

Chapel Street Community Schools Trust
(a company limited by guarantee)

Financial Statements

For the year ended 31 August 2014

**Company registration number:
7885963 (England and Wales)**

Chapel Street Community Schools Trust

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Chapel Street Community Schools Trust

Reference and Administrative Details

Trustees	D Bell (appointed 1 April 2014) M Sherlock (resigned 1 April 2014)) R Rook R Buckley (resigned 4 December 2013) M Coates M Greig S Jones S Holmes Chapel Street Community Fund (Corporate Director)
Company Secretary	A Gosling
Executive Management Team (Chapel Street Community Schools Trust)	R Rook (CEO) C Carter-Wall (Executive Director Schools) A Gosling (Executive Director Operations) S Harris (Executive Director Innovation & Learning)
Principal and Registered Office	21 Crown Lane London SM4 5BY
Company Registration Number (England and Wales)	07885963
Independent Auditor	Critchleys LLP Greyfriars Court Oxford OX1 1BE
Bankers	Lloyds TSB Old Bond St Branch 39 Piccadilly London W1V 0AA
Solicitors	Eversheds LLP 70 Great Bridgewater St Manchester M1 5ES

Chapel Street Community Schools Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust. The Trust was incorporated in December 2011 using model memorandum and articles for 'single' academy and free school companies. In October 2013 a resolution was passed to adopt model memorandum and articles for 'multi' academy and free school sponsors.

The trustees act as the trustees for the charitable activities of Chapel Street Community Schools Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Chapel Street Community Schools Trust.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

The Trust holds Trustees Liability Insurance to the indemnity limit of £1,000,000

Principal Activities

The principal activity of the trust is establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum. In the period to 31 August 2014 this involved the Trust in operating Atherton Community School and implementing the opening of Tyndale Community School, which opened in September 2013.

Method of Recruitment and Appointment or Election of Trustees

The Members of Chapel Street Community Schools Trust appoint the majority of trustees. The trustees can co-opt up to three further trustees. The constitution of the trust also specifies that the board will include the Chief Executive Officer.

In recruiting members to the local governing body and the central board of the Trust due regard is given to ensuring a broad representation of skills and experience relevant to the operation of the trust and the schools.

Policies and Procedures Adopted for the Induction and Training of Trustees and Governors

New members of the local governing body are provided with an induction programme during which they are trained in their delegated responsibilities in overseeing the operation of the school.

Chapel Street Community Schools Trust

Trustees' Report (continued)

Organisational Structure

The Trustees act as the central governing body of the Trust, with certain powers being delegated to the Local Governing Bodies of the Schools. A schedule of delegation outlines those powers, which are located within the Local Governing Body. The local governing body in turn delegates the day to day management of the school to the Principal and the Senior Leadership Team.

The overall strategic operations of the Trust are delegated to the Chief Executive Officer and the central management team, and any new schools which are approved by the Department of Education will also be organized under the direction of a local governing body to which certain powers will be delegated.

Risk Management

Risk management policies and processes are operated from the central board and include regular review and assessment of the management of risks associated with governance, financial, health and safety, safeguarding and educational standards. A risk register is maintained in respect of this.

Connected Organisations, including Related Party Relationships

Chapel Street Community Schools Trust is part of the Chapel St family. In addition to the Trust this comprises the following entities: Chapel Street Community Fund, Chapel Street Community Interest Company and its subsidiary Chapel Street Community Health Interest Company. The Community Fund is a corporate director of the Trust. The Chair of the Trust, Maeve Sherlock, is also Chair of the Community Fund. The Chief Executive Officer of the Trust, Russell Rook, is a director of the CIC and trustee of the Community Fund. The Company Secretary, Adrian Gosling, is Company Secretary of each of the related parties, as well as the authorized representative of the Community Fund in its role as Corporate Director. Prior to the establishment of the Trust, the Community Fund undertook operations pursuant to the aims of the Trust for which it has subsequently been partially reimbursed.

Objectives and Activities

Objects and Aims

The principal object of the trust, as outlined in the governing document, is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

In general the Trust aims to work with communities where there is under-resourcing in respect of educational opportunities and also in areas where aspects of deprivation have been identified.

Chapel St was founded to open and develop bespoke schools that are uniquely shaped to meet the challenges and opportunities of their particular communities. Focusing on some of England's most deprived communities Chapel St is working with parents, faith groups, community organisations, local leaders and businesses to engage the whole community in the development of outstanding centres of teaching and learning for children and families and local hubs for community regeneration.

Chapel St schools are characterised by the depth of relationships between staff, pupils and families. Here, every action and interaction is an expression of love, creating a culture of

Chapel Street Community Schools Trust

Trustees' Report (continued)

inclusion, acceptance, reconciliation, hope and freedom.

Chapel St community schools are developing a radically personalised approach to learning, following individual pathways that take account of the unique talents, gifts and skills of every child. Chapel St community schools do not simply educate children but seek to develop the whole family, providing tailor-made training and support for parents and carers and engaging family members in the life and community of the school. Chapel St community schools harness the distinct skills and expertise that the community has to offer by actively engaging local people and groups to support children's learning and locating and facilitating education within the community. Put simply, we believe that it takes a community to raise a child.

Chapel St is delighted to have appointed Dr Charlotte Carter-Wall as Executive Director of Schools. Charlotte has a worth of experience in successful school intervention and well regarded in Westminster and Whitehall having served two Secretaries of State. We have also appointed Stephen Harris as Executive Director of Innovation and Learning. Stephen is a global authority on using the built environment to promote learning and is already challenging us to think differently about space and learning. Project based learning, the use of Developmental Assets frameworks and an emphasis on mentoring and coaching continue to reflect the virtues of love, grace and fellowship, which underpin the broad Christian ethos of Chapel St.

Objectives, Strategies and Activities

Our objectives for the period 2013-14 were:

1. The successful relocation of Atherton Community School into its permanent facilities. The school facilities are outstanding, which has been achieved through the innovative and creative use of space. Lord Adonis formally opened the school in June 2014.
2. The significant expansion of both Atherton and Tyndale. The reputation of the schools has grown over the year, so it is interesting to note the impact that has had on student intake. There is a significant increase in families putting ACS and TCS as their first choice school – which means the students are more representative of the local community
3. The implementation of Burnley High School in Burnley and Park Community School in Morden. Funding Agreements were signed with the Secretary of State in July 2014. The opening of the schools was achieved successfully in September 2014 with the admission of the first cohort of students into the schools. The implementation of both schools was facilitated by grants from the Department for Education and achievement of this was also assisted by a grant from Chapel Street Community Fund. The site for both schools presented some challenges. The late change of location for Park Community School has had a detrimental impact on pupil numbers. The Trust is working hard to build the reputation of the school to ensure pupil numbers continue to rise.
4. Benedict Primary School in Mitcham became a Chapel St school in January 2014, followed by Westbridge Primary School in Wandsworth in April 2014. Both schools present significant challenges whilst enhancing our mission to provide outstanding education in places of need.
5. During the year the company also submitted a proposal to open an all through free school in South West London in September 2015. This proposal was accepted by the Secretary of State and a project development grant was agreed for this purpose.
6. We also submitted a proposal to open an innovative three-site secondary school as part of our South West London cluster to open September 2016. This proposal was accepted by the Secretary of State and a project development grant was agreed for this purpose.

Chapel Street Community Schools Trust

Trustees' Report (continued)

Public Benefit

In furtherance of the Trust's object the trustees have due regard for ensuring that the Chapel St family of schools will operate in such a way as to benefit the public by providing free education for children and young people.

Achievements and Performance

During the year to 31 August 2014 the Trust signed two Funding Agreements, which enabled, respectively, the opening of Burnley High School in temporary accommodation close to our permanent site, and Park Community School in temporary accommodation in a former Salvation Army premises in Morden.

The implementation of Kingston Community School has been in process during 2013-14. 7000 homes have received information about the school, and visits to nursery and children centres were carried out. Early indications of parental interest are strong.

Following the opening of Atherton Community School in September 2012, the Trust has continued to develop and expand the school in September 2014 with the introduction of an upper sixth form and a third year of admissions into year 7. Likewise we will continue to develop and expand Tyndale Community School in September 2014 with the introduction of a second year of admissions.

Our schools are places of community building and learning and the built environment reflects and prioritises this. We are delighted with the outstanding facilities in Atherton and look forward to the completion of building works at Tyndale.

We are encouraged that applications for both Atherton and Tyndale have seen an increasing number of parents putting us as first choice, which is testament to the commitment and work of our school leaders and staff.

Going Concern

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

Key Financial Performance Indicators

The Trust complies with all terms and conditions of its Funding Agreement including the level of GAG carry forward allowed.

Chapel Street Community Schools Trust

Trustees' Report (continued)

Financial Review

The Trust achieved a surplus of £4,600,766 in its second year of operation (2013: £5,606,488), of which £5,012,354 (2013: £5,604,138) related to Restricted Fixed Asset Funds and £2,412 (2013: £2,350) related to Unrestricted Funds. There was a deficit of £414,000 in Restricted Funds due to actuarial losses and costs of £10,000, £7,000, £35,000 and £88,000, in the defined benefit pension schemes of Atherton Community School, Tyndale Community School, Westbridge Primary School and Benedict Primary School, respectively, as well as pension deficits of £201,000 and £73,000 transferred on the conversion of Benedict Primary School and Westbridge Primary School, respectively. Its main sources of funding were grants from the Education Funding Agency for the operation of Atherton Community School, Tyndale Community School, Benedict Primary School and Westbridge Primary School, as well as EFA Fixed Asset grants for building works, ICT and Furniture, Fixtures and Fittings, at both Atherton Community School and Tyndale Community School. There were also grants provided by the Department for Education relating to the start up of Burnley High School and Park Community School, as well as a donation from Chapel Street Community Fund for the same purpose. During the period the expenditure of the Trust was primarily for the purpose of operating the open schools, as well as setting up Burnley High School and Park Community School.

Financial and Risk Management Objectives and Policies

As mentioned above, the Trust's primary funding source is via the EFA which makes monthly payments of the School Budget Share on the 1st of every month. Providing the Trust meets the terms of its Funding Agreement it is not envisaged that there is a substantial risk to cash flow and/or liquidity. The Trust manages its funds such that it has ready access to its bank accounts to pay trade creditors.

Principal Risks and Uncertainties

The principal risk to the Trust is the maintenance of pupil numbers as funding is directly related to the number of students on roll. The number on roll is set in the January of each year and is the basis by which the funding received in the September is calculated. There is also considerable volatility regarding the future funding of free schools and academies with a possible 1% cut in GAG funding, an un-funded 1% pay award and uncertainty over the future levels of LACSEG payments.

Reserves Policy

The Trust has net assets of £10,334,407 (2013: £5,733,641). The Trust plans to spend the majority of its revenue income each year on the students in its care. Sums are set aside from this each year for planned replacement of capital items such as ICT infrastructure, minibuses etc.

The Trust aims to set aside reserves to cover the principal risks stated above, however, as this is only the third period of operation the Trust is still in the process of establishing a significant level of reserves. Moreover, the Trust has limited revenue streams with which to build up unrestricted reserves and is subject to constraints imposed by the EFA (over the level of the school general annual grant) that can be carried forward. In accordance with the Trust's Funding Agreement with the EFA the Trustees are confident that the EFA will continue to make funding available for future operations of the Trust.

Chapel Street Community Schools Trust

Trustees' Report (continued)

Investment Policy

The Trust will invest funds held for more than three months in a high interest savings account and will review alternative investment options on a regular basis.

Plans for Future Periods

As outlined above the trust is in the process of implementing the opening of Kingston Community School in South West London, for which purpose a project development grant of £300,000 is being drawn down from the DfE.

Proposals are also in the process of being submitted to the DfE to open a further free school in Kingston and Norbiton.

Auditor

In so far as the trustees are aware:

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

Approved by order of the members of the Board of Trustees on December 2014 and signed on its behalf by:

.....
Dr Russell Rook

Trustee

Chapel Street Community Schools Trust

Governance Statement (continued)

a) Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Chapel Street Community Schools 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 Board of Trustees has delegated the day-to-day responsibility to the CEO, 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 Chapel Street Community Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

b) Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met twice during the period. Attendance during this period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Sir David Bell (Chair)	2	2
Baroness Maeve Sherlock (resigned)	2	2
Russell Rook	3	3
Rev Robert Buckley (resigned)	1	1
Max Coates	2	2
Michael Greig	2	3
Steve Jones	3	3
Steve Holmes	2	3
Chapel St Community Fund (Corporate Trustee)	3	3

The Finance Committee met twice during the year. There were no other sub-committees of the Board of Trustees in operation during the period.

c) 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 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 Chapel Street Community Schools Trust for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

d) Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the

Chapel Street Community Schools Trust

Governance Statement (continued)

year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

e) The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor, and have instead opted to engage the external auditors in completing a supplemental programme of works.

f) Review of Effectiveness

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

- The work of the Finance Committee;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on December 2014 and signed on its behalf by

.....

Mike Greig

Trustee

.....

R Rook

Accounting Officer

Chapel Street Community Schools Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Chapel Street Community Schools Trust I have considered my responsibility to notify the Trust's Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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 Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's Funding Agreement and the Academies Financial Handbook.

I confirm that the following instance of material irregularity, impropriety or funding non-compliance discovered to date has been notified to the Board of Trustees and EFA. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and EFA:

Matter 1 – During the period no internal audit function, directed by the Board of Trustees, was carried out to assess the controls in operation within the Trust. This matter is currently being addressed by the Finance and Audit Committee of the Board of Trustees, who have requested the external auditors to undertake this work and will direct them in areas of risk that they have identified.

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R Rook

Accounting Officer

Chapel Street Community Schools Trust

Statement of trustees' responsibilities

The Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees on December 2014 and signed on its behalf by:

.....
R Rook

Trustee

Chapel Street Community Schools Trust

Independent auditor's report to the members of Chapel Street Community Schools Trust

We have audited the financial statements of Chapel Street Community Schools Trust for the year ended 31 August 2014, 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2014 issued by the EFA.

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 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 opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 11 the trustees (who are also the directors of the 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'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the trust's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period 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;
- have been properly prepared in accordance with the Academies Accounts Direction 2014 issued by the EFA.

Chapel Street Community Schools Trust

Independent auditor's report to the members of Chapel Street Community Schools Trust (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report (which includes the strategic report and directors' report) for the financial period 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

Robert Kirtland (Senior statutory auditor)
For and on behalf of Critchleys LLP
Statutory Auditor
Oxford

Date:

Chapel Street Community Schools Trust

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHAPEL STREET COMMUNITY SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chapel Street Community Schools Trust during the period ended 31 August 2014 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 Chapel Street Community Schools Trust and the EFA in accordance with the terms of our engagement letter. Our review work has been undertaken so that we might state to Chapel Street Community Schools Trust 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 Chapel Street Community Schools Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Chapel Street Community Schools Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Chapel Street Community Schools Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2014 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.

Chapel Street Community Schools Trust

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHAPEL STREET COMMUNITY SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

1. Reviewing of minutes of meetings of the Board of Trustees and obtaining representations concerning access to information, disclosure and provision of information.
2. Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity
3. Assessment and testing of a sample of the specific control activities over regularity of a particular activity.
4. Carrying out substantive testing to cover authorisation of expenditure within internal delegated authorities and externally imposed limits.
5. Consideration of whether activities carried out are within the charitable objects.

Conclusion

In the course of our work, except for the matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1 – During the period no internal audit function, directed by the Board of Trustees, was carried out to assess the controls in operation within the Trust.

Critchleys LLP
Reporting Accountant
Oxford

Date:

Chapel Street Community Schools Trust
Statement of Financial Activities
For the year ended 31 August 2014
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2014	Total 2013
		£	£		£	£
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income - transfer on conversion	2	129,462	(274,000)	4,474,561	4,330,023	-
Other voluntary income	3	13,016	7,410	-	20,426	120,310
Activities for generating funds	4	9,107	-	-	9,107	-
Investment income	5	1,106	-	-	1,106	243
<i>Incoming resources from charitable activities:</i>						
Funding for the Trust's educational operations	6	-	4,133,484	1,217,060	5,350,544	6,868,090
Other income for educational operations	7	70,755	-	-	70,755	-
Total incoming resources		223,446	3,866,894	5,691,621	9,781,961	6,988,643
Resources expended						
<i>Cost of generating funds:</i>						
Costs of activities for generating funds	8	-	-	-	-	-
<i>Charitable activities:</i>						
Trust's educational operations	8, 9	12,923	4,335,673	667,117	5,015,712	1,359,771
<i>Governance costs</i>	10	14,068	33,415	-	47,483	22,385
Total resources expended		26,991	4,369,087	667,117	5,063,195	1,382,156
Net incoming / (outgoing) resources before transfers		196,455	(502,193)	5,024,504	4,718,766	5,606,488
Gross transfers between funds	19	(194,043)	206,193	(12,150)	-	-
Net income/(expenditure) for the period		2,412	(296,000)	5,012,354	4,718,766	5,606,488
Actuarial gains and losses in period for defined benefit pension schemes		-	(118,000)	-	(118,000)	-
Net movement in funds		2,412	(414,000)	5,012,354	4,600,766	5,606,488
Funds brought forward at 1 September 2013		16,833	-	5,716,808	5,733,641	127,153
Funds carried forward at 31 August 2014		19,245	(414,000)	10,729,162	10,334,407	5,733,641

All of the Trust's activities derive from acquisitions in the current accounting period.

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

Chapel Street Community Schools Trust
Balance sheet
As at 31 August 2014

Company number:
7885963

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	15		10,775,416		5,762,897
Current assets					
Stock	16	486		-	
Debtors	17	590,396		1,797,074	
Cash at bank and in hand		137,547		401,267	
		<u>728,429</u>		<u>2,198,341</u>	
Creditors: Amounts falling due within one year	18	(755,438)		(2,227,597)	
Net current assets/(liabilities)			(27,009)		(29,256)
Total assets less current liabilities			10,748,407		5,733,641
Net assets excluding pension liability			10,748,407		5,733,641
Pension scheme liability	29	(414,000)			-
Net assets including pension liability			10,334,407		5,733,641
Funds of the Trust:					
Restricted fixed asset funds	19		10,729,162		5,716,808
Restricted funds					
Restricted funds excluding pension liability	19	-		-	
Pension reserve	19	(414,000)		-	
Total restricted funds			(414,000)		-
Unrestricted funds	19		19,245		16,833
Total funds			10,334,407		5,733,641

The financial statements were approved by the Board of Trustees and authorised for issue on

.....

Signed on behalf of the Board of Trustees

.....
Dr Russell Rook, **Trustee**

Chapel Street Community Schools Trust
Cash Flow Statement
For the year ended 31 August 2014

	Notes	2014 £	2013 £
Net cashflow from operating activities	22	(248,075)	365,073
Returns on investments and servicing of finance		1,106	243
Capital expenditure and financial investment	24	(16,751)	(46,089)
Increase/(decrease) in cash in the period	25	<u>(263,720)</u>	<u>319,228</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		401,267	82,039
Net funds at 31 August 2014		<u><u>137,547</u></u>	<u><u>401,267</u></u>

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

1. Statement of Accounting Policies

Basis of Preparation

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

Academy conversion

The conversion from Local Authority maintained schools 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.

The assets and liabilities transferred have been valued at their fair value in accordance with the accounting policies set out below. Property has been valued on a depreciated replacement cost basis (see note 14). The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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 Trust 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.

Incoming Resources

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

Grants receivable

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

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

Donated Services and gifts in kind

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

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 other relevant 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 activities that raise funds.

Charitable activities

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

Governance Costs

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

All resources expended are inclusive of any irrecoverable VAT.

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets, unless they have been funded by specific capital grants, and are carried at cost, net of depreciation and any provision for impairment.

The property transferred on conversion has been valued on a depreciated replacement cost basis which is not representative of market value (see note 15 for further details).

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

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

Freehold buildings	35 years from conversion
Leasehold buildings	35 years from conversion
Buildings improvements	10-35 years
Fixtures, fittings and equipment	5 years
ICT equipment	4 years

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

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

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

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

Stock

Stock is valued at the lower of cost or net realisable value.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education and other funders where the asset acquired or created is held for a specific purpose. Restricted general funds comprise all other restricted funds received and include grants from the Department for Education and other funders.

Chapel Street Community Schools Trust
Notes to the financial statements
For the year ended 31 August 2014

2 Voluntary income on conversion to academy

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Fixed assets transferred to Academy Trust	-	4,458,478	4,458,478	-
LGPS pension deficit transferred on conversion	-	(274,000)	(274,000)	-
Other capital funds	-	16,083	16,083	-
Other revenue funds:			-	-
Budget surplus on LA funds	129,462	-	129,462	-
	<u>129,462</u>	<u>4,200,561</u>	<u>4,330,023</u>	<u>-</u>

3 Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Other grants and donations	13,016	7,410	20,426	120,310
	<u>13,016</u>	<u>7,410</u>	<u>20,426</u>	<u>120,310</u>

4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013
Hire of facilities / other lettings	9,107	-	9,107	-
	<u>9,107</u>	<u>-</u>	<u>9,107</u>	<u>-</u>

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Bank interest	1,106	-	1,106	243
	<u>1,106</u>	<u>-</u>	<u>1,106</u>	<u>243</u>

Chapel Street Community Schools Trust
Notes to the financial statements
For the year ended 31 August 2014

6 Funding for Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
DfE/EFA capital grants				
Construction and renovation capital grant	-	1,193,331	1,193,331	5,731,566
Devolved formula capital grant	-	23,729	23,729	-
	<u>-</u>	<u>1,217,060</u>	<u>1,217,060</u>	<u>5,731,566</u>
DfE/EFA revenue grants				
Lead in costs grant	-	545,068	545,068	268,502
General Annual Grant (GAG)	-	2,957,128	2,957,128	738,940
Other DfE grants	-	411,309	411,309	90,000
	<u>-</u>	<u>3,913,505</u>	<u>3,913,505</u>	<u>1,097,442</u>
Other income				
Other grants		2,750	2,750	39,082
Local Authority revenue funding - Other		217,230	217,230	-
	<u>-</u>	<u>219,980</u>	<u>219,980</u>	<u>39,082</u>
	<u>-</u>	<u>5,350,544</u>	<u>5,350,544</u>	<u>6,868,090</u>

7 Other income for educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Catering income	47,275	-	47,275	-
Other educational income	23,480	-	23,480	-
	<u>70,755</u>	<u>-</u>	<u>70,755</u>	<u>-</u>

8 Resources Expended (excluding transfer on conversion)

	Staff Costs £	Premises Costs £	Other Costs £	Total 2014 £	Total 2013 £
<i>Costs of activities for generating funds</i>	-	-	-	-	-
<i>Trust's educational operations</i>					
Direct costs (note 9)	2,338,753	253,818	619,559	3,212,131	454,878
Allocated support costs (note 9)	914,049	309,811	579,721	1,803,581	904,893
	<u>3,252,802</u>	<u>563,629</u>	<u>1,199,281</u>	<u>5,015,712</u>	<u>1,359,771</u>
<i>Governance costs</i> (note 10)	-	-	47,483	47,483	22,385
	<u>3,252,802</u>	<u>563,629</u>	<u>1,246,763</u>	<u>5,063,195</u>	<u>1,382,156</u>

Incoming/outgoing resources for the period include:

	2014 £	2013 £
Fees payable to audit firm:		
Audit	12,000	8,100
Other services	<u>925</u>	<u>2,160</u>

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000	
		Amount £	Reason
Ex-gratia/compensation payments	-	-	-
Gifts made by the trust	-	-	-
Fixed asset losses	-	-	-
Stock losses	-	-	-
Unrecoverable debts	-	-	-
Cash losses	-	-	-

9 Charitable Activities - Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
<i>Direct costs</i>				
Teaching and educational support staff costs	-	2,338,753	2,338,753	453,015
Educational supplies, trips and transport costs	-	72,149	72,149	-
Educational consultancy	-	76,434	76,434	-
Examination fees	-	7,658	7,658	-
Technology costs	-	19,001	19,001	-
Staff development	-	13,076	13,076	-
Other direct costs	-	10,605	10,605	1,863
Depreciation	7,340	667,117	674,456	-
	<u>7,340</u>	<u>3,204,792</u>	<u>3,212,131</u>	<u>454,878</u>

9 Charitable Activities - Trust's educational operations (continued)

Allocated support costs

Support staff costs	-	914,049	914,049	396,302
Disposals at cost	-	-	-	73,185
Depreciation	5,583	-	5,583	54,243
Recruitment and support	-	83,432	83,432	13,105
Maintenance (excl. staff costs)	-	42,159	42,159	4,407
Cleaning (excl. staff costs)	-	40,656	40,656	1,759
Rent, rates and other utilities	-	151,876	151,876	58,034
Travel and subsistence	-	43,255	43,255	27,118
Catering supplies	-	62,716	62,716	8,334
Insurance	-	75,119	75,119	8,880
IT costs	-	110,032	110,032	8,979
Other pension costs	-	22,000	22,000	-
Consultancy and other professional fees	-	97,515	97,515	134,493
Bank interest and charges	-	407	407	104
Other support costs	-	154,781	154,781	115,950
	5,583	1,797,998	1,803,581	904,893
Total	12,923	5,002,790	5,015,712	1,359,771

10 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Legal and professional fees	-	33,415	33,415	11,417
Auditors' remuneration				
Audit services	12,000	-	12,000	8,100
Other services	925	-	925	2,160
Other governance costs	1,143	-	1,143	708
	14,068	33,415	47,483	22,385

11 Staff Costs

Staff costs for the period were:

	2014 £	2013 £
Wages and salaries	2,469,771	731,931
Social security costs	169,569	64,142
Pension costs	259,143	53,244
	2,898,483	849,317
Supply staff costs	246,553	-
Staff restructuring costs	107,766	-
	3,252,802	849,317

The average number of persons (including core leadership team) employed by the Trust during the period expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Charitable Activities		
Teachers	41	13
Administration and support	43	7
Management	12	4
	96	24

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

	2014 No.	2013 No.
£60,001 - £70,000	4	1
£70,001 - £80,000	2	1
£80,001 - £90,000	2	2

The above employees also participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, pension contributions for these staff amounted to £38,881 (2013: £16,750).

12 Central services

The academy trust has provided central services to its academies during the period. This includes the following services:

Finance and administrative staff
Professional services
Educational support and supplies
Insurance
ICT supplies
Premises supplies and services

During this operating period, the trust made charges for centrally provided services equal to total budgeted central costs, apportioned on a pro rata basis using respective pupil numbers and the appropriate Age Weighted Pupil Unit funding to calculate each schools contribution. The charges were approved by the Academy Resources Committee and the Board of Directors.

The actual amounts charged during the period were as follows:

	2014	2013
	£	£
Atherton Community School	34,323.00	16,512.00
Tyndale Community School	10,509.00	-
Benedict Primary School	44,138.00	-
Westbridge Primary School	23,747.00	-
	<u>112,717.00</u>	<u>16,512.00</u>

13 Trustees' remuneration and expenses

The trustees only received remuneration in respect of their employment responsibilities and not in respect of their role as a trustee. Remuneration for the period (including employers' pension contributions) is disclosed in £5,000 bands for employees who were also Trustees, as follows:

	2014	2013
	£	£
Russell Rook, CEO	£70k-£75k	£80k-£85k

During the period ended 31 August 2014 £2,720 of expenses were reimbursed to trustees for travel and subsistence expenditure incurred in their roles as trustees (2013: £12,310).

Related party transactions involving trustees are disclosed in note 29.

14 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1.1m on any one claim.

The cost of this insurance was £1,850 and is included in the total insurance cost.

15 Tangible Fixed Assets

	Leasehold Buildings £	Freehold Buildings £	Furniture and Equipment £	Computer Equipment £	Assets Under Construction £	Total £
Cost						
At 1 September 2013	-	-	425,062	246,810	5,145,268	5,817,140
Transferred on conversion	3,656,120	-	718,246	84,112	-	4,458,478
Additions	-	-	183,176	428,909	621,726	1,233,811
Reclassifications	-	5,145,268	-	-	(5,145,268)	-
Disposals	-	-	-	-	-	-
At 31 August 2014	3,656,120	5,145,268	1,326,484	759,831	621,726	11,509,429
Depreciation						
At 1 September 2013	-	-	6,909	47,334	-	54,243
Charges in period	104,460	149,358	235,994	189,958	-	679,770
Eliminated on disposal	-	-	-	-	-	-
At 31 August 2014	104,460	149,358	242,903	237,292	-	734,013
Net book values						
At 31 August 2014	3,551,660	4,995,910	1,083,581	522,539	621,726	10,775,416
At 31 August 2013	-	-	418,153	199,476	5,145,268	5,762,897

Additions amounting to £12,839 relate to Atherton Community School Fixture and Fittings which are not funded by Education Funding Agency.

Assets amounting to £4,895,454 and £249,814 were transferred from Assets Under Construction to Freehold Land & Buildings in respect of construction work completed at Atherton Community School and Tyndale Community School respectively.

Freehold Land & Buildings valued at £2,060,000, Fixtures & Equipment valued at £121,556 and Computer Equipment valued at £21,711 were donated to the Trust by the London Borough of Merton on the conversion of Benedict Primary School into an academy sponsored by the Trust. Correspondingly a total of £9,967,267 has been recognised as income and transferred to the Restricted Fixed Asset Fund.

Freehold Land & Buildings valued at £1,596,120, Fixtures & Equipment valued at £596,690 and Computer Equipment valued at £62,401 were donated to the Trust by the London Borough of Wandsworth on the conversion of Westbridge Primary School into an academy sponsored by the Trust. A total of £7,384,091 has been recognised as income and transferred to the Restricted Fixed Asset Fund.

16 Stock

	2014 £	2013 £
Uniform	486	-
	<u>486</u>	<u>-</u>

17 Debtors

	2014 £	2013 £
Prepayments and accrued income	250,708	1,358,375
Other debtors	339,688	438,699
	<u>590,396</u>	<u>1,797,074</u>

18 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	237,917	-
PAYE and NIC creditor	55,462	22,540
Other creditors	127,627	624,323
Accruals and deferred income	334,432	1,580,734
	<u>755,438</u>	<u>2,227,597</u>

19 Funds

	Balance at 1 September 2013 £	Incoming Resources £	Resources Expended £	Transfers & actuarial loss on pension £	Balance at 31 August 2014 £
Restricted general funds					
Lead in costs	-	545,068	(545,068)	-	-
General Annual Grant (GAG)	-	2,957,128	(3,151,170)	194,043	-
Other DfE grants	-	411,309	(423,459)	12,150	-
Other Government grants	-	2,750	(2,750)	-	-
Other Local Authority grants	-	217,230	(217,230)	-	-
Voluntary income	-	7,410	(7,410)	-	-
Pension reserve (note 28)	-	(274,000)	(22,000)	(118,000)	(414,000)
	-	3,866,894	(4,369,087)	88,193	(414,000)
Restricted fixed asset funds					
EFA capital grants	5,716,808	1,193,331	(422,580)	(12,150)	6,475,409
Devolved formula capital	-	23,729	-	-	23,729
Capital funds transferred on conversion	-	4,458,478	(244,537)	-	4,213,941
Other Local Authority capital funding	-	16,083	-	-	16,083
	5,716,808	5,691,621	(667,117)	(12,150)	10,729,162
Total restricted funds	5,716,808	9,558,515	(5,036,203)	76,043	10,315,162
Unrestricted funds					
Unrestricted funds	16,833	223,446	(26,991)	(194,043)	19,245
Total unrestricted funds	16,833	223,446	(26,991)	(194,043)	19,245
Total funds	5,733,641	9,781,961	(5,063,195)	(118,000)	10,334,407

Analysis of academies by fund balance

Fund balances at 31 August were allocated as follows:

	2014 £	2013
Atherton Community School	51,701	42,098
Tyndale Community School	(6,414)	-
Benedict Primary School	(9,356)	-
Westbridge Primary School	94,849	-
Central services - main funds	(111,536)	(25,266)
Total before fixed assets and pension reserve	19,244	16,832
Fixed asset fund (representing net book value of funded fixed assets)	10,729,162	5,716,809
Pension reserve	(414,000)	-
Total funds	10,334,407	5,733,641

Analysis of academies by cost

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies (including all non staff direct costs) £	Other costs (excluding depreciation and FRS17 pension costs) £	Total £
Atherton Community School	780,488	181,258	60,426	198,075	1,220,247
Tyndale Community School	238,319	37,437	17,522	84,045	377,323
Benedict Primary School	968,423	145,975	98,384	169,298	1,382,080
Westbridge Primary School	402,060	45,857	47,696	139,198	634,812
Head Office	63,216	518,520	11,359	153,599	746,694
	2,452,506	929,047	235,388	744,215	4,361,156
				Depreciation	680,039
				Other finance costs and pension costs (FRS17)	22,000
				Note 8	5,063,195

20 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	46,254	-	10,729,162	10,775,416
Current assets	728,429	-	-	728,429
Current liabilities	(755,438)	(414,000)	-	(1,169,438)
Total net assets	19,245	(414,000)	10,729,162	10,334,407

21 Capital commitments

Contracted for, but not provided in the financial statements

	2014 £	2013 £
Contracted for, but not provided in the financial statements	-	-

22 Financial commitments

Operating leases

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
<u>Land and buildings</u>		
Expiring within one year	-	-
Expiring within two and five years inclusive	131,640	4,800
Expiring in over five years	-	-
	131,640	4,800
<u>Other</u>		
Expiring within one year	10,301	-
Expiring within two and five years inclusive	36,880	-
Expiring in over five years	-	-
	47,181	-

23 Reconciliation of net income to net cash flow from operating activities

	2014 £	2013 £
Net income	4,718,766	5,606,488
Depreciation (note 10)	679,770	54,243
Capital income re fixed assets transferred on conversion	(4,458,478)	-
Revaluations (note 10)	-	73,185
Capital grants from DfE	(1,217,060)	(5,731,566)
Interest receivable (note 2)	(1,106)	(243)
FRS 17 pension liability on transfer to Academy	274,000	-
FRS 17 pension costs less contributions payable (note 29)	22,000	-
(Increase)/decrease in stock	(486)	-
(Increase)/decrease in debtors	1,206,678	(1,558,987)
Increase/(decrease) in creditors	(1,472,159)	1,921,954
Net cash inflow from operating activities	(248,075)	365,073

24 Returns on investments and servicing of finance	2014	2013	
	£	£	
Interest received	1,106	243	
Net cash inflow from returns on investment and servicing of finance	1,106	243	
25 Capital expenditure and financial investment	2014	2013	
	£	£	
Purchase of tangible fixed assets	(1,233,811)	(5,777,655)	
Capital grants from DfE	1,217,060	5,731,566	
Net cash outflow from capital expenditure and financial investment	(16,751)	(46,089)	
26 Analysis of changes in net funds			
	At 1 Sept 2013	Cashflows	At 31 August 2014
	£	£	£
Cash at bank and in hand	401,267	(263,720)	137,547
	401,267	(263,720)	137,547

27 Contingent liabilities

There are no contingent liabilities that require disclosure.

28 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.

29 Pension and similar obligations

The Trust's employees belong to the Teachers' Pension Scheme England and Wales (TPS) for teaching and related staff.

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

Contributions amounting to £34,448 were payable to the schemes at 31 August 2014 (2013: £6,850) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are 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 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. monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions, 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 – 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently 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 the valuation date) was £163,240 million. The assumed real rate of return is 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 is 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.

29 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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

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 trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the trust 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 trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2014 was £22,000 for Atherton Community School of which employer's contributions totalled £16,000 and employees' contributions totalled £6,000, £58,000 for Benedict Primary School of which employer's contributions totalled £44,000 and employees' contributions totalled £14,000, £14,000 for Tyndale Community School of which employer's contributions totalled £11,000 and employees' contributions totalled £3,000, £17,000 for Westbridge Primary School of which employer's contributions totalled £13,000 and employees' contributions totalled £4,000. The agreed contribution rates for future years are 16.6% (Atherton Community School) for employers (until 31 March 2017), 14.4% for Tyndale Community School (until 31 March 2017), 14.1% for Benedict Primary School (until 31 March 2017), 19.0% for Westbridge Primary School (until 31 March 2016). The agreed additional lump sum employer contributions due are £nil (Atherton Community School) for the year ended 31 March 2015 until 2017, £2,000, £2,100, £2,200 (Tyndale Community School) for the years ended 31 March 2015, 2016 and 2017 respectively, £7,000, £7,300, £7,700 (Benedict Primary School) for the years ended 31 March 2015, 2016 and 2017 respectively, £nil (Westbridge Primary School) until 31 March 2016.

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.

29a Atherton Community School

Principal Actuarial Assumptions

	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	3.80%	4.60%
Rate of increase for pensions in payment / inflation	2.70%	2.80%
Discount rate for scheme liabilities	3.70%	4.60%
Expected return on assets	5.50%	5.90%

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Sensitivity Analysis

	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	17.0%	9,000
1 year increase in member life expectancy	3.0%	2,000
0.5% increase in the Salary Increase Rate	11.0%	5,000
0.5% increase in the Pension Increase Rate	6.0%	3,000

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

	At 31 August 2014
<i>Retiring today</i>	
Males	21.4
Females	24.0
<i>Retiring in 20 years</i>	
Males	24.0
Females	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 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.30%	30,000	6.60%	9,000
Bonds	3.20%	7,000	3.90%	2,000
Property	4.50%	2,000	4.70%	1,000
Cash	3.30%	2,000	3.60%	1,000
Total market value of assets		<u>41,000</u>		<u>13,000</u>
Present value of scheme liabilities				
- Funded		(51,000)		(13,000)
Surplus/(deficit) in the scheme		<u>(10,000)</u>		<u>-</u>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2014 for the year to 31 August 2015).

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £2,000.

Amounts recognised in the statement of financial activities

	2014 £	2013 £
Current service cost (net of employee contributions)	19,000	10,000
Past service cost	-	-
Total operating charge	<u>19,000</u>	<u>10,000</u>

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	1,000	-
Interest on pension liabilities	(1,000)	-
Pension finance income / (costs)	<u>-</u>	<u>-</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities.

The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £6,000 loss.

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

	2014 £	2013 £
At 1 September	13,000	-
Current service cost	19,000	10,000
Interest cost	1,000	-
Employee contributions	6,000	3,000
Actuarial (gain)/loss	12,000	
Estimated benefits paid	-	
Past Service cost	-	
Curtailments and settlements	-	
At 31 August	<u>51,000</u>	<u>13,000</u>

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

	2014 £	2013 £
At 1 September	13,000	-
Expected return on assets	1,000	-
Actuarial gain/(loss)	5,000	1,000
Employer contributions	16,000	9,000
Employee contributions	6,000	3,000
Benefits paid		
Settlement prices received/(paid)		
At 31 August	<u>41,000</u>	<u>13,000</u>

Reconciliation of opening and closing deficit

	2014 £	£
Pension deficit at 1 September		-
Current service cost	(19,000)	
Employer contributions	<u>16,000</u>	
Additional pension cost		(3,000)
Other finance costs		-
Deficits transferred on conversion of new schools		-
Actuarial losses		<u>(7,000)</u>
Pension deficit at 31 August		<u>(10,000)</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £18,000.

The history of experience adjustments is as follows:

	2014 £	2013 £
Present value of defined benefit obligations	(51,000)	(13,000)
Fair value of share of scheme assets	41,000	13,000
Deficit in the scheme	<u>(10,000)</u>	<u>-</u>
Experience adjustments on share of scheme assets	<u>5,000</u>	<u>1,000</u>
Experience adjustments on scheme liabilities	<u>(4,000)</u>	<u>-</u>

29b Tyndale Community School

Principal Actuarial Assumptions

	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	4.50%	4.70%
Rate of increase for pensions in payment / inflation	2.70%	2.90%
Discount rate for scheme liabilities	4.00%	4.70%
Inflation assumption (CPI)	2.70%	2.90%
Commutation of pensions to lump sums	50.00%	50.00%

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	21	22	23
Projected service cost	18	18	19
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	21	22	23
Projected service cost	17	18	19

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

	At 31 August 2014
<i>Retiring today</i>	
Males	23.2
Females	25.5
<i>Retiring in 20 years</i>	
Males	25.4
Females	27.9

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.70%	11,000	7.10%	-
Gilts	3.00%	1,000	3.70%	-
Other bonds	3.60%	1,000	4.20%	-
Property	5.90%	1,000	6.10%	-
Cash	2.90%	1,000	3.50%	-
Other (hedge funds)	6.70%	-	7.10%	-
Total market value of assets		15,000		-
Present value of scheme liabilities				
- Funded		(22,000)		-
Surplus/(deficit) in the scheme		(7,000)		-

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are the actual return on scheme assets was £1,000.

Amounts recognised in the statement of financial activities

	2014 £
Current service cost (net of employee contributions)	15,000
Past service cost	-
Total operating charge	<u>15,000</u>

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	-
Interest on pension liabilities	-
Pension finance income / (costs)	<u>-</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities.
The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £3,000 loss.

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

	2014 £
At 1 September	-
Current service cost	15,000
Interest cost	-
Employee contributions	3,000
Actuarial (gain)/loss	4,000
Estimated benefits paid	-
Past Service cost	-
Curtailments and settlements	-
At 31 August	<u>22,000</u>

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

	2014 £
At 1 September	-
Expected return on assets	-
Actuarial gain/(loss)	1,000
Employer contributions	11,000
Employee contributions	3,000
Benefits paid	-
Settlement prices received/(paid)	-
At 31 August	<u>15,000</u>

Reconciliation of opening and closing deficit

	2014 £	£
Pension deficit at 1 September		-
Current service cost	(15,000)	
Employer contributions	<u>11,000</u>	
Additional pension cost		(4,000)
Other finance costs		-
Deficits transferred on conversion of new schools		-
Actuarial losses		<u>(3,000)</u>
Pension deficit at 31 August		<u>(7,000)</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £11,000.

The history of experience adjustments is as follows:

	2014 £	2013 £
Present value of defined benefit obligations	(22,000)	-
Fair value of share of scheme assets	15,000	-
Deficit in the scheme	<u>(7,000)</u>	<u>-</u>
Experience adjustments on share of scheme assets	<u>1,000</u>	<u>-</u>
Experience adjustments on scheme liabilities	<u>-</u>	<u>-</u>

29c Benedict Primary School

Principal Actuarial Assumptions

	At 31 August 2014
Rate of increase in salaries	4.50%
Rate of increase for pensions in payment / inflation	2.70%
Discount rate for scheme liabilities	4.00%
Inflation assumption (CPI)	2.70%
Commutation of pensions to lump sums	50.00%

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	802	821	841
Projected service cost	97	99	101
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	793	821	850
Projected service cost	96	99	102

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

	At 31 August 2014
<i>Retiring today</i>	
Males	22.3
Females	25.5
<i>Retiring in 20 years</i>	
Males	24.5
Females	27.9

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	6.60%	385,000
Gilts	3.00%	129,000
Other bonds		
Property	6.1%	15,000
Cash	0.50%	3,000
Total market value of assets		<u>532,000</u>
Present value of scheme liabilities		
- Funded		<u>(821,000)</u>
Surplus/(deficit) in the scheme		<u><u>(289,000)</u></u>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2014 for the year to 31 August 2015).

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £23,000.

Amounts recognised in the statement of financial activities

	2014 £
Current service cost (net of employee contributions)	59,000
Past service cost	-
Total operating charge	<u>59,000</u>
Analysis of pension finance income / (costs)	
Expected return on pension scheme assets	21,000
Interest on pension liabilities	<u>(21,000)</u>
Pension finance income / (costs)	<u>-</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities.

The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £73,000 loss.

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

	2014 £
At 1 January 2014	653,000
Current service cost	59,000
Interest cost	21,000
Employee contributions	14,000
Actuarial (gain)/loss	75,000
Estimated benefits paid	(1,000)
Past Service cost	-
Curtailements and settlements	-
At 31 August 2014	<u><u>821,000</u></u>

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

	2014 £
At 1 January 2014	452,000
Expected return on assets	21,000
Actuarial gain/(loss)	2,000
Employer contributions	44,000
Employee contributions	14,000
Benefits paid	(1,000)
Settlement prices received/(paid)	-
At 31 August 2014	<u>532,000</u>

Reconciliation of opening and closing deficit

	2014	
	£	£
Pension deficit at 1 January 2014		(201,000)
Current service cost	(59,000)	
Employer contributions	<u>44,000</u>	
Additional pension cost		(15,000)
Other finance costs		-
Deficits transferred on conversion of new schools		-
Actuarial losses		<u>(73,000)</u>
Pension deficit at 31 August 2014		<u>(289,000)</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £63,000.

The history of experience adjustments is as follows:

	2014 £
Present value of defined benefit obligations	(821,000)
Fair value of share of scheme assets	532,000
Deficit in the scheme	<u>(289,000)</u>
Experience adjustments on share of scheme assets	<u>2,000</u>
Experience adjustments on scheme liabilities	<u>-</u>

29d Westbridge Primary School

Benedict Primary School

Principal Actuarial Assumptions

	At 31 August 2014
Rate of increase in salaries	4.50%
Rate of increase for pensions in payment / inflation	2.70%
Discount rate for scheme liabilities	4.00%
Inflation assumption (CPI)	2.70%
Commutation of pensions to lump sums	50.00%

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Sensitivity Analysis		£'000	£'000	£'000
Adjustment to discount rate		+0.1%	0.0%	-0.1%
	Present value of total obligation	406	416	427
	Projected service cost	43	44	45
Adjustment to mortality age rating assumption		+1 year	None	-1 year
	Present value of total obligation	402	416	430
	Projected service cost	43	44	46

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

	At 31 August 2014
<i>Retiring today</i>	
Males	23.7
Females	25.1
<i>Retiring in 20 years</i>	
Males	25.8
Females	27.4

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	6.00%	223,000
Gilts	3.00%	27,000
Other bonds	3.60%	50,000
Property	5.90%	-
Cash	2.90%	8,000
Other (hedge funds)		
Total market value of assets		308,000
Present value of scheme liabilities		
- Funded		(416,000)
Surplus/(deficit) in the scheme		(108,000)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are based on the actual return on scheme assets was £14,000.

Amounts recognised in the statement of financial activities

	2014 £
Current service cost (net of employee contributions)	16,000
Past service cost	-
Total operating charge	<u>16,000</u>

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	7,000
Interest on pension liabilities	<u>(7,000)</u>
Pension finance income / (costs)	<u>-</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £32,000 loss.

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

	2014 £
At 1 April 2014	350,000
Current service cost	16,000
Interest cost	7,000
Employee contributions	4,000
Actuarial (gain)/loss	39,000
Estimated benefits paid	-
Past Service cost	-
Curtailments and settlements	-
At 31 August 2014	<u>416,000</u>

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

	2014 £
At 1 April 2014	277,000
Expected return on assets	7,000
Actuarial gain/(loss)	7,000
Employer contributions	13,000
Employee contributions	4,000
Benefits paid	-
Settlement prices received/(paid)	-
At 31 August 2014	<u>308,000</u>

Reconciliation of opening and closing deficit		
	2014	
	£	£
Pension deficit at 1 April 2014		(73,000)
Current service cost	(16,000)	
Employer contributions	<u>13,000</u>	
Additional pension cost		(3,000)
Other finance costs		-
Deficits transferred on conversion of new schools		-
Actuarial losses		<u>(32,000)</u>
Pension deficit at 31 August 2014		<u><u>(108,000)</u></u>

The estimated value of employer contributions for the year ended 31 August 2015 is £31,000.

The history of experience adjustments is as follows:

	2014 £
Present value of defined benefit obligations	(416,000)
Fair value of share of scheme assets	308,000
Deficit in the scheme	<u><u>(108,000)</u></u>
Experience adjustments on share of scheme assets	<u><u>7,000</u></u>
Experience adjustments on scheme liabilities	<u><u>-</u></u>

30 Related party transactions

During the year expenditure of £4,680 (2013: nil) was paid by Chapel Street Community Schools Trust on behalf of Chapel Street CIC. Russell Rook is a Director of both companies. At 31st August 2014 the amount owed by Chapel Street CIC to Chapel Street Community Schools Trust was £1,416 (2013: nil).

During the period Chapel Street Community Fund, a registered charity and corporate director of Chapel Street Community Schools Trust, donated £10,000 (2013: £30,000) to the charity, which is included in unrestricted income. In addition expenditure totalling £11,979 (2013: £6,984) was paid on behalf of the charity by Chapel Street Community Fund. The total amount owed by Chapel Street Community Schools Trust to Chapel Street Community Fund at 31st August 2014 was nil (2013: nil). The total amount owed by Chapel Street Community Fund to Chapel Street Community Schools Trust at 31st August 2014 was £11,016 (2013: nil).