with other incoming resources.

The combined General Restricted Fund and Unrestricted Fund show an operating surplus of £1,004,000 before the actuarial losses on defined benefit pension schemes, and the Diocese of Blackburn balance. This operating surplus is the result of detailed and accurate budgeting and tight budgetary control procedures which have been firmly embedded in the Academy Trust's daily financial management.

The Trustees are concerned with the large deficit that the Local Government Pension Fund is reporting. (See note 27 to the Financial Statements).

4.2 Principal Risks and Uncertainties

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

4.3 Reserves policy and financial position

Reserves policy

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

Under its Funding Agreement with the Secretary of State for Education Ripley St Thomas Church of England Academy is permitted to hold unlimited reserves at the year end.

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

As at 31st August 2013 the Trustees consider that the Academy's reserves of GAG and unrestricted reserves held are satisfactory for the level of the Academy's operations.

Financial position

The Academy held revenue fund balances at the 31st August 2013 of £1,004,000 comprising £653,000 of restricted funds and £351,000 of unrestricted general funds. In addition to this the pension reserve shows a deficit of £1,205,000, and there exists a Diocese of Blackburn balance of £520,000. Further details of the carry forward balances on each fund can be found in note 17 to the accounts.

Trustees' Report (continued)

Capital Commitment

At 31st August 2013 the Trustees had committed to the development of a new building comprising a learning resources centre, a mini lecture theatre and a professional learning centre at a cost of £825,000. At the year end £73,711 had been spent; the balance of £751,289 being a commitment as shown in note 19 to the accounts.

4.4 Investment Policy

Apart from the cash held for the operation of the Academy, Ripley St Thomas Church of England Academy has no material investments. With respect to its cash holdings the Governing Body has adopted a low risk strategy. The main current account held by the Academy is an interest bearing account.

5. Plans for Future Periods

Ripley St Thomas Church of England Academy will continue to work to maintain the performance of its students at all levels. Additionally, it will continue to look at the curriculum content to ensure future pathways for students.

Ripley St Thomas Church of England Academy aims to continue to develop its profile regionally and nationally. It remains focussed on delivering outstanding teaching and learning through ensuring staff are highly trained. It continues in its ambition to raise even further, better outcomes for our students in both terminal examinations and levels of progress. It re-emphasises the total commitment of Trustees and leaders to ensure all students have full religious education lessons and a rich Christian educational experience.

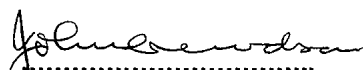
The Trustees recognise that through outstanding financial management over the past four years they have been able to invest in and improve very significantly the quality of the building environment and the upgrading of many areas of the Academy. They have ambition for this to continue but recognise however, that future plans will be dependent on funding availability.

Trustees have ambition to develop the site even further to enable more young people to experience the outstanding Christian education on offer at Ripley St Thomas Church of England Academy.

6 Auditor

The Trustees confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Trustees, in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Approved by order of the members of the Governing Body on the5/12/13..... and signed on its behalf by:


.....
Prof J Crewdson
Chair of Trustees

Governance Statement

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management, and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Ripley St Thomas Church of England Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

Trustees are allocated to Committees which are as follows:

Admissions; Buildings, Grounds and Health & Safety; Curriculum; Pupil Discipline; Finance, Staffing, Other ad hoc committees are convened as and when needed. These committees meet on a regular termly cycle. Attendances at these meetings are on average running at 74% attendance.

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

- 6th December 2012 10 Trustee attendance out of a possible 19
- 19th March 2013 15 Trustee attendance out of a possible 19
- 25th June 2013 17 Trustee attendance out of a possible 19

Members of the Academy Trust shall comprise:

The signatories to the Memorandum who are:

- a. The Diocesan Board of Education
- b. The Chair of the Lancaster, Ripley Church of England Educational Trust
- c. The Parochial Church Council of the Parish of Lancaster St Thomas in the Diocese of Blackburn
- d. The Chair of the Governors
- e. The Parochial Church Council of the Ecclesiastical Parish of Lancaster St Mary in the Diocese of Blackburn
- f. The Principal

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 at Ripley St Thomas Academy for the year ended the 31st August 2013 and up to the date of approval of the annual report and financial statements.

Governance Statement (continued)

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ending the 31st August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

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

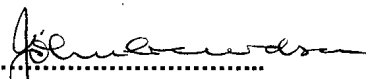
The Governing Body has considered the need for a specific internal audit function and has decided to appoint a Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. The RO function has been fully delivered in line with the Educational Funding Agencies (EFA's) requirements and no material control issues arose as a result of the RO's work.

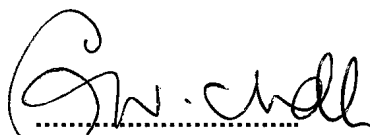
Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Senior Leadership Team within the academy who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the Governing Body on the5/12/13..... and signed on its behalf by:


.....
Prof J Crewdson
Chair of Trustees


.....
Mrs E Nicholls
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of Ripley St Thomas Church of England Academy I have considered my responsibility to notify the Academy Governing Body 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. 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 Governing Body are able to identify any material irregular or improper use of funds by the Academy, 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.



.....
Mrs E Nicholls
Accounting Officer

Statement of Trustees Responsibilities

The Governors (who act as Trustees for charitable activities and are also directors of Ripley St Thomas Church of England Academy for the purposes of company law) are responsible for preparing the Trustees' 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 issued by the Education Funding Agency.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 academy will continue in operation.

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

The Trustees are responsible for ensuring that in its conduct and operation the Academy 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 Academy'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 Academy's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Governing Body on the5/12/13..... and signed on its behalf by:


.....
Prof J Crewdson
Chair of Trustees

Independent Auditor's Report to the Members of Ripley St Thomas Church of England Academy

We have audited the financial statements of Ripley St Thomas Church of England Academy for the year ended 31st August 2013 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 2013 issued by the Education Funding Agency.

This report is made solely to the Academy'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 13, the Trustees (who are also the Directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy 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' Report to identify material inconsistencies with the audited financial statements. 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 2013, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice ; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

(Continued)

**Independent Auditor's Report to the Members of Ripley St Thomas Church of England Academy
(continued)**

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Phillip Dennison (senior statutory auditor)
For and on behalf of Colman, Whittaker and Roscow,
Statutory Auditor
The Close
Queen Square
Lancaster
LA1 1RS

Date 11/12/13

Independent Reporting Accountant's Assurance Report on Regularity to Ripley St Thomas Church of England Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 21st December 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ripley St Thomas Church of England Academy during the year 1st September 2012 to the 31st August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities Ripley St Thomas Church of England Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Ripley St Thomas Church of England Academy's funding agreement with the Secretary of State for Education dated 20th December 2010 and the Academies Financial Handbook, extant from 1st September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including carrying out those tests relevant to the circumstances of the Academy as prescribed in Section 10.4 of the Academies Accounts Direction 2013 issued by the EFA in May 2013; 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 Ripley St Thomas Church of England 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 period from the 1st September 2012 to the 31st August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Phillip Dennison (senior statutory auditor)
For and on behalf of Colman, Whittaker and Roscow
Statutory Auditor
The Close
Queen Square
Lancaster
LA1 1RS

Date: 11/12/13

Statement of Financial Activities for the year ended 31st August 2013
(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 2013 £000	Total 2012 £000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	6	350	50	406	532
Transfer from local authority on conversion		-	-	-	-	9,446
Activities for generating funds	3	171	39	-	210	647
Investment income	4	3	-	-	3	6
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	-	7,844	497	8,341	10,564
Total incoming resources		180	8,233	547	8,960	21,195
Resources expended						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income	6	6	330	-	336	418
Costs of activities for generating funds	6	146	39	-	185	611
<i>Charitable activities:</i>						
Academy's educational operations	7	-	7,100	609	7,709	9,562
Transfer of Diocese funding on conversion		-	-	-	-	698
<i>Governance costs</i>	8	-	14	-	14	18
Total resources expended	6	152	7,483	609	8,244	11,307
Net incoming/(outgoing) resources before transfers		28	750	(62)	716	9,888
Gross transfers between funds	17	-	(196)	196	-	-
Net income for the year		28	554	134	716	9,888
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	17 27	-	21	-	21	(1,226)
Net movement in funds		28	575	134	737	8,662
Reconciliation of funds						
Funds brought forward to 1 st September 2012	17	323	(1,647)	9,986	8,662	-
Funds carried forward at 31st August 2013	17	351	(1,072)	10,120	9,399	8,662

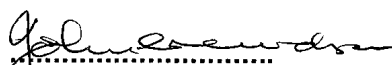
All of the Academy's activities derive from continuing operations during the above two financial periods.

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

Balance sheet as at 31st August 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Tangible assets	12		10,060		9,986
Current assets					
Stock	13	5		4	
Debtors	14	315		293	
Cash at bank and in hand		1,352		1,054	
		<u>1,672</u>		<u>1,351</u>	
Creditors: Amounts falling due within one year	15	(711)		(970)	
Net current assets			<u>961</u>		<u>381</u>
Total assets less current liabilities			<u>11,021</u>		<u>10,367</u>
Creditors: Amounts falling due after one year	16		(417)		(479)
Net assets excluding pension liability			<u>10,604</u>		<u>9,888</u>
Pension scheme liability	27		(1,205)		(1,226)
Net assets including pension liability			<u>9,399</u>		<u>8,662</u>
Funds of the academy:					
Restricted funds					
Fixed asset fund(s)	17		10,120		9,986
General fund(s)	17		133		(421)
Pension reserve	17		(1,205)		(1,226)
Total restricted funds			<u>9,048</u>		<u>8,339</u>
Unrestricted funds	17		351		323
Total funds			<u>9,399</u>		<u>8,662</u>

The financial statements on pages 18 to 39 were approved by the Trustees, and authorised for issue on 5/12/13 and are signed on their behalf by:


 Prof J Crewdson
 Chair of Trustees

Company Limited by Guarantee
 Registration Number 07588464

Cash Flow Statement for the year ended 31 August 2013

	Notes	2013 £000	2012 £000
Net cash (outflow)/inflow from operating activities	21	(56)	1,867
Returns on investments and servicing of finance	22	3	6
Capital expenditure and financial investment	23	351	(819)
Increase in cash in the year	24	<u>298</u>	<u>1,054</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 st September 2012		1,054	-
Net funds at 31st August 2013		<u>1,352</u>	<u>1,054</u>

All of the cash flows are derived from acquisitions in the current financial year.

Notes to the Financial Statements for the year ended 31st August 2013

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

- **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 2013 (continued)

1 Accounting Policies (continued)

- **Donated Services and Gifts in Kind**

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 Academy's policies.

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

On conversion the Academy entered into a lease agreement with the Trustees of Lancaster, Ripley Church of England Educational Trust who own the land from which the Academy operates. The length of this lease is 125 years. The buildings have been included within the financial statements at a valuation undertaken by the EFA in 2012.

Also on conversion the Academy inherited the fixtures and fittings and other tangible assets for the continued use of the Academy. It has been decided that the cost of putting a valuation on these assets would be disproportionate to the value of the information and so they are included at a £nil valuation. However the insurance replacement valuation on conversion was £3,478,750.

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

1 Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets 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
Fixtures, fittings and equipment	33% straight line
ICT equipment	33% straight line
Motor Vehicle	25% straight line

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

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

Leased Assets

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

Stock

Stock consists of unused catering and stationery stores and are valued at the lower of cost and net realisable value.

Taxation

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

Notes to the Financial Statements for the year ended 31st August 2013 (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 27, 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 the Education Funding Agency/Department for Education where the asset acquired or created is held for a specific purpose.

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

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

2 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Capital grants	-	50	50	114
Trips and other non-public funds	-	283	283	314
Other donations	6	67	73	104
	<u>6</u>	<u>400</u>	<u>406</u>	<u>532</u>

3 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Hire of facilities	28	-	28	40
Sale of educational goods and services	114	-	114	104
Catering income	-	5	5	240
Teaching School income	-	31	31	-
Supplies of staff	-	3	3	263
Other	29	-	29	-
	<u>171</u>	<u>39</u>	<u>210</u>	<u>647</u>

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

4 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Short term deposits	3	-	3	6
	<u>3</u>	<u>-</u>	<u>3</u>	<u>6</u>

5 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	7,476	7,476	10,045
Other DfE/EFA grants	-	613	613	83
	<u>-</u>	<u>8,089</u>	<u>8,089</u>	<u>10,128</u>
Other Government grants				
Local authority grants	-	234	234	349
National college grants	-	18	18	87
	<u>-</u>	<u>252</u>	<u>252</u>	<u>436</u>
	<u>-</u>	<u>8,341</u>	<u>8,341</u>	<u>10,564</u>

6 Resources Expended

	Staff Costs £000	Non Pay Expenditure		Total 2013 £000	Total 2012 £000
		Premises £000	Other Costs £000		
Costs of generating voluntary income	30	-	306	336	418
Costs of activities for generating funds	34	3	148	185	611
Academy's educational operations					
Direct costs	5,125	110	675	5,910	7,555
Allocated support costs	593	1,093	113	1,799	2,007
	<u>5,782</u>	<u>1,206</u>	<u>1,242</u>	<u>8,230</u>	<u>10,591</u>
Diocese on conversion	-	-	-	-	698
Governance costs including allocated support costs	-	-	14	14	18
	<u>5,782</u>	<u>1,206</u>	<u>1,256</u>	<u>8,244</u>	<u>11,307</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 2013 (continued)

6 Resources Expended (continued)

	2013 £000	2012 £000
Incoming/outgoing resources for the year include:		
Operating leases	19	26
Fees payable to auditor		
Audit	3	3
Other services	7	8
	<u>7</u>	<u>8</u>

7 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Direct costs				
Teaching and educational support staff costs	-	5,125	5,125	6,632
Depreciation	-	110	110	129
Educational supplies	-	488	488	614
Examination fees	-	133	133	132
Staff development	-	54	54	48
	<u>-</u>	<u>5,910</u>	<u>5,910</u>	<u>7,555</u>
Allocation support costs				
Support staff costs	-	593	593	761
Depreciation	-	12	12	14
Recruitment, support and advertising	-	20	20	15
Maintenance of premises and equipment	-	684	684	457
Cleaning	-	106	106	146
Rent & rates	-	74	74	104
Energy costs	-	152	152	202
Insurance	-	65	65	86
Security and transport	-	8	8	10
Other support costs including Service level Agreements and other professional fees	-	85	85	212
	<u>-</u>	<u>1,799</u>	<u>1,799</u>	<u>2,007</u>
	<u>-</u>	<u>7,709</u>	<u>7,709</u>	<u>9,562</u>

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

8 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Legal and professional fees	-	1	1	5
Pension valuation	-	3	3	2
Auditor's remuneration				
• Audit of financial statements	-	3	3	3
• Responsible officer	-	1	1	1
• Accountancy, taxation and other services	-	6	6	7
	-	14	14	18

9 Staff Costs

	2013 £000	2012 £000
Staff costs during the period were:		
Wages and salaries	4,707	6,309
Social security costs	357	459
Pension costs	661	865
	5,725	7,633
Supply teacher costs	57	80
	5,782	7,713

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

	2013 Number	2013 Full-time equivalent	2012 Number	2012 Full-time Equivalent
Charitable Activities				
Teachers	102	88	111	95
Administration and support	64	51	65	50
Management	7	7	7	7
	173	146	183	152

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

	2013 £000	2012 £000
£60,001 - £70,000	3	3
£100,001 - £110,000	1	1
	4	4

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

9 Staff Costs (continued)

All of the above employees participated in the Teacher's Pension Scheme. During the year ended 31st August 2013, pension contributions for these staff amounted to £43,490 (2012: £58,813).

10 Related Party Transactions - Trustees' Remuneration and Expenses

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

E Nicholls (Headteacher and Trustee):	£105,000 - £110,000
L Appleyard (Staff Trustee):	£25,000 - £30,000
R Buckland (Staff Trustee):	£20,000 - £25,000
K Carman (Staff Trustee):	£45,000 - £50,000
J Garnett (Staff Trustee):	£55,000 - £60,000

During the year ended 31st August 2013, travel and subsistence expenses totalling £562 (2012 - £ 561) were reimbursed to 1 Trustee (2012 - 1). Related party transactions involving the trustees are set out in note 28.

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31st August 2013 was £226 (2012: £120). The cost of this insurance is included in the total insurance cost.

12 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 st September 2012	10,029	65	28	7	10,129
Additions	169	7	20	-	196
At 31 st August 2013	<u>10,198</u>	<u>72</u>	<u>48</u>	<u>7</u>	<u>10,325</u>
Depreciation					
At 1 st September 2012	107	22	12	2	143
Charged in year	80	24	16	2	122
At 31 st August 2013	<u>187</u>	<u>46</u>	<u>28</u>	<u>4</u>	<u>265</u>
Net book values					
At 31 st August 2013	<u>10,011</u>	<u>26</u>	<u>20</u>	<u>3</u>	<u>10,060</u>
At 31 st August 2012	<u>9,922</u>	<u>43</u>	<u>16</u>	<u>5</u>	<u>9,986</u>

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

13 Stock

	2013 £000	2012 £000
Stationery	5	4
	<u>5</u>	<u>4</u>

14 Debtors

	2013 £000	2012 £000
Trade debtors	5	4
VAT recoverable	100	179
Prepayments	92	72
Other debtors	118	38
	<u>315</u>	<u>293</u>

15 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	161	510
Taxation and social security	109	124
Diocese of Blackburn	103	143
Other creditors	125	129
Accruals and deferred income	213	64
	<u>711</u>	<u>970</u>

16 Creditors: amounts falling due after one year

	2013 £000	2012 £000
Diocese of Blackburn	417	479
	<u>417</u>	<u>479</u>

Notes to the Financial Statements for the year ended 31st August 2013 (continued)**17 Funds**

	Balance at 1 st Sept 2012 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 st August 2013 £000
Restricted general funds					
General Annual Grant (GAG)	200	7,476	(6,738)	(297)	641
Other DfE/EFA grants	-	116	(116)	-	-
Local Authority grants	-	234	(234)	-	-
National College grants	-	18	(18)	-	-
Other restricted funds	-	389	(377)	-	12
	<u>200</u>	<u>8,233</u>	<u>(7,483)</u>	<u>(297)</u>	<u>653</u>
Diocese of Blackburn	(621)	-	-	101	(520)
Pension reserve	(1,226)	-	-	21	(1,205)
	<u>(1,647)</u>	<u>8,233</u>	<u>(7,483)</u>	<u>(175)</u>	<u>(1,072)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	-	497	(437)	-	60
Other capital grants	114	50	(2)	-	162
Capital expenditure from GAG	850	-	(142)	196	904
Assets on conversion	9,022	-	(28)	-	8,994
	<u>9,986</u>	<u>547</u>	<u>(609)</u>	<u>196</u>	<u>10,120</u>
Total restricted funds	<u>8,339</u>	<u>8,780</u>	<u>(8,092)</u>	<u>21</u>	<u>9,048</u>
Unrestricted funds	323	180	(152)	-	351
Total funds	<u>8,662</u>	<u>8,960</u>	<u>(8,244)</u>	<u>21</u>	<u>9,399</u>

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

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2013. At the year end the carry forward of GAG funding was £641,000

Other DfE/EFA grants include monies received outside of GAG funding for example the Pupil Premium. These funds have been spent in full by the 31st August 2013.

Local Authority grants represent amounts payable to the academy predominantly from Lancashire County Council. A large percentage of these funds relate specifically to Special Educational Needs (SEN) funding. As at 31st August 2013 these funds had been spent in full.

The National College grants include income received in relation to building capacity towards obtaining Teaching School status. Teaching schools give outstanding schools a leading role in the training and professional development of teachers, support staff and head teachers, as well as contributing to the raising of standards through school-to-school support. As at 31st August 2013 these funds have been spent in full.

Other restricted funds include monies from trips & non public funds, catering and donations. During the period the trips & non public funds had no excess expenditure over income. The donations received were for restricted purposes and as at the year end all of the donations had been spent in full except for £12,000 which is carried forward.

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

17 Funds (continued)

DfE/EFA capital grants represent capital monies received during the period from the EFA. At the year end £60,000 remained unspent which is carried forward.

Other capital grants represent monies received which have all been spent during the year.

Assets on conversion represent the transfer of leasehold assets valued at £9,165,000 per the EFA valuation, into the Academy on conversion to academy status depreciated over a 125 year period.

Unrestricted funds represent funds generated via activities such as from lettings and bank interest receivable. This fund also includes the surplus on conversion to academy status of £281,000. The surplus on this fund at the year end was £351,000 and these funds can be used at the discretion of the Governors to meet the charitable objectives of the Academy.

18 Analysis of net assets between funds

Fund balances at 31st August 2013 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	10,060	10,060
Current assets	351	1,261	60	1,672
Current liabilities	-	(711)	-	(711)
Long term liabilities	-	(417)	-	(417)
Pension scheme liability	-	(1,205)	-	(1,205)
Total net assets	351	(1,072)	10,120	9,399

Notes to the Financial Statements for the year ended 31st August 2013 (continued)**19 Capital commitments**

	2013 £000	2012 £000
Contracted for, but not provided in the financial statements	<u>751</u>	<u>-</u>

This relates to the balance of the contract for the development of a new building comprising a learning resources centre, a mini lecture theatre and a professional learning centre.

20 Financial commitments***Operating leases***

At the 31st August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	2013 £000	2012 £000
Land and buildings	<u>-</u>	<u>-</u>
Other		
Expiring within one year	-	-
Expiring within two and five years inclusive	19	26
Expiring in over five years	-	-
	<u>19</u>	<u>26</u>

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

	2013 £000	2012 £000
Net income	716	9,888
Depreciation (note 12)	122	143
Assets on conversion	-	(9,165)
Capital grants from DfE/EFA and other capital income	(547)	(145)
Interest receivable (note 4)	(3)	(6)
(Increase) in stocks	(1)	(4)
(Increase) in debtors	(22)	(293)
Increase/(decrease) in creditors	(321)	1,449
Net cash (outflow)/inflow from operating activities	<u>(56)</u>	<u>1,867</u>

22 Returns on investments and servicing of finance

	2013 £000	2012 £000
Interest received	3	6
Net cash inflow from returns on investment and servicing of finance	<u>3</u>	<u>6</u>

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

23 Capital expenditure and financial investment

	2013	2012
	£000	£000
Purchase of tangible fixed assets	(196)	(10,129)
Assets on conversion	-	9,165
Capital funding from EFA	497	31
Capital funding received from sponsors and others	50	114
Net cash inflow/(outflow) from capital expenditure and financial investment	351	(819)

24 Analysis of changes in net funds

	At 1 st September 2012 £000	Cash flows £000	At 31 st August 2013 £000
Cash in hand and at bank	1,054	298	1,352
	<u>1,054</u>	<u>298</u>	<u>1,352</u>

25 Contingent Liabilities

During the year of the funding agreement, in the event of the sale or disposal by other means of any leasehold building the Academy is required to either re-invest the proceeds or to repay the Secretary of State for Education or the Ripley Trust the proceeds of the sale or disposal as these two bodies would jointly have an interest in the proceeds of any sale.

26 Members' Liability

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

27 Pension and similar obligations

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

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

Contributions amounting to £86,460 (2012: £605) were payable to the schemes at 31st August 2013 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

27 Pension and similar obligations (continued)

maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership.

Membership is automatic for full-time teachers and lecturers and from 1st January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1st April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The

Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

27 Pension and similar obligations (continued)

Teachers' Pension Scheme Changes

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31st August 2013 were £198,000, of which employer's contributions totalled £152,000 and employees' contributions totalled £46,000. The agreed contribution rates for future years are 19.1% 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 School 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 year. 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.

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions	At 31 st August 2013	At 31 st August 2012
Rate of increase in salaries	4.4%	4.3%
Rate of increase for pensions in payment / inflation	2.4%	2.3%
Discount rate for scheme liabilities	4.6%	4.5%
Inflation assumption (CPI)	2.4%	2.3%
Commutation of pensions to lump sums	50%	50%

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

	At 31 st August 2013	At 31 st August 2012
<i>Retiring today</i>		
Males	22.1	22.0
Females	24.8	24.7
<i>Retiring in 20 years</i>		
Males	23.9	23.8
Females	26.7	26.6

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 2013	Fair value at 31 st August 2013 £000	Expected return at 31 st August 2012	Fair value at 31 st August 2012 £000
Equities	7%	621	7.0%	565
Government Bonds	3.4%	83	2.5%	44
Other Bonds	4.4%	249	3.4%	156
Property	5.7%	100	6.0%	79
Cash	0.5%	57	0.5%	35
Other	7%	99	7.0%	3
Total market value of assets		<u>1,209</u>		<u>882</u>
Present value of scheme liabilities - Funded		(2,414)		(2,108)
Deficit in the scheme		<u>(1,205)</u>		<u>(1,226)</u>

The actual return on scheme assets was £131,000 (2012: £11,000).

**Notes to the Financial Statements for the year ended 31st August 2013
(continued)**

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2013 £000	2012 £000
Current service cost (net of employee contributions)	162	176
Total operating charge	<u>162</u>	<u>176</u>

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	54	63
Interest on pension liabilities	<u>(100)</u>	<u>(122)</u>
Pension finance costs	<u>(46)</u>	<u>(59)</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 £131,000 loss (2012: £208,000 loss).

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

	2013 £000	2012 £000
At 1st September	2,108	-
Current service cost	162	176
Interest cost	100	122
Employee contributions	46	57
Actuarial loss	-	157
Benefits paid	(2)	-
Business combinations	-	1,596
At 31st August	<u>2,414</u>	<u>2,108</u>

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

	2013 £000	2012 £000
At 1st September	882	-
Expected return on assets	54	63
Actuarial gain/(loss)	77	(51)
Employer contributions	152	209
Employee contributions	46	57
Business combinations	-	604
Benefits paid	(2)	-
At 31st August	<u>1209</u>	<u>882</u>

The estimated value of employer contributions for the year ended the 31st August 2014 is £144,000.

Notes to the Financial Statements for the year ended 31st August 2013 (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2013	2012
	£000	£000
Present value of defined benefit obligations	(2,414)	(2,108)
Fair value of share of scheme assets	1,209	882
Deficit in the scheme	<u>(1,205)</u>	<u>(1,226)</u>
Experience adjustments on share of scheme assets	77	(51)

28 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, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

Apart from travel expenses of £562, no other transactions with Trustees were undertaken during the course of the year ended 31st August 2013.