

Company Registration Number:
07654273 (England and Wales)

TILE HILL WOOD SCHOOL AND LANGUAGE COLLEGE
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2014

TILE HILL WOOD SCHOOL AND LANGUAGE COLLEGE
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

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Reference and Administrative Details

Charity Name:	Tile Hill Wood School and Language College
Company Registration Number:	07654273 (England and Wales)
Principal Office:	Tile Hill Wood School and Language College
Registered Office:	Tile Hill Wood School and Language College Nutbrook Avenue Tile Hill Coventry CV4 9PW
The Governors: <i>*Members of the Finance, Resource and Audit Committee</i>	<p>Academy Governor: Christian Cliffe* Roger Moore* (Chair) Bryan Sayers (Vice Chair) Peter Wall Michael Freeman Mrs J Butler (resigned 24/04/2014) Mrs S Cranfield (resigned 21/04/2014) Mr P Evans (resigned vice chair 28/03/2014)</p> <p>Headteacher Governor: Gina O'Connor*</p> <p>Authority Governor: Kevin Maton</p> <p>Observer: Chris Paton Malcolm Gardner</p> <p>Parent Governor: Carol Arkley Samantha Grierson* Joanne Hollingsworth Paul Mercer* Amanda Taylor Maxine Kelsall Mr S Birchall (resigned 19/3/14)</p> <p>Staff: Donna Bogusz Christopher Denson* Pat Flavell Natalie Woodward</p>
Leadership Group:	Gina O'Connor – Headteacher Chris Paton – Deputy Head Mary Armstrong Assistant Head Malcolm Gardner – Assistant Head Ana Neofitou – Assistant Head Sam Tasker – Assistant Head Karen Weston- Assistant Head
Company Secretary:	Malcolm Gardner
Clerk to the Governors:	Kelly Goddard, Coventry City Council, Civic Centre 1 Earl Street, Coventry, CV1 5RS

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Reference and Administrative Details (continued)

Bankers:	Lloyds Bank 2nd Floor 30 High Street Coventry CV1 5RA
Independent Auditor:	Chantrey Vellacott DFK LLP 35 Calthorpe Road Edgbaston Birmingham B15 1TS
Solicitors	Browne Jacobson Victoria Square House Victoria Square Birmingham B2 4BU

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Governors Annual Report Period Ended 31 August 2014

The Governors present their annual report together with the financial statements and Auditor's 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, Funding Agreement and articles of association are the primary governing documents of the Academy Trust. It was incorporated on 11 July 2011.

The Governors act as the trustees for the charitable activities of Tile Hill Wood School & Language College Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Tile Hill Wood School & Language College. The Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

Details of Tile Hill Wood School & Language College Governors who served throughout the year except as noted are included in the **Reference and Administrative Details on page 3**.

Governors

The Governors are Directors of the Charitable Company for the purposes of the Companies Act 2006.

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.

Members and Governors' Indemnities

The Academy has purchased insurance to protect all trustees, Governors and Members of the Academy from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 for Governors' liability on any one occurrence.

Principal Activities

The principal activity of Tile Hill Wood School & Language College Academy Trust Ltd is to advance education for the public benefit by establishing, maintaining, managing and developing a school offering a broad curriculum.

Method of Recruitment and Appointment or Election of Governors

The Academy has adopted the City Council's recruitment and appointment process for the election of Governors.

- The Academy's Articles of Association states that the following rules be used in numbers of Governors appointed:
- The number of Governors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.
- Subject to Articles 48-49 and 64, the Academy Trust shall have the following Governors:
 - a) Up to 8 Governors, appointed under Article 50
 - b) Any Staff Governors, if appointed under Article 50A
 - c) Up to 1 LA Governor if appointed under Article 51
 - d) A minimum of 2 Parent Governors appointed under Articles 53-58
 - e) The Headteacher
 - f) Any Additional Governors, if appointed under Article 62, 62A or 68A and
 - g) Any Further Governors, if appointed under Article 63 or Article 68A.
- The Academy Trust may also have any Co-opted Governor appointed under Article 59.
- The first Governors shall be those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006.
- Future Governors shall be appointed or elected, as the case may be, under these Articles. Where it is not possible for such a Governor to be appointed or elected due to the fact that an Academy has not yet been established or the Headteacher has not been appointed, then the relevant Article or part thereof shall not apply.

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Appointment of Governors

- The Members may appoint up to 8 Governors.
- The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors.
- The LA may appoint the LA Governor.
- The Headteacher shall be treated for all purposes as being an ex officio Governor.

Except for the Headteacher, Governors are subject to retirement after 4 years of service but are eligible for re-appointment or re-election.

Policies and Procedures Adopted for the Induction and Training of Governors

The Academy has adopted the City Council's Induction Training Scheme for Governors plus in-house support. Training and induction for new Governors will depend upon their existing experience. Governors are given the opportunity to attend training sessions at any time during the year. Induction will include legal, educational and financial matters.

All Governors attended a training session in May 2012 on the roles and responsibilities of being an Academy Governor. Each year Governors are offered updates on relevant issues and changes in legislation.

The Governing Body is responsible for the strategic direction of the Academy. The Governing Body reviews progress towards educational objectives and results. They are informed of any expenditure in excess of £3,000, set the budget for the following year and set the organisational staffing structure.

There are three Sub Committees in place to which specific responsibilities are delegated by the Full Governing Body.

Finance, Resources and Audit

This Committee meets at least termly to consider the financial position of the Academy. It has delegated powers to approve revenue and capital expenditure, recommend the approval of the Academy's budget and approval of disposal assets. The Committee also reviews issues relating to Health & Safety, Premises and Policy.

Quality and Standards

This Committee meets at least termly to consider the educational progress of the Academy towards its objectives, the content of its curriculum, student activities and achievement.

Personnel Committee

This Committee meets at least termly to consider the staffing establishment and structure based upon the Headteacher's recommendations, to ensure that the necessary resources are available to ensure that the Academy complies with safeguarding requirements on CRB checks. It also considers actions following personnel advice and implements procedures for the management of change. It reviews the Academy's compliance with statutory obligations regarding pay and conditions.

The Headteacher is the designated Accounting Officer of the Academy and has overall responsibility for the day to day financial management of the Academy. The Headteacher has delegated to specific budget holders low levels of expenditure. These budget holders are responsible for managing their own subject areas within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

The Headteacher manages the Academy on a daily basis, supported by an Academy Leadership Team. The Academy Leadership Team meets thrice weekly; once to consider diary implications for the coming week, again to discuss strategic issues and thirdly to discuss business and operational matters.

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Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational area and in relation to the control of finance. They have introduced systems, including operational procedures in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The major risks to which the Academy is exposed are as follows:-

- Loss of/reduction in funding/failure to successfully recruit and retain pupils
- Changes to Government policy in Education Funding
- Loss of building or facilities preventing the delivery of education
- Loss of members of staff (either sudden or gradually over time)
- Loss of reputation
- Lack of safeguarding of students
- Funding of pension deficits under the LGPS
- Employment Tribunal payments.
- Breach of legislation, such as Health & Safety issues

The Academy Leadership Team have considered these risks. Policies and procedures have been put into place to minimise the risks, including budget management and forecasting procedures, the procurement of adequate insurance cover, investing in staff training and continuing professional development, and continued local marketing and advertising highlighting the achievement of our students. We also include a budgeted reserve for staff cover costs, and maintain a large number of policies and procedures which protect our staff, students and the Academy, also reducing the risk of safeguarding failures. The pension scheme is reviewed by qualified actuaries on behalf of the Academy. There is currently a deficit on this scheme as disclosed in note 24. The Trustees of the LGPS pension scheme arrange for appropriate contribution rates to be paid by the members and the employer to ensure that the pension scheme is properly funded over time. The Academy engages the support of professional legal advice to help reduce the risk of employment tribunal liability.

Connected Organisations including Related Party Relationships

The Academy is not sponsored through any organisation and receives its funding from Central Government.

The Academy does not have Governors on its Board of Directors who provide sponsorship.

Objectives and Activities

The School converted to Academy status on 11th July 2011. Staff successfully transferred to work at the Academy on this date and the impact upon staff of working for an Academy has been minimal.

There were a number of developments and improvements within the first year of the Academy opening. The introduction of a new uniform for students, the development of a cashless system for catering and school trips and a new VLE system are continuing to have a good impact on school life.

The objectives in the year were as per the following results table:

	5 + A* - C at GCSE		5 + A* - C with English and Maths at GCSE	
	Target	Result	Target	Result
2010	67%	69%	51%	51%
2011	78%	79%	63%	63%
2012	83%	85%	63%	60%
2013	85%	77%	60%	54%
2014	78%	68%	61%	59%

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The main objectives of the Academy during the period ended 31 August 2014 are summarised below:

- To deliver high quality education and care to all pupils within the Academy
- To raise standards and achievement
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with industry and commerce and
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Public Benefit Statement

The primary purpose of Tile Hill Wood School & Language College Academy Trust is the advancement of education within the local area. To this end, the Academy has continued to develop links with local Primary Schools, which will lead to smooth transition from Primary to Secondary education for the majority of students and in turn this will contribute to the community ethos upheld by the Academy.

The Academy will be giving a high priority to providing public benefit to a cross section of the community regardless of family background. Perhaps the greatest benefit that the Academy can offer is the provision of an education that maximises each student's potential to develop principled, informed, open minded and confident citizens who respect the beliefs of others and who are determined to make a positive contribution to society.

In accordance with legislation the Academy is an exempt Charity. The Governors confirm that they have complied with the duty under the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have delivered sessions to Year 5 students from primary schools. The sessions have related to areas of the national primary science curriculum. We have provided minibus transport to enable the students to attend and use the equipment in our laboratories, which has been very beneficial to the children. Primary students have also attended Language lessons delivered by our older students and staff, Gifted and Talented activities, Maths Challenge Days We have supported the local primary schools in their curriculum delivery. The Science and Technology departments have delivered lessons.

We have been involved in the Tile Hill North Community Day for the last five years. Our staff and students have delivered a variety of workshops to the students from Limbrick Wood and Our Lady's on the day in the Jardine area. This has included Art murals, Sport, Dance, Languages and Enterprise.

We also support other local community events, taking students into the community. For example, we had a stall at the Allesley Hall fun day. Students from Year 12 have been involved in the Police Youth Forum. Year 11 students participate in the National Challenge scheme which includes a week working in the community.

Strategic Report

Achievements & Performance

The Academy was successful in securing funding through the 2013/14 Academies Maintenance Fund to carry out roof repairs. Bids will also be submitted to the 2014/2015 Academies Maintenance Fund to carry out further refurbishment.

Going Concern

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

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Financial Review

Key Financial Performance Indicators

Staff costs as a percentage of total income 2013/14

	Actual / (Target)
Teaching Staff	69%
Academy Support Staff	7%
Total Staffing	76% / (75%) (Increase from 73.2% due to reduced income)

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy's Governing Body has reviewed its level of expenditure, expected income, including reduction of income due to falling student numbers plus expenditure priorities.

Financial Review Educational Activities

The Academy has accumulated reserves of £10,714,000 as at 31 August 2014. This comprises of:

£11,801,000 Fixed assets
£843,000 Cash assets
(£170,000) other net current liabilities
(£1,760,000) Deficit on Local Government Pension Scheme

The Academy has reviewed its staffing and expenditure in the light of continuing reduced numbers and continued pressures on the funding it receives. Voluntary redundancy opportunities were made available to staff in 2013/14 and will continue to be made available in 2014/2015. A small number of support staff redundancies were made following approval by the Governors. The Academy needs to carefully manage its income and expenditure, in order to meet its targets without compromising the quality of education offered in future years. The reduction of student numbers on roll will continue to challenge the Academy for the foreseeable future and the financial situation will need to be regularly reviewed.

Reserves Policy

All expenditure is categorised according to the source of funding, including tracking unrestricted reserves. The policy of the Academy is to carry forward a prudent level of resources designed to meet the long term cyclical needs of renewal.

Investment Policy

The Academy manages its cash by reviewing short and medium term requirements for funds. Surplus funds are invested into bank accounts to give the best returns for the period of time the funds are to be invested. These investments are restricted to one institution (Lloyds Bank) to reduce risk.

Endowment Fund

There are no endowments at this Academy, as there are no sponsors.

Plans for Future Years

The Academy is working towards gaining at least a good judgement from OFSTED next year (2014/15). The target for Summer 2015 is to gain 62% including English and Maths and to improve the percentage of A* and B grades at AS level as well as maintaining A level results in line with national average. Work continues to focus on further improving the quality of teaching and learning.

Funds held as Custodian Trustee on behalf of others

None

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Auditors

In so far as the Governors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Governors 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.

Chantrey Vellacott DFK LLP are deemed to be re-appointed under Section 487 (2) of the Companies Act 2006.

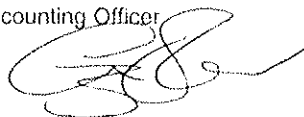
The report of the Governors has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Governors' report, incorporating a strategic report, approved by order of the members of the Governing Body on 9th December 2014 and signed on its behalf by:

Roger Moore
Chair



Gina O'Connor
Accounting Officer



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Governance Statement

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Tile Hill Wood School & Language College and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees Report and in the Statement of governors' responsibilities. The governing body has formally met 5 times during the period. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Christian Cliffe	3	5
Sue Cranfield	1	5
Philip Evans (Vice Chair)	5	5
Mike Freeman	3	5
Roger Moore (Chair)	5	5
Bryan Sayers	5	5
Peter Wall	2	5
Gina O'Connor (Headteacher)	5	5
Kevin Maton	4	5
Carol Arkley	4	5
Samantha Grierson	3	5
Joanne Hollingsworth	1	5
Paul Mercer	4	5
Sue Blower (resigned 01/11/2013)	0	5
Donna Bogusz	4	5
Christopher Denson	3	5
Pat Flavell	3	5
Paula Pownor (resigned 17/09/2013)	0	5

The Finance, Resources and Audit Committee is a sub-committee of the main governing body. Its purpose is identified in its terms of reference. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Christian Cliffe	2	4
Sue Cranfield	0	4
Philip Evans (Vice Chair)	1	4
Roger Moore	4	4
Gina O'Connor (Headteacher)	3	4
Richard Barnes (resigned 20/11/2012)	0	4
Samantha Grierson	3	4
Paul Mercer	1	4
Sarah Atkins (resigned 31/07/2013)	0	4
Sue Blower (resigned 01/11/2013)	0	4
Christopher Denson	2	4
Carol Arkley	3	4
Donna Bogusz	3	4

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The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Tile Hill Wood School & Language College for the period ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

The Governors have set policies on internal controls which cover the following:

- Type of risks the Academy faces
- The level of risks which they regard as acceptable
- The likelihood of the risks materialising
- The Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise
- The costs of operating particular controls relative to the benefits obtained
- Clarified the responsibility of the Leadership Group to implement the Governors' policies and to identify and evaluate risks for the Governors' consideration
- Explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives
- Embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy
- Developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment and
- including procedures for reporting failings immediately to appropriate levels of management and the Governors together with details of corrective action being undertaken.

We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:-

- The Academy is operating efficiently and effectively
- Its assets are safeguarded against un-authorised use or disposition
- That proper records are maintained and financial information used within the Academy or for publication is reliable
- The Academy complies with relevant laws and regulations.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 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 Governing Body. Governors receive training which includes information on the main areas of risk to the Academy.

The Risk and Control Framework

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

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

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The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Crompton & Co Accountants to carry out the Responsible Officer checks. The RO's role includes performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities through the Finance, Resources and Audit Committee. The Responsible Officer function has been delivered in line with the requirements of the Financial Handbook for Academies during the year and no material control issues were identified. There are currently no control issues which require remedial action.

The Responsible Officer's remit is in line with the requirements of the Education Funding Agency.

Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self assessment process or similar;

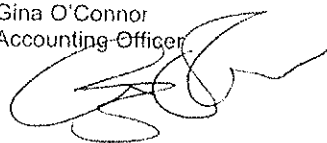
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Resources and Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 9th December 2014 and signed on its behalf by:

Roger Moore
Chair



Gina O'Connor
Accounting Officer



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Statement on Regularity, Propriety and Compliance

As Accounting Officer of Tile Hill Wood School & Language College Academy Trust I have considered my responsibility to notify the Academy trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Gina O'Connor
Accounting officer

9th December 2014

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Statement of Governors' Responsibilities

The Governors (who act as trustees for charitable activities of Tile Hill Wood School & Language College and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts 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 Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

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

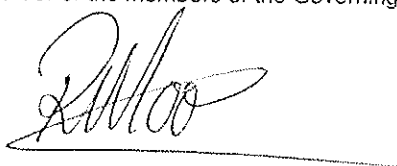
The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the Governing Body on 9th December 2014 and signed on its behalf by:

Roger Moore
Chair



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Independent auditor's report to the members of Tile Hill Wood School and Language College

We have audited the financial statements of Tile Hill Wood School and Language College for the year ended 31 August 2014 set out on pages 18 to 36. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 the its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governors and auditor

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



William Devitt (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
Birmingham

16 December 2014

TILE HILL WOOD SCHOOL AND LANGUAGE COLLEGE

(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
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Independent Accountant's Report on Regularity to the Governing Body of Tile Hill Wood School and Language College and the Education Funding Agency

In accordance with the terms of our engagement letter dated 16 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tile Hill Wood School and Language College during the period 1 September 2013 to 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 Tile Hill Wood School and Language College and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Tile Hill Wood School and Language College 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 Tile Hill Wood School and Language College and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Tile Hill Wood School and Language College's Accounting Officer and the reporting auditor

The accounting officer is responsible, under the requirements of Tile Hill Wood School and Language College's funding agreement with the Secretary of State for Education dated 11 July 2011 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 2013 to 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 2013 to 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.

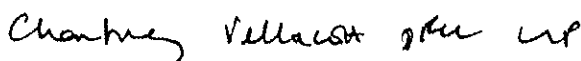
A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a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

We have undertaken testing as appropriate in accordance with the Academies Accounts Direction 2013 to 2014. This includes an evaluation of the control environment of the school, enquiry, analytical review and substantive testing.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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.



Chantrey Vellacott DFK LLP
Chartered Accountants
Birmingham

16 December 2014

TILE HILL WOOD SCHOOL AND LANGUAGE COLLEGE
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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 £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2014 £000	Total 2013 £000	
Incoming resources						
<i>Incoming resources from generated funds</i>						
• Activities for generating funds	2	33	218	-	251	335
• Investment income	3	3	-	-	3	7
<i>Incoming resources from charitable activities:</i>						
• Funding for the Academy's educational operations	4	-	6,287	159	6,446	6,969
Total incoming resources		36	6,505	159	6,700	7,311
Resources expended						
<i>Cost of generating funds</i>						
• Costs of generating voluntary income		-	-	-	-	-
• Fundraising trading		2	109	-	111	175
<i>Charitable activities</i>						
• Academy's educational operations	6	-	6,371	486	6,857	7,232
<i>Governance costs</i>	7	-	46	-	46	40
Total resources expended	5	2	6,526	486	7,014	7,447
Net incoming / (outgoing) resources before transfers						
Gross transfers between funds		34	(21)	(327)	(314)	(136)
Net income / (expenditure) for the period						
		34	(21)	(327)	(314)	(136)
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	23	-	104	-	104	56
Net movement in funds		34	83	(327)	(210)	(80)
Total funds brought forward		145	(1,376)	12,155	10,924	11,004
Funds carried forward at 31 August 2014	14	179	(1,293)	11,828	10,714	10,924

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

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

TILE HILL WOOD SCHOOL AND LANGUAGE COLLEGE
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Balance sheet at 31 August 2014

	Note	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible assets	11		11,801		12,151
Current assets					
Debtors	12	190		135	
Cash at bank and in hand		843		468	
		<u>1,033</u>		<u>603</u>	
Creditors: Amounts falling due within one year	13	(360)		(36)	
Net current assets			<u>673</u>		<u>567</u>
Total assets less current liabilities			<u>12,474</u>		<u>12,718</u>
Pension scheme liability	23		(1,760)		(1,794)
Net assets including pension liability			<u>10,714</u>		<u>10,924</u>
Funds of the academy:					
Restricted funds					
Fixed asset funds	14		11,828		12,155
General funds	14		467		418
Pension reserve	14		(1,760)		(1,794)
Total restricted funds			<u>10,535</u>		<u>10,779</u>
Unrestricted funds					
General funds	14		179		145
Total unrestricted funds			<u>179</u>		<u>145</u>
Total funds			<u>10,714</u>		<u>10,924</u>

The financial statements on pages 18 to 36 were approved by the Governors, and authorised for issue on 9th December 2014 and are signed on their behalf by:



Roger Moore

Chair

COMPANY NUMBER: 07654273

TILE HILL WOOD SCHOOL AND LANGUAGE COLLEGE
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Cash flow statement for the year ended 31 August 2014

	Note	2014 £000	2013 £000
Net cash inflow/(outflow) from operating activities	18	354	(218)
Returns on investments and servicing of finance	19	3	7
Capital expenditure net of capital grants	20	18	2
Increase/(decrease) in cash in the period	21	375	(209)

Reconciliation of net cash flow to movement in net funds

	2014 £000	2013 £000
Increase/(decrease) in cash in the year	375	(209)
Net funds at 31 August 2013	468	677
Net funds at 31 August 2014	843	468

All of the cash flows are derived from continuing operations during the above two financial periods.

TILE HILL WOOD SCHOOL AND LANGUAGE COLLEGE
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Notes to the Financial Statements for the year ended 31 August 2014 *(continued)*

1. Statement of Accounting Policies *(continued)*

Resources Expended

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

- **Costs of generating funds**
These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- **Charitable activities**
These are costs incurred on the Academy 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 reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

Depreciation

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

Long leasehold land	125 years (over the term of the lease)
Long leasehold buildings	13 – 26 years (depending on expected remaining useful life)
Fixtures, fittings and equipment	5 years

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 applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

TILE HILL WOOD SCHOOL AND LANGUAGE COLLEGE
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Notes to the Financial Statements for the year ended 31 August 2014 (*continued*)

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

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 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 Education Funding Agency, Department for Education or 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 Education Funding Agency and Department for Education or other funders.

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Notes to the Financial Statements for the year ended 31 August 2014 (continued)

2. Activities for generating funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Hire of facilities	23	-	23	26
Other Departmental income	10	93	103	55
School trips / fund income	-	125	125	227
Photocopying income	-	-	-	27
	<u>33</u>	<u>218</u>	<u>251</u>	<u>335</u>

3. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Short term deposits	3	-	3	7
	<u>3</u>	<u>-</u>	<u>3</u>	<u>7</u>

4. Funding for the Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
DfE / EFA revenue grants				
General Annual Grant (GAG)	-	6,001	6,001	6,505
Capital grants	-	159	159	138
Other DfE / EFA grants	-	268	268	326
	<u>-</u>	<u>6,428</u>	<u>6,428</u>	<u>6,969</u>
Other government grants				
Local authority grants	-	18	18	-
	<u>-</u>	<u>18</u>	<u>18</u>	<u>-</u>
Total	<u>-</u>	<u>6,446</u>	<u>6,446</u>	<u>6,969</u>

TILE HILL WOOD SCHOOL AND LANGUAGE COLLEGE
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Notes to the Financial Statements for the year ended 31 August 2014 (*continued*)

5. Resources expended

	Staff costs	Non Pay Expenditure		Total	Total
		Premises	Other costs	2014	2013
		£000	£000	£000	£000
Costs of generating voluntary income	-	-	-	-	-
Costs of activities for generating funds	-	-	111	111	175
Academy's educational operations					
Direct costs	4,686	437	505	5,628	5,851
Allocated support costs	447	49	733	1,229	1,381
	<u>5,133</u>	<u>486</u>	<u>1,238</u>	<u>6,857</u>	<u>7,232</u>
Governance costs including allocated support costs	7	-	39	46	40
Total resources expended	<u>5,140</u>	<u>486</u>	<u>1,388</u>	<u>7,014</u>	<u>7,447</u>

	2014	2013
	£000	£000
Incoming/outgoing resources for the period include:		
Operating lease costs		
- other	26	124
Fees payable to auditor in respect of:		
- audit	10	9
- other services	7	2
Legal and professional fees	22	21
Loss on disposal of fixed assets	5	7

TILE HILL WOOD SCHOOL AND LANGUAGE COLLEGE
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Notes to the Financial Statements for the year ended 31 August 2014 (continued)

6. Charitable activities – Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Direct costs				
Teaching and educational support staff costs	-	4,686	4,686	4,890
Depreciation	-	437	437	425
Educational supplies	-	374	374	397
Examination fees	-	99	99	117
Staff development	-	32	32	22
	-	5,628	5,628	5,851
Allocated support costs				
Support staff costs	-	447	447	453
Depreciation	-	49	49	47
Maintenance of premises and equipment	-	395	395	181
Heat & light	-	145	145	139
Cleaning	-	19	19	13
Rent & Rates	-	19	19	18
Insurance	-	46	46	47
Security and Transport	-	6	6	12
Catering	-	52	52	50
Other support costs	-	51	51	421
	-	1,229	1,229	1,381
	-	6,857	6,857	7,232

7. Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Legal and professional fees	-	22	22	21
Auditor's remuneration				
– Audit of financial statements	-	10	10	9
– Other services	-	7	7	2
Support staff costs	-	7	7	8
	-	46	46	40

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Notes to the Financial Statements for the year ended 31 August 2014 (continued)

8. Staff costs

	2014	2013
	£000	£000
Staff costs during the period were:		
Wages and salaries	4,018	4,307
Social security costs	286	324
Pension costs	670	631
Supply staff costs	166	89
	5,140	5,351

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

	2014	2013
	No.	No.
Teachers	65	66
Administration and support	58	62
Management	6	6
	130	134

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

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

Two of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, pension contributions for these staff amounted to £21,339 (2013 - £26,667).

9. Governors' remuneration and expenses

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

Name	Position	2014	2013
G O'Connor	Head teacher	£80k - £85k	£80k - £85k
S Blower	Staff Governor	£5k - £10k	£25k - £30k
D Bogusz	Staff Governor	£25k - £30k	£35k - £40k
C Denson	Staff Governor	£30k - £35k	£25k - £30k
P Flavell	Staff Governor	£10k - £15k	£15k - £20k
P Powner	Staff Governor	£25k - £30k	£20k - £25k
N Woodward	Staff Governor	£10k - £15k	-

During the period ended 31 August 2014 and 31 August 2013, no travel or subsistence expenses were reimbursed to governors.

10. Governors', trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for period ended 31 August 2014 was £1,524 (2013 - £1,524).

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

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Notes to the Financial Statements for the year ended 31 August 2014 *(continued)*

11. Tangible Fixed assets

	Land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At 1 September 2013	12,723	357	13,080
Additions	89	52	141
Disposals	-	(7)	(7)
At 31 August 2014	12,812	402	13,214
Depreciation			
At 1 September 2013	797	132	929
Charged in the year	406	80	486
Eliminated on disposal	-	(2)	(2)
At 31 August 2014	1,203	210	1,413
Net Book Value			
At 31 August 2014	11,609	192	11,801
At 31 August 2013	11,926	225	12,151

12. Debtors

	2014 £000	2013 £000
Trade debtors	9	5
Prepayments	72	63
VAT debtor	109	67
	190	135

13. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	146	-
PAYE & NI	161	-
Accruals and deferred income (see below)	53	36
	360	36

	2014 £000	2013 £000
Deferred Income		
Deferred income at 1 September	-	40
Resources deferred in the period	-	-
Deferred income released in the period	-	(40)
Deferred income at 31 August	-	-

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Notes to the Financial Statements for the year ended 31 August 2014 (continued)

14. Funds

	Balance at 1 September 2013 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2014 £000
Restricted general funds					
General annual grant (GAG)	418	6,002	(5,953)	-	467
Other grants	-	268	(268)	-	-
Other restricted income	-	235	(235)	-	-
Pension reserve	(1,794)	-	(70)	104	(1,760)
	(1,376)	6,505	(6,526)	104	(1,293)
Restricted fixed asset funds					
Capital expenditure from GAG	14	-	(3)	-	11
Transfer on conversion	12,031	-	(424)	-	11,607
Capital grants	110	159	(59)	-	210
	12,155	159	(486)	-	11,828
Total Restricted funds	10,779	6,664	(7,012)	104	10,534
Unrestricted funds	145	36	(2)	-	179
Total unrestricted funds	145	36	(2)	-	179
Total funds	10,924	6,700	(7,014)	104	10,714

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

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy. During the period, the Academy's GAG income exceeded GAG expenditure and the balance will be carried forward to apply in future years and enable the establishment of a minimum prudent level of reserves to manage risks and unforeseen costs. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Other grants include further grants received from the DfE/EFA including pupil premium, insurance grants and 16-19 Bursary income. All of the income received was fully expensed during the period.

Other restricted income represents the income and expenditure in relation to school trips that have been operated during the period. All of the income received was fully expensed during the period.

The restricted Pension reserve represents the deficit on the Academy's share of the Local Government Pension Scheme as at 31 August 2014.

TILE HILL WOOD SCHOOL AND LANGUAGE COLLEGE
(A COMPANY LIMITED BY GUARANTEE)
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Notes to the Financial Statements for the year ended 31 August 2014 (continued)

15. 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
	£000	£000	£000	£000
Tangible fixed assets	-	-	11,801	11,801
Current assets	179	827	27	1,033
Current liabilities	-	(360)	-	(360)
Pension scheme liability	-	(1,760)	-	(1,760)
Total net assets	179	(1,293)	11,828	10,714

16. Financial commitments

Operating leases

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

	2014	2013
	£000	£000
Other		
Expiring within one year	59	-
Expiring within two and five years inclusive	1	62
	60	62

17. Capital commitments

As at 31 August 2014 the Academy had committed £403,000 to capital expenditure in relation to refurbishment projects underway.

18. Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2014	2013
	£000	£000
Net outgoing resources	(314)	(136)
Depreciation (note 11)	486	472
Capital grants from DfE	(159)	(138)
Interest receivable (note 3)	(3)	(7)
Loss on disposal of fixed asset	5	7
FRS 17 pension cost less contributions payable (note 23)	10	(22)
FRS 17 pension finance income (note 23)	60	57
Increase in debtors	(55)	(77)
Increase/(decrease) in creditors	324	(374)
Net cash inflow / (outflow) from operating activities	354	(218)

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19. Returns on investments and servicing of finance

	2014 £000	2013 £000
Interest received	3	7
Net cash inflow from returns on investment and servicing of finance	<u>3</u>	<u>7</u>

20. Capital expenditure and financial investment

	2014 £000	2013 £000
Purchase of tangible fixed assets	(141)	(136)
Capital grants received from DfE	159	138
Net cash inflow	<u>18</u>	<u>2</u>

21. Analysis of changes in net funds

	At 1 September 2013 £000	Cash flows £000	At 31 August 2014 £000
Cash in hand and at bank	468	375	843
	<u>468</u>	<u>375</u>	<u>843</u>

22. 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.

23. Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2014.

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

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23. Pension and similar obligations (continued)

Teachers' Pension Scheme (TPS)

Introduction

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

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

The Teachers' Pensions Regulations require an annual 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

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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.

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23. Pension and similar obligations (continued)

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 up to three and a half years 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.

The Department for Education has continued to work closely with trade unions and other representatives' bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 August 2014 was £230,000 of which employer's contributions totalled £177,000 and employees' contributions totalled £53,000. The agreed contribution rates for the future years are 15.8% for employers and 5.5% to 7.5% for employees.

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

Principal Actuarial Assumptions:

	At 31 August 2014 %	At 31 August 2013 %
Rate of increase in salaries	3.85	4.15
Rate of increase for pensions in payment / inflation	2.1	2.4
Discount rate for scheme liabilities	3.9	4.5
Inflation assumption (CPI)	2.4	2.1
Commutation of pensions to lump sums	-	50.0

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 years	At 31 August 2013 years
<i>Retiring today</i>		
Males	22.9	22.1
Females	25.5	24.8
<i>Retiring in 20 years</i>		
Males	25.1	23.9
Females	27.8	26.7

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23. Pension and similar obligations (*continued*)

Local Government Pension Scheme

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £000
Equities	7.0%	762	7.0%	630
Government bonds	2.9%	134	3.4%	125
Other bonds	3.8%	175	4.4%	167
Property	6.2%	148	5.7%	129
Cash liquidity	0.5%	75	0.5%	61
Other	7.0%	402	7.0%	375
Total market value of assets		1,696		1,487
Present value of scheme liabilities - funded		(3,456)		(3,281)
Surplus / (deficit) in the scheme		(1,760)		(1,794)

The expected rate of return is the assumed return the assets of the fund will achieve over the entire life of the related obligation based on market expectations at the beginning of the period. This assumption is used to determine the expected return on assets for the pension expense.

The actual return on scheme assets was £167,000 (2013 - £132,000).

Amounts recognised in the statement of financial activities

	2014 £000	2013 £000
Current service cost less employer's contributions	10	(22)
Total operating charge	10	(22)
	2014 £000	2013 £000
Expected return on pension scheme assets	92	76
Interest on pension liabilities	(152)	(133)
Pension finance income / (costs)	(60)	(57)

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23. Pension and similar obligations (*continued*)

Local Government Pension Scheme (*continued*)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a gain of £160,000.

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

	2014 £000	2013 £000
At 1 September 2013	3,281	3,026
Current service cost	187	180
Interest cost	152	133
Employee contributions	53	52
Actuarial (gain) / loss	(150)	-
Benefits paid	(67)	(110)
At 31 August 2014	3,456	3,281

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

	2014 £000	2013 £000
At 1 September 2013	1,487	1,211
Expected return on assets	92	76
Actuarial gain / (loss)	(46)	(56)
Employer contributions	177	202
Employee contributions	53	52
Benefits paid	(67)	(110)
At 31 August 2014	1,696	1,487

The estimated value of employer contributions for the period ended 31 August 2015 is £199,000.

The history of experience adjustments is as follows:

	2014 £000	2013 £000	2012 £000
Present value of defined benefit obligations	(3,456)	(3,281)	(3,281)
Fair value of share of scheme assets	1,696	1,487	1,487
Deficit in the scheme	(1,760)	(1,794)	(1,794)
Experience adjustments on share of scheme assets	(46)	56	(66)
Experience adjustments on scheme liabilities	274	-	-

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24. Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is not unusual that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

There were no related party transactions during the period.

