

Financial Statements

Ormiston Bolingbroke Academy Trust

For the year ended 31 August 2013

Registered number: 07349394 (England and Wales)

Contents

	Page
Reference and administrative details of the academy, its governors and advisers	1 - 2
Governors' report	3 - 8
Governance statement	9 - 11
Statement on regularity, propriety and compliance	12
Governors' responsibilities statement	13
Independent auditor's report	14 - 15
Independent auditor's assurance report on regularity	16 - 17
Statement of financial activities	18 - 19
Balance sheet	20
Cash flow statement	21
Notes to the financial statements	22 - 45

Reference and Administrative Details of the Academy, its Governors and Advisers

For the year ended 31 August 2013

Governors

* A Lewis, Chair
A Collier, Staff Trustee
S Crane, Staff Trustee
M Lloyd-Jones
P Lloyd-Jones, Responsible Officer
P Meehan
* S Murphy
* J Rigby, Principal
* A Walker
J Burke (appointed 19 June 2013)
T Humby, Staff Trustee (appointed 5 December 2012)
D Watson (appointed 19 June 2013)
* D Wilkinson (appointed 5 December 2012)

* members of the Finance and General Purpose committee

Company registered number

07349394 (England and Wales)

Principal and registered office

Barnfield Avenue
Cheshire
WA7 6EP

Senior management team

J Rigby, Principal
A Moorcroft, Vice Principal
P Barker, Assistant Principal
S Easton, Assistant Principal
L Handley, Assistant Principal
J Hough, Assistant Principal
T Humby, Assistant Principal
J Mooney, Assistant Principal
K Rogan, Assistant Principal
S Oulton, Assistant Principal
S Hughes, Director of Finance
S Powell, Director of Data
B Barry, Assistant Principal

Reference and Administrative Details of the Academy, its Governors and Advisers

For the year ended 31 August 2013

Advisers (continued)

Independent auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Bankers

Santander
Bridle Road
Bootle
Merseyside
L30 4GB

Lloyds TSB Bank Plc
5 St Paul's Square
Old Hall Street
Liverpool
L3 9SJ

Solicitors

Stone King LLP
16 St John's Lane
London
EC1M 4BS

Governors' Report

For the year ended 31 August 2013

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Ormiston Bolingbroke Academy Trust (the Academy or the Charitable Company) for the year ended 31 August 2013.

Structure, governance and management

a. Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles are the primary governing documents of the Academy. The trustees of Ormiston Bolingbroke Academy Trust are also the directors of the Charitable Company for the purposes of company law.

The charitable company is known as Ormiston Bolingbroke Academy (the Academy).

Details of the trustees who served throughout the year are included in the Reference and Administrative Details page of the financial statements.

b. 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.

c. Governors' indemnities

The Academy has put in place policies which indemnify the Trustees when acting in that capacity on behalf of the Academy.

Insurance cover is provided by Zurich Municipal under policy number KSC-242039-9893.

d. Principal activities

The principal activity of the Charitable Company is the operation of the Ormiston Bollingbroke Academy to provide education for pupils of different abilities between the ages of 11 and 19 with an emphasis on English and Applied Learning.

e. Method of recruitment and appointment or election of Governors

The Sponsors shall appoint the Sponsor Governors. The Local Authority (LA) may appoint the LA Governor. The Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time of election. The Staff Governors shall be elected by the staff members at the Academy. One of the Staff Governors shall be elected from among the teaching staff of the Academy and the other Staff Governor from among the non-teaching staff. A Staff Governor must be a member of staff at the time when he is elected. The Governors may appoint up to 3 co-opted Governors.

Governors are elected for a term of four years but are eligible for re-election at the meeting at which they retire.

The Governors who served throughout the year-ended 31 August 2013 and who were appointed subsequently are listed in the Reference and Administrative Details page of the financial statements.

Governors' Report (continued)

For the year ended 31 August 2013

f. Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Governors are welcome to visit the Academy and to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two to three new Governors a year, induction will be done informally and is tailored specifically to the individual.

g. Organisational structure

A unified management structure is in place which consists of three levels: the Governors, the Senior Management and the Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

h. Connected organisations

The Ormiston Trust and The University of Chester are sponsors of the Academy.

i. Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and discipline) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. staff conduct policies) and internal financial controls in order to minimise risk.

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

Objectives and Activities

a. Objects and aims

In accordance with the articles of association the Charitable Company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on English and Applied Learning.

Governors' Report (continued)

For the year ended 31 August 2013

b. Objectives, strategies and activities

The Academy is implementing an approach to deliver its transformational agenda in a challenging and deprived community by:

- personalised learning experiences integrated with the new technologies;
- admissions based on the concept of a community Academy serving all the children of its community;
- strengthening the links with primary schools to ensure effective transition;
- development of a learning community model that brings together agencies, voluntary sector and academy resources to meet the needs of the whole community, offering innovative and far reaching practices;
- providing value for money for the funds expended;
- providing a programme of sporting and after school activities for all students.

c. Public benefit

The Academy is an exempt charity with the charitable purpose of advancement of education to pupils between the ages of 11 to 19 within the borough of Halton.

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

Achievements and performance

a. Key financial performance indicators

97% of total income in the year (excluding restricted fixed asset funds) was received from the EFA or DFE. (2012: 99%)

Salary expenditure for the year ended 31st August 2013 represented 69% (2012: 73%) of total spend and 61% (2012: 64%) of total income, excluding restricted fixed asset funds. Teacher to pupil ratio for the year was 11.3 and this is expected to increase slightly in 2013/14.

b. Achievements and performance

The total number of students in the Academy continued to increase from 830 in 2011-2012 to 911 in September 2013.

The Academy again achieved very good results in its second year, with 99% of all Yr. 11 students achieving 5 or more GCSEs at grades A* to C. In addition, 68% of pupils achieved 5 or more GCSEs at grades A* to C including English and Maths (59% in 2012). This has put the Academy at the very top of the league table for Runcorn and significantly above local and national average scores. The sixth form has once more achieved excellent results with the A-level pass rate of 100%, well above the national average. All year 13 students who were applying to University were successful with most achieving their first choice of university.

Ofsted visited the Academy in November 2012 and judged it to be 'Good', with all four categories in the inspection judged as 'Good'. With the increase in Achievement in the 2013 examinations mentioned above, we have the foundation to realistically secure an 'Outstanding' judgement at the next inspection.

The Academy achieved the Continuous Professional Development Mark award in October 2013, as well as The SSAT's Cultural Diversity Quality Standard at the top Gold level in November 2013.

Governors' Report (continued)

For the year ended 31 August 2013

Key Stage 3 - Students in years 7 & 8 follow the National Curriculum and a thinking skills programme in English based on Philosophy for Children.

Key Stage 4 – this stage lasts for three years to allow a greater depth and choice of subjects. Pupils follow one of three curriculum pathways, determined by their ability, skills, interests and choices. It is possible for students to begin some A-levels in Year 11. All students will study English, Mathematics, Science, ICT, PE, RE and Citizenship (within the Every Child Matters curriculum) with a variety of optional academic and vocational subjects.

A comprehensive range of subjects delivered by high quality teachers and with some high technology resources is available for sixth form students. School improvements include a designated sixth form area, a dynamic multi-media learning space incorporating the most cutting edge technologies, a variety of new ICT facilities, a new dining room with a sixth form cyber café, a T.V. green screen studio, a music recording studio and an off-site construction centre.

There is a vast and diverse after-school Enrichment programme for all students in place which features a plethora of sporting, academic, vocational and leisure activities. The Academy's staff lead these sessions, with external providers such as Liverpool Football Club and a local Chinese Assistant also contributing.

Following a £6.7 million award to partially re-build, re-model and refurbish the existing buildings, the new Academy had its hand-over for the start of the new academic year in September 2013. The new building incorporates a learning street, a dedicated performance hall, a new library, state of the art science laboratories and a sixth form study, café and social area.

The Academy runs an award winning Saturday Academy that provides opportunities for primary students to attend a variety of workshops and induction activities. Many of the local primary schools spend taster days at the Academy and have taken part in English, Maths, Spanish, Enterprise, ICT. These days have been a massive success and the academy will continue to provide this high quality transition programme.

In addition, the Academy's new Hair and Beauty Salon in the Learning Street is now open for business to the public at weekends. This is staffed and operated by the Academy's students.

c. Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the 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 Accounting Policies.

Governors' Report (continued)

For the year ended 31 August 2013

Financial review

a. Principal funding

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants from the DfE during the year ended 31st August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005) such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

b. Financial report for the year

During the year ended 31st August 2013, total expenditure of £6,229,000 was more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £759,000.

At 31st August 2013 the net book value of fixed assets was £15,389,000 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Expenditure in the Academy is budgeted in conjunction with the Academy's development plan to ensure that all expenditure is aligned with the key objectives of the Academy.

c. Reserves policy

The Academy held fund balances at 31st August 2013 of £16,818,000 comprising £16,679,000 of restricted funds and £139,000 of unrestricted funds. £9,817,000 relates to donations of land and buildings to the Academy and a further £5,496,000 to grant funded improvement works. These reserves will be reduced in accordance with the depreciation policy for the assets transferred. The reserves include £766,000 of start up grant funding that was not spent during the year.

The Governors have reviewed the reserves of the Academy. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. Following the completion of the partial new build and refurbishment, funds have been set aside to support the school development plan and to support the capital investment required to modernise and upgrade the remaining building and sporting facilities. The level of reserves will be kept under review by the Governors.

d. Principal risks and uncertainties

The Governors have a comprehensive risk management policy to identify, evaluate and manage risk. Risks are categorised into strategic risks and operational risks. Strategic risks include political, economic, social, technological, legal, environmental, competitive and customer. Managing these risks is a core responsibility of the senior leadership team in liaison with Governors. Operational risks include professional, financial, legal, physical, contractual and technological. Risks are assessed in terms of impact and likelihood and risk control measures are identified and assigned to an appropriate member of staff.

Governors' Report (continued)

For the year ended 31 August 2013

e. Investment policy

Investments will only be made that are consistent with the Academy's charitable status and line with policies that have been approved by the governing body. During the year cash investments were split between interest bearing accounts with Lloyds Banking Group and Santander UK Plc.

f. Financial and Risk Management Objectives and Policies

The defined benefit pension scheme liability is £236,000 at 31st August 2013 (£329,000 2012).

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

The Academy uses a variety of financial instruments, including cash and items such as trade debtors and trade creditors that arise directly from day to day activities. The main purpose of these financial instruments is to ensure liquidity for the Academy's operations.

Plans for the future

a. Plans for future periods

The Academy will continue to strive to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education or training once they leave. The Academy will also increase its recruitment up to the maximum capacity, accepting transfers from other schools and colleges where possible.

Auditor

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

Approval

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006 unless the Charitable Company receives notice under section 488 (1) of the Companies Act 2006.

This report was approved by order of the Governing Body on 11 December 2013 and signed on its behalf by:



S Murphy
Vice Chair of Trustees

Governance Statement

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Ormiston Bolingbroke Academy Trust 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 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 Ormiston Bolingbroke Academy Trust 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

The information on governance included here supplements that described in the Governors' Report and in the Governors' responsibilities statement. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
A Lewis, Chair	3	3
A Collier, Staff Trustee	3	3
S Crane, Staff Trustee	3	3
M Lloyd-Jones	2	3
P Lloyd-Jones, Responsible Officer	3	3
P Meehan	3	3
S Murphy	3	3
J Rigby, Principal	3	3
A Walker	1	3
J Burke	1	2
T Humby, Staff Trustee	1	2
D Watson	1	1
D Wilkinson	2	3

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to consider the Academy's budget and funding for the year, to monitor and review expenditure and financial procedures on a regular basis.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
A Lewis	3	3
S Murphy	3	3
J Rigby	3	3
A Walker	2	3
D Wilkinson	1	2

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Ormiston Bolingbroke Academy Trust throughout the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

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 trust's significant risks that has been in place for the year ending 31 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 and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Peter Lloyd-Jones, a Governor, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly 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 EFA's requirements. No material control issues were identified as a result of the RO's work.

Governance Statement (continued)

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:

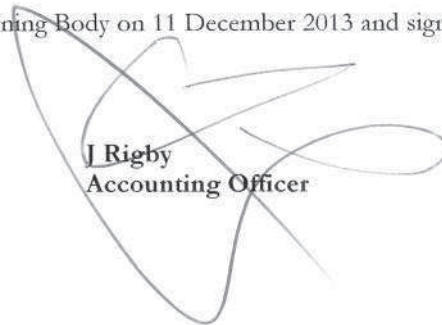
- the work of the Responsible Officer;
- the work of the external auditor;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 11 December 2013 and signed on their behalf, by:



S Murphy
Vice Chair of Trustees



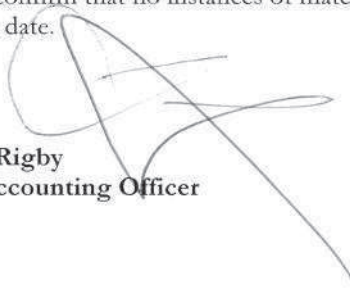
J Rigby
Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Ormiston Bolingbroke Academy Trust I have considered my responsibility to notify the Academy's Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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's 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'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.



J Rigby
Accounting Officer

Governors' Responsibilities Statement

For the year ended 31 August 2013

The Governors (who act as governors of Ormiston Bolingbroke Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

Approved by order of the members of the Governing Body on 11 December 2013 and signed on its behalf by:



S Murphy
Vice Chair of Trustees

Independent Auditor's Report to the Members of Ormiston Bolingbroke Academy Trust

We have audited the financial statements of Ormiston Bolingbroke Academy Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities incorporating the Income and Expenditure Accounts and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency and applicable law.

This report is made solely to the Charitable Company'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 Charitable Company'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 Charitable Company and its members, as a body for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Governing Body and Auditor

As explained more fully in the Governors' responsibilities statement set out on page 14, the Governors (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.



Independent Auditor's Report to the Members of Ormiston Bolingbroke Academy Trust

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

A handwritten signature in cursive script, appearing to read 'Joanne Love'.

Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

13 December 2013

Independent Reporting Auditor's Assurance Report on Regularity to Ormiston Bolingbroke Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 6 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ormiston Bolingbroke Academy Trust during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Ormiston Bolingbroke Academy Trust and the EFA in accordance with the terms of our engagement letter dated 6 November 2013. Our review work has been undertaken so that we might state to Ormiston Bolingbroke Academy Trust and the EFA those matters we are required to state to them 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 Ormiston Bolingbroke Academy Trust and the EFA, for our review work, for this report, or for the conclusion we have formed.

Respective responsibilities of Ormiston Bolingbroke Academy Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Ormiston Bolingbroke Academy Trust's funding agreement with the Secretary of State for Education dated 24 October 2010, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Independent Reporting Auditor's Assurance Report on Regularity to Ormiston Bolingbroke Academy Trust 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 1 September 2012 to 31 August 2013 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
Manchester

Date: 13 December 2013

Statement of Financial Activities

(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
For the year ended 31 August 2013

	Note	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000	As restated Total funds 2012 £000
Incoming resources						
Incoming resources from generated funds:						
Academy land and buildings donation	3	-	-	-	-	9,817
Voluntary income	3	49	-	-	49	10
Activities for generating funds	4	59	-	-	59	25
Investment income	5	12	-	-	12	3
Incoming resources from charitable activities	6	9	6,231	5,496	11,736	5,674
Total incoming resources		129	6,231	5,496	11,856	15,529
Resources expended						
Costs of generating funds:						
Costs of generating voluntary income	7	29	-	-	29	19
Charitable activities	8	-	5,418	628	6,046	5,050
Governance costs	9	-	154	-	154	150
Total resources expended	10	29	5,572	628	6,229	5,219
Net incoming resources before transfers		100	659	4,868	5,627	10,310

Statement of Financial Activities (continued)

For the year ended 31 August 2013

	Note	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000	As restated Total funds 2012 £000
Transfers between Funds	19	-	(89)	89	-	-
Net income for the year		100	570	4,957	5,627	10,310
Actuarial gains and losses on defined benefit pension schemes		-	96	-	96	(176)
Net movement in funds for the year		100	666	4,957	5,723	10,134
Total funds at 1 September 2012 (as restated - see note 19)		39	624	10,432	11,095	961
Total funds at 31 August 2013		139	1,290	15,389	16,818	11,095

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 22 to 45 form part of these financial statements.

Ormiston Bolingbroke Academy Trust

Registered number: 07349394 (England and Wales)

Balance Sheet

As at 31 August 2013

	Note	£000	2013 £000	As restated 2012 £000
Fixed assets				
Tangible assets	14		15,389	10,432
Current assets				
Stocks	15	23		16
Debtors	16	143		104
Cash at bank		1,647		983
		<u>1,813</u>		<u>1,103</u>
Creditors: amounts falling due within one year				
	17	(148)		(111)
Net current assets			<u>1,665</u>	<u>992</u>
Total assets less current liabilities			<u>17,054</u>	<u>11,424</u>
Defined benefit pension scheme liability	27		(236)	(329)
Net assets including pension scheme liabilities			<u><u>16,818</u></u>	<u><u>11,095</u></u>
Funds of the academy				
Restricted funds:				
Restricted funds	19	1,526		953
Restricted fixed asset funds	19	15,389		10,432
Restricted funds excluding pension liability		<u>16,915</u>		<u>11,385</u>
Pension reserve		(236)		(329)
Total restricted funds			<u>16,679</u>	<u>11,056</u>
Unrestricted funds	19		<u>139</u>	<u>39</u>
Total funds			<u><u>16,818</u></u>	<u><u>11,095</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 11 December 2013 and are signed on their behalf, by:


S Murphy
 Vice Chair of Trustees

The notes on pages 22 to 45 form part of these financial statements.

Cash Flow Statement

For the year ended 31 August 2013

	Note	2013 £000	2012 £000
Net cash inflow from operating activities	21	741	507
Returns on investments and servicing of finance	22	12	3
Capital expenditure and financial investment	22	(89)	(147)
Increase in cash in the year		664	363

Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 August 2013

	2013 £000	2012 £000
Increase in cash in the year	664	363
Movement in net funds in the year	664	363
Net funds at 1 September 2012	983	620
Net funds at 31 August 2013	1,647	983

The notes on pages 22 to 45 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 August 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

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 (SORP), 'Accounting and Reporting to Charities' published in 2005 (SORP 2005), the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006. A summary of the principle accounting policies, which have been applied consistently is set out below.

1.2 Going concern

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

The activities of the Academy, together with the factors likely to affect its future development are set out in the Governors' Report. The Academy's forecasts and financial projections indicate that it will be able to operate for the foreseeable future and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

1.3 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

Notes to the Financial Statements

For the year ended 31 August 2013

1. Accounting Policies (continued)

1.4 Incoming resources

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

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.

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

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

Interest receivable is included on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including the sale of uniforms, is recognised in the period in which it is receivable and to the extent the goods have been provided.

Notes to the Financial Statements

For the year ended 31 August 2013

1. Accounting Policies (continued)

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

Charitable activities are costs incurred in the Academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

Assets costing more than £1,000 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 are 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.

A review for impairment is carried out annually for assets which are depreciated over a period in excess of 50 years and for other assets 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.

The tangible fixed asset depreciation policy has been reviewed by management during 2012-13. This review has identified that computer equipment assets should be depreciated over a period of between 2 and 5 years (previously 5 years). This change in estimation technique better reflects the useful economic lives of computer equipment. The impact of this change on the 2012/13 financial statements is that the computer equipment depreciation charge has increased by £145,000. This reflects a higher annual charge and the additional charge to reflect the revised asset lives.

Notes to the Financial Statements

For the year ended 31 August 2013

1. Accounting Policies (continued)

Depreciation on tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	-	30 years straight line
Leasehold land	-	Straight line over the length of the lease
Motor vehicles	-	15% straight line
Furniture and equipment	-	15% straight line
Computer equipment	-	20% - 50% straight line

The Academy's land and buildings are held under a 125 year lease from Halton Borough Council. The leased land and buildings have been recognised on the Balance Sheet at depreciated replacement cost. Upon recognition of the land and buildings a corresponding entry to voluntary income within the restricted fixed asset funds has been recognised. This represents a gift in kind from Halton Borough Council.

Assets under construction are accounted for at cost. They are not depreciated until they are brought into use.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.8 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 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 31 August 2013

1. Accounting Policies (continued)

1.10 Pensions

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 Resources Expended within the Statement of Financial Activities are the current service costs and gains and losses on the 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 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 the Statement of Financial Activities.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2013 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 has not exceeded these limits during the year ended 31 August 2013.

Notes to the Financial Statements

For the year ended 31 August 2013

3. Voluntary income

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	As restated Total funds 2012 £000
Academy land and buildings (in kind donation)	-	-	-	9,817
Other donations	49	-	49	10
	<u>49</u>	<u>-</u>	<u>49</u>	<u>9,827</u>
Voluntary income	<u>49</u>	<u>-</u>	<u>49</u>	<u>9,827</u>

4. Activities for generating funds

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Uniform sales	16	-	16	19
Other income	19	-	19	6
Catering income	11	-	11	-
Bus ticket sales	13	-	13	-
	<u>59</u>	<u>-</u>	<u>59</u>	<u>25</u>

5. Investment income

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Interest receivable	12	-	12	3
	<u>12</u>	<u>-</u>	<u>12</u>	<u>3</u>

Notes to the Financial Statements

For the year ended 31 August 2013

6. Funding for Academy's educational operations

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
DfE/EFA grants				
General Annual Grant (GAG) (Note 2)	-	5,387	5,387	4,699
Start Up Grants	-	371	371	584
Other DfE grants	-	388	388	346
EFA capital grant	-	5,496	5,496	-
	<u>-</u>	<u>11,642</u>	<u>11,642</u>	<u>5,629</u>
Other government grants				
Special Educational Needs from Local Authority	-	60	60	35
Other	9	25	34	10
	<u>9</u>	<u>85</u>	<u>94</u>	<u>45</u>
	<u>9</u>	<u>11,727</u>	<u>11,736</u>	<u>5,674</u>

7. Costs of generating voluntary income

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Costs of generating voluntary income	29	-	29	19
	<u>29</u>	<u>-</u>	<u>29</u>	<u>19</u>

Notes to the Financial Statements

For the year ended 31 August 2013

8. Expenditure by charitable activity

Summary by fund type

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Direct costs	-	4,015	4,015	3,659
Allocated support costs	-	2,031	2,031	1,391
	<u>-</u>	<u>6,046</u>	<u>6,046</u>	<u>5,050</u>

Detail by fund type

	Unrestricted funds £000	Restricted funds £000	2013 £000	2012 £000
Direct costs				
Teaching and educational support staff costs	-	3,201	3,201	3,003
Educational supplies	-	406	406	273
Examination fees	-	107	107	121
Staff development	-	54	54	40
Educational consultancy	-	110	110	131
Special facilities	-	134	134	126
Pension costs	-	3	3	(33)
Total	<u>-</u>	<u>4,015</u>	<u>4,015</u>	<u>3,661</u>

Notes to the Financial Statements

For the year ended 31 August 2013

	Unrestricted funds £000	Restricted funds £000	2013 £000	2012 £000
Allocated support costs				
Support staff costs	-	682	682	708
Depreciation	-	595	595	147
Recruitment and support	-	34	34	14
Maintenance of premises and equipment	-	92	92	76
Bought in support costs	-	11	11	9
Rates and utilities	-	123	123	129
Insurance	-	36	36	26
Administrative costs	-	145	145	98
Catering	-	162	162	103
Other support costs	-	118	118	78
Loss on sale of fixed assets	-	33	33	-
Other finance expenditure	-	-	-	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total	-	2,031	2,031	1,389
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9. Governance costs

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Auditor's remuneration	-	11	11	9
Ormiston Academy Trust costs	-	143	143	141
	<hr/>	<hr/>	<hr/>	<hr/>
	-	154	154	150
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31 August 2013

10. Analysis of resources expended

	Staff costs 2013 £000	Premises 2013 £000	Other costs 2013 £000	Total 2013 £000	Total 2012 £000
Costs of generating voluntary income	-	-	29	29	19
Costs of generating funds	-	-	29	29	19
Direct costs	3,201	-	814	4,015	3,661
Allocated support costs	682	879	470	2,031	1,389
Charitable activities	3,883	879	1,284	6,046	5,050
Governance	-	-	154	154	150
	3,883	879	1,467	6,229	5,219

11. Net incoming resources

This is stated after charging:

	2013 £000	2012 £000
Depreciation of tangible fixed assets:		
- owned and held under lease including loss on disposal	628	148
Auditor's remuneration	11	9
Operating lease rentals	9	7
	648	164

Included in the £628,000 depreciation above is £33,000 in respect of loss on disposal of fixed assets.

Of the £595,000 depreciation charge £301,000 is in respect of leased assets and £294,000 is in respect of assets owned by the Academy.

Notes to the Financial Statements

For the year ended 31 August 2013

12. Staff costs

Staff costs were as follows:

	2013 £000	2012 £000
Wages and salaries	3,215	3,055
Social security costs	243	231
Other pension costs	425	392
	<u>3,883</u>	<u>3,678</u>

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

	2013 No.	2012 No.
Teachers	60	54
Administration and support	44	48
Management	13	10
	<u>117</u>	<u>112</u>

No employee received remuneration amounting to more than £60,000 in either year.

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £23,099 (2012: £14,104).

Notes to the Financial Statements

For the year ended 31 August 2013

13. Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. This insurance provides cover up to £2,000,000 on any one claim.

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

14. Tangible fixed assets

	Leasehold land and buildings £000	Assets under construction £000	Motor vehicles £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation						
Restated at 1 September 2012	9,817	-	30	489	354	10,690
Additions	-	5,496	25	30	34	5,585
Disposals	-	-	-	(56)	(130)	(186)
At 31 August 2013	9,817	5,496	55	463	258	16,089
Depreciation						
Restated at 1 September 2012	-	-	4	134	120	258
Charge for the year	301	-	6	76	212	595
On disposals	-	-	-	(25)	(128)	(153)
At 31 August 2013	301	-	10	185	204	700
Net book value						
At 31 August 2013	9,516	5,496	45	278	54	15,389
Restated at 31 August 2012	9,817	-	26	355	234	10,432

Included in land and buildings is land at valuation of £837,000 (2012 (restated) - £837,000).

Academy land and buildings are held under a 125 year lease from Halton Borough Council and as such are treated as donated assets.

Notes to the Financial Statements

For the year ended 31 August 2013

15. Stocks

	2013 £000	2012 £000
Uniforms	17	16
Bus tickets	6	-
	<u>23</u>	<u>16</u>

16. Debtors

	2013 £000	2012 £000
Trade debtors	10	6
Other debtors	30	23
Prepayments and accrued income	103	75
	<u>143</u>	<u>104</u>

17. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	52	-
Accruals and deferred income	96	111
	<u>148</u>	<u>111</u>

Deferred income

Deferred income at 1 September 2012	45
Resources deferred during the year	34
Amounts released from previous years	(39)
Deferred income at 31 August 2013	<u>40</u>

Deferred income relates to Bursary and devolved formula capital funding received in advance.

Notes to the Financial Statements

For the year ended 31 August 2013

18. Prior year adjustment

The prior year adjustment reflects a fundamental error which has been identified in respect of the treatment of the Academy's land and buildings, which have been held by the Academy under a 125 year lease agreement since 2 August 2012. The opening cost and net book values for land and buildings have been restated to reflect the assets in the balance sheet in accordance with the requirements of the Accounts Direction. The corresponding credit has been shown as a donation within Incoming Resources.

The impact of the prior period adjustment is to recognise brought forward land and buildings at depreciated replacement cost of £9,817,000 and to increase the Restricted Fixed Asset Fund by the same amount.

Notes to the Financial Statements

For the year ended 31 August 2013

19. Statement of funds

	Brought Forward As restated £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
General Funds - all funds	39	129	(29)	-	-	139
Restricted funds						
General Annual Grant (GAG)	235	5,387	(5,121)	(89)	-	412
Start Up Grant	395	371	-	-	-	766
Other DfE/EFA Grants	177	388	(448)	-	-	117
Other restricted LEA and other grants	146	85	-	-	-	231
Pension reserve	(329)	-	(3)	-	96	(236)
	624	6,231	(5,572)	(89)	96	1,290
Restricted fixed asset funds						
Restricted Fixed Asset Funds	579	-	(327)	89	-	341
DfE/EFA Capital grants	36	-	-	-	-	36
Donated assets	9,817	5,496	(301)	-	-	15,012
	10,432	5,496	(628)	89	-	15,389
Total restricted funds	11,056	11,727	(6,200)	-	96	16,679
Total of funds	11,095	11,856	(6,229)	-	96	16,818

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Department for Education.

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 31 August 2013. Note 2 discloses whether the limit was exceeded.

Notes to the Financial Statements

For the year ended 31 August 2013

19. Statement of funds (continued)

Summary of funds

	Brought Forward As restated £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General funds	39	129	(29)	-	-	139
Restricted funds	624	6,231	(5,572)	(89)	96	1,290
Restricted fixed asset funds	10,432	5,496	(628)	89	-	15,389
	<u>11,095</u>	<u>11,856</u>	<u>(6,229)</u>	<u>-</u>	<u>96</u>	<u>16,818</u>

20. Analysis of net assets between funds

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Tangible fixed assets	-	-	15,389	15,389	10,432
Current assets	150	1,663	-	1,813	1,103
Creditors due within one year	(11)	(137)	-	(148)	(111)
Pension scheme liability	-	(236)	-	(236)	(329)
	<u>139</u>	<u>1,290</u>	<u>15,389</u>	<u>16,818</u>	<u>11,095</u>

Notes to the Financial Statements

For the year ended 31 August 2013

21. Net cash flow from operations

	2013 £000	As restated 2012 £000
Net income	5,627	10,310
Interest received	(12)	(3)
Assets donated	(5,496)	(9,817)
Depreciation of tangible fixed assets	595	146
Loss on disposal of tangible fixed assets	33	-
Increase in stocks	(7)	(8)
(Increase)/decrease in debtors	(39)	51
Increase/(decrease) in creditors	37	(140)
FRS 17 pension cost less contributions payable	-	(33)
FRS 17 pension finance cost	3	1
	<u>741</u>	<u>507</u>

22. Analysis of cash flows for headings netted in cash flow statement

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest received	<u>12</u>	<u>3</u>
	2013 £000	2012 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(89)</u>	<u>(147)</u>

23. Analysis of changes in net funds

	1 September 2012 £000	Cash flow £000	Other non-cash changes £000	31 August 2013 £000
Cash at bank and in hand:	983	664	-	1,647
Net funds	<u>983</u>	<u>664</u>	<u>-</u>	<u>1,647</u>

Notes to the Financial Statements

For the year ended 31 August 2013

24. Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education 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.

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

(a) the value at the time of the Academy's site and premises and other assets held for the purpose of the Academy; and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

25. Members' liability

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

26. Capital commitments

At 31 August 2013 the Academy had capital commitments as follows:

	2013 £000	2012 £000
Contracted for but not provided in these financial statements	-	-

27. Pension commitments

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

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some

Notes to the Financial Statements

For the year ended 31 August 2013

27. Pension commitments (continued)

establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

Teachers' Pension Scheme Changes

Notes to the Financial Statements

For the year ended 31 August 2013

27. Pension commitments (continued)

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £156,000, of which employer's contributions totalled £123,000 and employees' contributions totalled £33,000. The agreed contribution rates for future years are 22.1% for employers and 5.55% - 7.5% for employees.

Notes to the Financial Statements

For the year ended 31 August 2013

27. Pension commitments (continued)

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

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £000	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £000
Equities	6.60	1,313	5.50	986
Bonds	3.50	228	2.80	208
Property	4.70	105	3.70	83
Cash	3.60	105	2.80	111
Total market value of assets		<u>1,751</u>		<u>1,388</u>
Surplus in the scheme		<u>1,751</u>		<u>1,388</u>

The amounts recognised in the Balance sheet are as follows:

	2013 £000	2012 £000
Present value of funded obligations	(1,987)	(1,717)
Fair value of scheme assets	<u>1,751</u>	<u>1,388</u>
Net liability	<u>(236)</u>	<u>(329)</u>

The amounts recognised in the Statement of financial activities are as follows:

	2013 £000	2012 £000
Current service cost	(123)	(97)
Interest on obligation	(73)	(74)
Expected return on scheme assets	<u>70</u>	<u>73</u>
Total	<u>(126)</u>	<u>(98)</u>
Actual return on scheme assets	<u>207</u>	<u>112</u>

Notes to the Financial Statements

For the year ended 31 August 2013

27. Pension commitments (continued)

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

	2013 £000	2012 £000
Opening defined benefit obligation	1,717	1,297
Current service cost	123	97
Interest cost	73	74
Contributions by scheme participants	33	34
Actuarial losses	41	215
	<u>1,987</u>	<u>1,717</u>
Closing defined benefit obligation	<u>1,987</u>	<u>1,717</u>

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

	2013 £000	2012 £000
Opening fair value of scheme assets	1,388	1,112
Expected return on assets	70	73
Actuarial gains and (losses)	137	39
Contributions by employer	123	130
Contributions by employees	33	34
	<u>1,751</u>	<u>1,388</u>
	<u>1,751</u>	<u>1,388</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £58,000 gain (2012 - (£38,000 loss)).

The Academy expects to contribute £119,000 to the local government pension scheme in the year ending 31 August 2014.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013	2012
Equities	75.00 %	71.00 %
Bonds	13.00 %	15.00 %
Property	6.00 %	6.00 %
Cash	6.00 %	8.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2013	2012
Discount rate for scheme liabilities	4.60 %	4.10 %
Rate of increase in salaries	5.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.80 %	2.20 %
Inflation assumption (CPI)	2.80 %	2.20 %

Notes to the Financial Statements

For the year ended 31 August 2013

27. Pension commitments (continued)

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

	2013	2012
Retiring today		
Males	22.9	22.9
Females	25.7	25.7
Retiring in 20 years		
Males	24.9	24.9
Females	27.7	27.7

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2013 £000	2012 £000	2011 £000
Defined benefit obligation	(1,987)	(1,717)	(1,297)
Scheme assets	1,751	1,388	1,112
Deficit	(236)	(329)	(185)
Experience adjustments on scheme assets	137	39	1

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

28. Operating lease commitments

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

	Land and buildings	
	2013 £000	2012 £000
Expiry date:		
Between 2 and 5 years	9	7

Notes to the Financial Statements

For the year ended 31 August 2013

29. 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 governors has 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.

The charitable company is related to Ormiston Academies Trust by virtue of common sponsor, The Ormiston Trust.

During the year Ormiston Bolingbroke Academy received services amounting to £143,000 from Ormiston Academies Trust.

The assets under construction on the Balance Sheet of £5,496,000 are funded by the EFA. The funding is received by Ormiston Academies Trust and has been passed on to the Academy to reflect expenditure incurred.

30. Governors' remuneration and expenses

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy in respect of their role as Governors.

	2013 £000	2012 £000
J Rigby, Principal (Highest Paid Director)	110-115	110-115
T Humby	40-45	-
A Collier	20-25	20-25
S Crane	10-15	-

During the year, travel and subsistence expenses totalling £374 were reimbursed to 2 governors.

