

COMPANY LIMITED BY GUARANTEE
REGISTRATION NUMBER 07733109
(ENGLAND AND WALES)

FRED LONGWORTH HIGH SCHOOL
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

HW
Chartered Accountants & Registered Auditors
Bridge House
157A Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT

FRED LONGWORTH HIGH SCHOOL

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

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FRED LONGWORTH HIGH SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2013

Trustees:

- Mr B M Wilson* (Chair)
- Mrs J H Garretts*
- Mrs S Prescott* (resigned 31 March 2013)
- Mrs J Alderson
- Rev J Hartley
- Mr D Trussell*
- Mrs S Partington
- Mr C Cohen
- Mr D Aspden
- Mrs E Marks-Parker*
- Mr I Williams
- Mrs C Gradwell*
- Ms D Reynolds (resigned 1 March 2013)
- Mr S Rigby
- Mrs A Mullineaux
- Mr P Bean*
- Miss G Dobson
- Ms Y Carrick
- Mr A Fallows

* Member of the finance committee

Company secretary: Mr A Gallimore

| | | |
|--------------------------------|--------------------------------|--------------------|
| Senior leadership team: | Headteacher | Mrs J H Garretts |
| | Deputy Headteacher | Mr P Hodkinson |
| | Deputy Headteacher | Mr J Thomson |
| | Director of Business & Finance | Mr A Gallimore |
| | Assistant Headteacher | Mr C Hallett |
| | Assistant Headteacher | Mr P Davies |
| | Director of Learning | Mrs G Maher |
| | Director of Learning | Mrs A Michalakakos |
| | Director of Numeracy | Mr F Macarthur |
| | Director of Literacy | Mrs C Rimmer |

Registered office & academy site: Printshop Lane, Tyldesley, Manchester M29 8JN

Company registration number: 07733109

FRED LONGWORTH HIGH SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2013

Auditors: HW, Chartered Accountants & Registered Auditors
Bridge House
Ashley Road
Hale
Altrincham
WA14 2UT

Bankers: Lloyds TSB plc
9 Hotel Street
Bolton
BL1 1DB

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

Solicitors: Eversheds LLP
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

FRED LONGWORTH HIGH SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2013

The trustees present their report with the financial statements of the charitable company for the year ended 31 August 2013.

Structure, governance and management

Constitution

The academy was incorporated on 8 August 2011 as a company limited by guarantee with no share capital, registration no: 07733109. The company commenced operation as an academy on 1 September 2011. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy. The initial members of the charitable company were nominated by the board of trustees of Fred Longworth High School. The Articles of Association require the members of the charitable company to be responsible for the statutory and constitutional affairs of the charitable company and the management of the academy.

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 period 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.

Trustees

Five of the trustees are directors of the charitable company for the purposes of the Companies Act 2006 and all are trustees for the purposes of charity legislation.

The trustees who were in office at 31st August 2013 and served during the period are listed on page 1.

Trustees' indemnities

In accordance with normal commercial practice the academy has purchased professional indemnity and directors and officers insurance to protect the trustees and officers from claims arising from negligence, errors or omissions occurring whilst on academy business. Further details are disclosed at Note 13.

Principal activities

Fred Longworth High School converted to academy trust status on 1 September 2011 at which point the entity's current operations commenced. The academy trust's principal activities are 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 a school offering a broad and balanced curriculum.

FRED LONGWORTH HIGH SCHOOL

TRUSTEES' REPORT (*continued*)

YEAR ENDED 31 AUGUST 2013

Method of recruitment and appointment or election of trustees

The academy's board of trustees is subject to retirement by rotation. Trustees are eligible for re-election at the meeting at which they retire. The directors to retire are those who have served the longest in office since their appointment or re-election. New directors are recruited in accordance with the Articles of Association and 'A Guide to the Law for School Trustees.' The term of office for any trustee is 4 years, although this time limit does not apply to the head teacher. The board of directors who were in office on 31 August 2013 and served since 1 September 2012, the period of these accounts, are listed in the reference and administrative details on page 1.

The members of the trust are responsible for the appointment of trustees except seven parent trustees and four staff trustees who will be appointed through an election process directed by the board of trustees. The number of trustees shall be not less than three and shall not be subject to a maximum.

Policies and procedures adopted for the induction and training of trustees

Trustees are appointed based on the skills that they will bring to the board of trustees or based on a proposal to the board of trustees by representative groups. On appointment, trustees receive information relating to the trust, attend a briefing and receive an induction pack on the role and responsibilities of trustees. The training and induction provided for new trustees will depend on their existing experience. All new trustees will be given a tour of the academy and the chance to meet with staff and students. All relevant trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally only two or three new trustees a period, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

The governance of the trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department for Education.

The structure consists of three levels: the trustees, senior leadership team and heads of faculty areas/heads of year. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

FRED LONGWORTH HIGH SCHOOL

TRUSTEES' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2013

The senior leadership team are the headteacher, deputy headteachers and assistant headteachers. These leaders control the academy at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group, the senior leadership team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for most middle and all senior leader posts will involve a trustee(s). Some spending control is devolved to heads of departments/years, with limits above which a senior leader must countersign.

The board of trustees has established three sub-committees. Each sub-committee has its own terms of reference detailing the responsibilities discharged to the sub-committee, to the headteacher (the accounting officer) and to the senior management team. The terms of reference and meeting frequency for each sub-committee is reviewed and approved by the board of trustees annually. The terms of reference for the finance and premises sub-committee detail the school's authorised spending limits.

The sub-committees of the board of trustees for the period were:

- Finance and premises committee
- Pastoral and community committee
- Staffing and curriculum committee

Groups of trustees may be formally organised outside of the sub-committee structure to support the School as required, to consider:

- Headteacher, and SLT recruitment
- Performance management of the headteacher
- Student discipline
- Staff discipline
- Complaints
- Significant areas of change management

Risk management

The board of trustees has considered the major risks to which it is exposed, in particular those relating to governance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT.

The board of directors have implemented a number of systems to assess and reduce risks that the school faces, especially in operational areas in relation to teaching, health and safety, (including school trips), behaviour management, and in relation to the control of finances. They have introduced policies and systems for the recruitment, selection and vetting of new staff, continual professional development of staff, child protection, supervision of students around the school site and internal financial controls to minimise financial risk.

Adequate insurance has been arranged where significant financial risk remains. The academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

FRED LONGWORTH HIGH SCHOOL

TRUSTEES' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2013

Connected organisations, including related party relationships

Fred Longworth High School is not connected to any other organisations as defined by the relevant Charities SORP. The members, directors, trustees, senior staff and their families are regarded as related parties in accordance with the definitions in the Charities SORP.

Objectives and activities

Objects and aims

Fred Longworth High School is a mixed 11-16 comprehensive school and a vibrant Arts and Applied Learning College. Our aim is to inspire all our students to achieve their BEST by Belonging, Engaging, Succeeding Together. We believe in treating each student as a unique and valued individual.

The curriculum is designed to give students choice and to nurture their talents and abilities, whatever they may be.

Our conversion to academy status was community driven and our focus was on protecting and building on the proud name of Fred Longworth and to enable us to continue serving our local community.

The board of trustees continue to set the school's strategic aims through the school improvement plan. These aims are monitored closely by the board of trustees by way of headteacher and senior leadership team reports and through the work of the sub committees.

The school improvement plan is designed to drive improvements in the following key areas of our work:

- Achievement – our aim is to maximise learning and progress for all groups and individuals.
- Teaching – our aim is to encourage innovation in pedagogy and practice in order to ensure that teaching is good or better in all lessons.
- Pastoral, Behaviour and Safety – excellent pastoral care is at the heart of everything we do; our aim is to ensure that we nurture and sustain the Fred Longworth ethos through a focus on good relationships across the whole school community, high expectations and excellent behaviour for learning.
- Leadership – our aim is to develop leadership throughout the school (including trustees) to ensure that leadership practice has a direct impact upon attainment and the quality of teaching.
- Resource Development – we aim to continue to develop Fred Longworth High School as a successful academy through ensuring the best possible use of resources to ensure maximum impact upon attainment and achievement.

Objectives, strategies and activities

The Fred Longworth community values diversity and seeks to give everyone in the school an equal chance to learn, work and live, free from the action, or fear, of racism, discrimination, or prejudice. By our actions we will work together to develop the potential of all pupils academically, socially, culturally and psychologically and to establish a community that is just and fair for all people who work at or visit Fred Longworth High School.

FRED LONGWORTH HIGH SCHOOL

TRUSTEES' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2013

Students will be happy and healthy, enthused by the intellectual, social and physical challenges posed by their experience at school. They will be independent learners, aware of how to learn and of the role of emotions and dispositions in the learning process, which they draw on to address challenge and difficulty, as well as success.

All staff will have the opportunity to develop further as self-directed, reflective learners, through working collaboratively with others to enhance their own expertise. Through their passion, teachers will enthuse and inspire others to explore new ideas.

Parents will fulfill their roles as true partners, recognising their role in the student - school - parent partnership to ensure that their child realises his/her potential.

Trustees will contribute to the life of the school on a wider scale, acting as critical friends to support the school and its objectives.

The key targets for the forthcoming year are:

1. 70% of students achieve 5 A*-C at GCSE including Maths & English
2. 92% of students achieve 5 A*-C at GCSE
3. 76% of students achieve 3 levels of progress in GCSE English
4. 80% of students achieve 3 levels of progress in GCSE Maths
5. Average Capped Points Score of 359
6. 36% of students achieve the English Baccalaureate
7. Overall absence of 4.8% or less

Our key priorities for the forthcoming year are:

- Increase levels of literacy and develop excellent numeracy skills in order to improve students' ability to access the whole curriculum at all levels.
- Address anomalies in levels of achievement across all groups within the school, with particular emphasis on ensuring that high prior attainment is reflected in students' final results & addressing in-school variation to ensure that achievement is good or better in ALL subject areas.
- Ensure the most effective use of data for evaluation, accountability, student tracking and intervention, particularly at faculty level.
- Implement and develop "teaching threes" lesson studies as the cornerstone of a CPD programme that has maximum impact upon practice and ensures consistently good and outstanding teaching.
- Develop the key learning skills of independence and resilience including through the development of more effective homework and e-learning.
- Further refine the use of data and differentiation within lessons in order to ensure effective assessment, target setting and feedback.
- Increase levels of engagement with our more hard to reach learners, parents and carers, with particular emphasis on those eligible for Pupil Premium.
- Reduce the number of learning days lost to exclusion for all groups, especially for those eligible for Pupil Premium and SEN students.

FRED LONGWORTH HIGH SCHOOL

TRUSTEES' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2013

- Reinforce the role played by all staff, especially the form tutor, in ensuring consistently high expectations with regard to students' appearance and attitude to learning across the school.
- Develop the Student and Parent voice to impact upon the future development of the school.
- Further refine the QA and performance management protocols to ensure that they impact fully upon the quality of provision (including teaching and learning).
- Develop middle leadership teams in order that they can hold teachers to account more effectively.
- Prepare students, staff and other stakeholders for major changes in the curriculum, including the move to linear exams, over the next 3 years.
- Refine and develop the role of the board of trustees in holding the school to account.
- Maintain and develop an excellent climate for learning including a rolling programme of refurbishment.
- Ensure transparency and accountability in the use of the Pupil Premium funding so that it has maximum impact on attainment.
- Continue to develop Fred Longworth as a successful academy through creative marketing and sound financial strategies.
- Continue to make progress towards a sustainable future.

Public benefit

The trust will promote for the benefit of inhabitants of Tyldesley, Atherton and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The academy trust's trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Achievements and performance

Fred Longworth High School, as an academy, was legally formed on 1 September 2011. This Annual Report covers the academy's second period of operation.

The school was graded as outstanding by Ofsted in May 2010.

There were 1,280 students on roll on 31 August 2013.

The academy is committed to continual improvement which is achieved in a number of ways including: improvement planning, review meetings, continual professional development, lesson observations, performance management, learning walks, self-evaluation, data analysis and action planning.

For the past 5 years, performance has improved continuously year on year and we continue to outperform our targets.

FRED LONGWORTH HIGH SCHOOL

TRUSTEES' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2013

The table below provides a summary of the performance in the summer 2013 examination season:

Summary of GCSE examination results

| | 2012 | 2013 |
|---------------------------------|------|-------|
| 5 A*-C | 87% | 92% |
| 5 A*-C Inc. English and Maths | 67% | 70% |
| 5 A*-G | 98% | 99.6% |
| Average Capped Points Score | 353 | 355 |
| 3 Levels of Progress in English | 77% | 80% |
| 3 Levels of Progress in Maths | 78% | 89% |

Attendance has been at or above 95% since September 2012.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies note of the financial statements.

Key performance indicators

The Fischer Family Trust is the adopted performance measure and target monitoring tool and is used for Key Stages 3 and 4.

Standards at Key Stage 4 (GCSE) have improved year on year from 2009 to 2013. Examination results for 5A* - C including Maths and English have increased from 59% to 70% during this period.

Attendance levels are regularly at, or above, 95%.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2012/13 were 1,280, a decrease of 3 over 2011/12. It is anticipated that this number will remain consistent over the next 5 years.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2012/13 this was 78.50% and is projected at 82.87% for 2013/14. This increase is largely due to a decrease in GAG funding, although Pupil Premium funding has increased and is used primarily for staff costs.

The academy places importance on staff retention and development in order to maintain the highest standards of teaching and learning.

Financial review

Most of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, some of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

FRED LONGWORTH HIGH SCHOOL

TRUSTEES' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2013

The academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The trust's financial position for the year to 31 August 2013 demonstrates total income of £7,872,000 with a surplus at the 31 August 2013 of £9,977,000. The surplus has been allocated to reserves.

The reserves will be utilised for continuous improvements and for projects for the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of the academy's buildings, its plant, equipment and contents.

A strategic capital plan has been prepared and reviewed by the trustees in order that reserves can be prioritised and spent according to the needs of the academy.

The principal financial management policies adopted in the year are:

- regular financial reviews of income and expenditure versus planned budgets at finance & premises committee meetings; and
- consideration as to whether income streams demonstrate a robust and stable position to continue to enable the provision of resources of sufficient quality to fulfil the academy's educational obligations.

Reserves carried forward at 31 August 2013 will be utilised as part of the medium and long term plans of the academy to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the site and facilities.

Financial and risk management objectives and policies

The objective of the academy's risk management procedure is to identify the principal risks facing the academy so that existing controls may be considered and further action taken if required, including external insurance.

The board of trustees has a comprehensive risk management process to identify and monitor the risks faced by the academy.

The financial risks considered include: economic/financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial/statutory requirements.

Principal risks and uncertainties

Fred Longworth High School has adopted a risk management process including the creation of a risk register and risk review process. The objectives will be to determine an approach and, where it is considered necessary, put in place measures of control and mitigation in order to manage risk.

FRED LONGWORTH HIGH SCHOOL

TRUSTEES' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2013

The principal risks are seen as the loss of reputation through falling standards, falling student rolls and failure to safeguard our students.

Key controls in place are:

- an organisational structure with defined roles, responsibilities and authorisation levels;
- terms of reference for the committees of the board of trustees;
- financial planning, budgeting and regular management reporting highlighting areas of financial risk;
- formal written and published policies for employees; and
- vetting procedures as required by law for the protection of the vulnerable.

The academy has recognised its share of the local government pension scheme (LGPS) assets and liabilities in accordance with Financial Reporting Standard No. 17. A deficit has been recognised at 31 August 2013.

Reserves policy

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure stream, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of free reserves should be equivalent to 1 month of the GAG, approximately £545,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets restricted fund but excluding pension reserve) is £672,000.

Plans for future periods

Fred Longworth High School strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment.

The curriculum, the quality of teaching and learning and informed interventions are consistently reviewed to help every child to achieve their full potential.

The school believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the school strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extra-curricular activities.

The school has an outstanding understanding of its strengths and areas for development based on rigorous analysis of data and monitoring of teaching and learning. The school also makes good use of external validation to secure its judgement on the quality of provision and subsequent outcomes. The school improvement plan has all the correct areas identified for improvement and is based on regular analysis of data which is meticulously analysed by the headteacher and the senior leadership team. The SIP is regularly monitored and amended annually by the SLT and trustees. It is underpinned by appropriate budget links.

FRED LONGWORTH HIGH SCHOOL

TRUSTEES' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2013

School improvement strategies are highly effective because subjects identified as previously underperforming have been successfully addressed through a combination of rigorous monitoring, outstanding CPD, including coaching and thorough analysis of examination results. The school makes good provision for personalised learning, support and intervention programmes for individual students and the quality of provision for inclusion is outstanding due to bespoke programmes aimed at raising achievement.

Auditors

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 they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The audit business HW, Chartered Accountants has been appointed as the company's auditor. The audit report has therefore been issued by HW, Chartered Accountants.

The report of the trustees was approved by the trustees on 2 December 2013 and signed on their behalf by Mr B M Wilson, chair of trustees.


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Mr B M Wilson

Chair of trustees

FRED LONGWORTH HIGH SCHOOL

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2013

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Fred Longworth High School 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 headteacher, as accounting officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Fred Longworth High School 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.

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 4 times during the period. Attendance during the year at meetings of the board of trustees was as follows:

| Trustee | Meetings attended | Out of possible |
|-----------------------|-------------------|-----------------|
| Mr B M Wilson (Chair) | 4 | 4 |
| Mrs J H Garretts | 4 | 4 |
| Mrs S Prescott | 3 | 3 |
| Mrs J Alderson | 4 | 4 |
| Rev J Hartley | 4 | 4 |
| Mr D Trussell | 2 | 4 |
| Mrs S Partington | 3 | 4 |
| Mr C Cohen | 4 | 4 |
| Mr D Aspden | 4 | 4 |
| Mrs E Marks-Parker | 4 | 4 |
| Mr I Williams | 3 | 4 |
| Mrs C Gradwell | 1 | 4 |
| Mrs D Reynolds | 0 | 2 |
| Mr S Rigby | 2 | 4 |
| Mrs A Mullineaux | 3 | 4 |
| Mr P Bean | 4 | 4 |
| Miss G Dobson | 3 | 4 |
| Ms Y Carrick | 4 | 4 |
| Mr A Fallows | 4 | 4 |

FRED LONGWORTH HIGH SCHOOL

GOVERNANCE STATEMENT *(continued)*

YEAR ENDED 31 AUGUST 2013

The finance and premises committee is a sub-committee of the main board of trustees. Its purpose is to:

- ensure the effective deployment of all funds available to the school so that they have maximum impact upon teaching, learning and achievement;
- ensure that the premises are safe and provide an excellent learning environment for students, staff and community groups; and
- ensure that the school has sound financial management.

Attendance at meetings in the period was as follows:

| Trustee | Meetings attended | Out of possible |
|----------------------------|--------------------------|------------------------|
| Mrs E Marks-Parker (Chair) | 3 | 3 |
| Mr B M Wilson | 3 | 3 |
| Mrs J H Garretts | 3 | 3 |
| Mrs S Prescott | 1 | 2 |
| Mr D Trussell | 2 | 3 |
| Mrs C Gradwell | 3 | 3 |
| Mr P Bean | 3 | 3 |

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's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Fred Longworth High School for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operation, 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 of identifying, evaluating and managing the academy trust's significant risks that have been in place for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statement. This process is regularly reviewed by the board of trustees.

FRED LONGWORTH HIGH SCHOOL

GOVERNANCE STATEMENT *(continued)*

YEAR ENDED 31 AUGUST 2013

The risk and control framework

The academy trust's system of internal 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 system with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular review by the finance and premises 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 defining purchasing (assets purchase or capital investment) guidelines;
- delegation of authority and segregations of duties; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Wigan Council Audit Services as internal auditor as well as a responsible officer (RO). The RO role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the board of trustees on the operation of the systems or control and on the discharge of the board of trustees' financial responsibilities.

During the year the RO has produced three reports which were presented to the Finance and Premises committee.

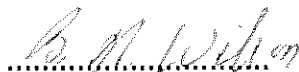
Review of effectiveness

As accounting officer, the headteacher 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 executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework;
- the work of the responsible officer;
- the work of the external auditors; and
- the financial management and governance self-assessment process.

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

Approved by order of the members of the board of trustees on 2 December 2013 and signed on its behalf by:



Mr B M Wilson
Chair of trustees



Mrs J H Garretts
Headteacher and accounting officer

FRED LONGWORTH HIGH SCHOOL

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

YEAR ENDED 31 AUGUST 2013

As accounting officer of Fred Longworth High School I have considered my responsibility to notify the academy trust's board of trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the secretary of state. 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's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the academies financial handbook.

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



2 December 2013

Mrs J H Garretts

Headteacher and accounting officer

FRED LONGWORTH HIGH SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

YEAR ENDED 31 AUGUST 2013

The trustees (who act as trustees for charitable activities and are also directors of Fred Longworth High School for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency.

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

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

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

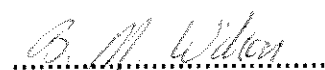
The trustees are responsible for ensuring that in its conduct and operation the academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency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

In so far as the trustees are aware:

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

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

Approved by order of the members of the board of trustees on 2 December 2013 and signed on its behalf by:



Mr B M Wilson
Chair of trustees

FRED LONGWORTH HIGH SCHOOL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRED LONGWORTH HIGH SCHOOL

YEAR ENDED 31 AUGUST 2013

We have audited the financial statements of Fred Longworth High School for the year ended 31 August 2013 which comprise the Income and Expenditure Account, the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 17, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

FRED LONGWORTH HIGH SCHOOL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRED LONGWORTH HIGH SCHOOL *(continued)*

YEAR ENDED 31 AUGUST 2013

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

JOHN WHITTICK (Senior Statutory Auditor)

For and on behalf of

HW

Chartered Accountants
& Statutory Auditor

Bridge House
157A Ashley Road
Hale
Altrincham
Cheshire WA14 2UT

2 December 2013

FRED LONGWORTH HIGH SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE FRED LONGWORTH HIGH SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

YEAR ENDED 31 AUGUST 2013

In accordance with the terms of our engagement letter dated 22 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fred Longworth High School during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Fred Longworth High School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Fred Longworth High School 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 Fred Longworth High School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Fred Longworth High School Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Fred Longworth High School's funding agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

FRED LONGWORTH HIGH SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE FRED LONGWORTH HIGH SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)

YEAR ENDED 31 AUGUST 2013


The work undertaken to draw our conclusions includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

HW, Chartered Accountants
Bridge House
157A Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT



2 December 2013

FRED LONGWORTH HIGH SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT
AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 AUGUST 2013

| | Note | Unrestricted funds £000 | Restricted general funds £000 | Restricted fixed asset funds £000 | Total 2013 £000 | Total 2012 £000 |
|---|----------|-------------------------------|--|---|-----------------------|-----------------------|
| Incoming resources | | | | | | |
| Incoming resources from generated funds: | | | | | | |
| Voluntary income | 3 | - | - | - | - | - |
| Transfer from local authority on conversion | | - | - | - | - | 11,159 |
| Activities for generating funds | 4 | 366 | - | - | 366 | 388 |
| Investment income | 5 | 11 | - | - | 11 | 5 |
| Incoming resources from charitable activities: | | | | | | |
| Funding for the academy's educational operations | 6 | - | 7,495 | - | 7,495 | 7,205 |
| Total incoming resources | | 377 | 7,495 | - | 7,872 | 18,757 |
| Resources expended | | | | | | |
| Cost of generating funds: | | | | | | |
| Costs of generating income | 8 | 189 | - | - | 189 | 258 |
| Fundraising trading | | - | - | - | - | - |
| Charitable activities: | | | | | | |
| Academy's educational operations | 9 | 29 | 7,432 | 415 | 7,876 | 7,500 |
| Governance costs | 10 | - | 12 | - | 12 | 13 |
| Other resources expended: | | | | | | |
| Transfer from local authority on conversion | | - | - | - | - | 568 |
| Total resources expended | 7 | 218 | 7,444 | 415 | 8,077 | 8,339 |
| Net incoming/(outgoing) resources before transfers | | 159 | 51 | (415) | (205) | 10,418 |
| Gross transfers between funds | 18 | (207) | - | 207 | - | - |
| Net income/(expenditure) for the year | | (48) | 51 | (208) | (205) | 10,418 |
| Other recognised gains and losses | | | | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | 18,27 | - | 87 | - | 87 | (323) |
| Net movement in funds | | (48) | 138 | (208) | (118) | 10,095 |
| Reconciliation of funds | | | | | | |
| Funds brought forward to 1 September 2012 | 18 | 474 | (774) | 10,395 | 10,095 | - |
| Funds carried forward at 31 August 2013 | | 426 | (636) | 10,187 | 9,977 | 10,095 |

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.

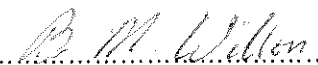
FRED LONGWORTH HIGH SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2013

| | | 2013 £000 | 2013 £000 | 2012 £000 | 2012 £000 |
|---|----|--------------|--------------|--------------|---------------|
| Fixed assets | | | | | |
| Tangible assets | 14 | | 10,187 | | 10,395 |
| Current assets | | | | | |
| Stock | 15 | - | | - | |
| Debtors | 16 | 75 | | 37 | |
| Cash at bank and in hand | | 1,010 | | 887 | |
| | | <u>1,085</u> | | <u>924</u> | |
| Creditors: Amounts falling due within 1 year | 17 | <u>413</u> | | <u>333</u> | |
| Net current assets | | | <u>672</u> | | <u>591</u> |
| Total assets less current liabilities | | | 10,859 | | 10,986 |
| Net assets including pension liability | | | | | |
| Pension scheme liability | 27 | | 882 | | 891 |
| Net assets including pension liability | | | <u>9,977</u> | | <u>10,095</u> |
| Funds of the academy: | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund(s) | 18 | | 10,187 | | 10,395 |
| General fund(s) | 18 | | 246 | | 117 |
| Pension reserve | 18 | | (882) | | (891) |
| Total restricted funds | | | <u>9,551</u> | | <u>9,621</u> |
| Unrestricted funds | 18 | | 426 | | 474 |
| Total funds | | | <u>9,977</u> | | <u>10,095</u> |

The financial statements on pages 22 to 40 were approved by the trustees, and authorised for issue on 2 December 2013 and are signed on their behalf by:

.....

Mr B M Wilson
Chair of trustees

Company limited by guarantee, registration number 07733109

FRED LONGWORTH HIGH SCHOOL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

| | Notes | 2013 £000 | 2012 £000 |
|---|-------|--------------|--------------|
| Net cash inflow from operating activities | 22 | 319 | 1,299 |
| Returns on investments and servicing of finance | 23 | 11 | 5 |
| Capital expenditure | 24 | (207) | (417) |
| Cash transferred on conversion to an academy trust | | - | - |
| (Decrease)/Increase in cash in the year | 25 | <u>123</u> | <u>887</u> |
| Reconciliation of net cash flow to movement in net funds | | | |
| Net funds at 1 September 2012 | | 887 | - |
| Net funds at 31 August 2013 | | <u>1,010</u> | <u>887</u> |

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

FRED LONGWORTH HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

Basis of preparation

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

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The trustees have made their assessment in respect of a period of one year from the date of approval of the financial statements and confirm that going concern is appropriate for the academy.

Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

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

Other income

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

Donated services and gifts in kind

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

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

1 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's educational operations.

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

Conversion to an academy

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

Tangible fixed assets

Assets costing £5,000 or more whether an individual item or part of a capital project are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

| | |
|---------------------------------|----------|
| Leasehold land | nil |
| Leasehold buildings | 50 years |
| Furniture and equipment | 10 years |
| Computer equipment and software | 3 years |

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

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies (continued)

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.

Stock

Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Taxation

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

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the government actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies (continued)

Fund accounting

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

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

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2013. The academy changed its funding agreement by deed of variation dated 11 March 2013.

3 Voluntary income

| | Unrestricted funds 2013 £000 | General restricted funds 2013 £000 | Fixed asset restricted funds 2013 £000 | Total 2012 £000 |
|---------------------|---------------------------------------|--|---|-----------------------|
| Private sponsorship | - | - | - | - |
| Other donations | - | - | - | - |
| | - | - | - | - |

4 Activities for generating funds

| | Unrestricted funds 2013 £000 | General restricted funds 2013 £000 | Fixed asset restricted funds 2013 £000 | Total 2012 £000 |
|-------------------------------------|---------------------------------------|--|---|-----------------------|
| Income from facilities and services | 15 | - | - | 15 |
| Catering | 9 | - | - | 7 |
| Sales and charges | 319 | - | - | 342 |
| Trips and educational supplies | 23 | - | - | 24 |
| | 366 | - | - | 388 |

5 Investment income

| | Unrestricted funds 2013 £000 | General restricted funds 2013 £000 | Fixed asset restricted funds 2013 £000 | Total 2012 £000 |
|---------------------|---------------------------------------|--|---|-----------------------|
| Short term deposits | 11 | - | - | 5 |
| | 11 | - | - | 5 |

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

| | | | | |
|---|---------------------|-------------------|-------------------|--------------|
| 6 Funding for academy's educational operations | | General | Fixed | |
| | Unrestricted | restricted | restricted | |
| | funds | funds | funds | Total |
| | 2013 | 2013 | 2013 | 2012 |
| | £000 | £000 | £000 | £000 |
| DfE/EFA revenue grants | | | | |
| General Annual Grant (GAG) (note 2) | - | 6,870 | - | 6,925 |
| Start up grants | - | - | - | 25 |
| Capital grants | - | 163 | - | - |
| Other DfE/EFA grants | - | 318 | - | 114 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 7,351 | - | 7,064 |
| Other government grants | | | | |
| Local authority grants | - | 118 | - | 115 |
| EFA capital grants: | | | | |
| Devolved formula capital allocation | - | 26 | - | 26 |
| Special educational projects | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 7,495 | - | 7,205 |

| | | | | | |
|--|--------------|----------------------------|--------------|--------------|--------------|
| 7 Resources expended | | Non pay expenditure | | | |
| | Staff | | Other | Total | Total |
| | costs | Premises | costs | 2013 | 2012 |
| | £000 | £000 | £000 | £000 | £000 |
| Costs of generating voluntary income | - | - | - | - | - |
| Costs of activities for generating funds | - | - | - | - | - |
| Academy's educational operations: | | | | | |
| Direct costs | 3,893 | 374 | 658 | 4,925 | 4,781 |
| Allocated support costs | 1,782 | 877 | 292 | 2,951 | 2,719 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 5,675 | 1,251 | 950 | 7,876 | 7,500 |
| Pension deficit transferred | - | - | - | - | 568 |
| Costs for generating income | - | - | 189 | 189 | 258 |
| Governance costs including allocated support costs | - | - | 12 | 12 | 13 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 5,675 | 1,251 | 1,151 | 8,077 | 8,339 |

The method used for the apportionment of support costs is disclosed in the accounting policies.

| | | |
|--|-------------|-------------|
| Incoming/outgoing resources for the year include: | 2013 | 2012 |
| | £000 | £000 |
| Operating leases | - | - |
| Fees payable to auditor | | |
| Audit | 6 | 6 |
| Other services | - | - |
| Profit/(loss) on disposal of fixed assets | <hr/> | <hr/> |
| | - | - |

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

| 8 Costs for generating income | Unrestricted | General | Fixed | Total |
|-------------------------------|--------------|------------|------------|------------|
| | restricted | restricted | asset | |
| | funds | funds | restricted | |
| | 2013 | 2013 | 2013 | |
| | £000 | £000 | £000 | £000 |
| School activities | 189 | - | - | 258 |
| Catering and vending costs | - | - | - | - |
| Catering staff | - | - | - | - |
| | <u>189</u> | <u>-</u> | <u>-</u> | <u>258</u> |

| 9 Charitable activities - academy's educational operations | Unrestricted | General | Fixed | Total |
|--|--------------|--------------|------------|--------------|
| | restricted | restricted | asset | |
| | funds | funds | restricted | |
| | 2013 | 2013 | 2013 | |
| | £000 | £000 | £000 | £000 |
| Direct costs | | | | |
| Teaching and educational support staff costs | - | 3,857 | - | 4,048 |
| Depreciation | - | - | 374 | 355 |
| Educational supplies | 23 | 516 | - | 191 |
| Examination fees | - | 105 | - | 120 |
| Staff development | - | 10 | - | 6 |
| Educational consultancy | - | 4 | - | 46 |
| Agency supply costs | - | 26 | - | 15 |
| Other direct costs | - | 10 | - | - |
| | <u>23</u> | <u>4,528</u> | <u>374</u> | <u>4,781</u> |

Allocated support costs

| | | | | |
|---|-----------|--------------|------------|--------------|
| Support staff costs | - | 1,704 | - | 1,397 |
| Support staff - pension cost and interest | - | 78 | - | - |
| Depreciation | - | - | 41 | 39 |
| Technology costs | - | - | - | - |
| Recruitment and support | - | - | - | - |
| Maintenance of premises and equipment | - | 509 | - | 733 |
| Cleaning | - | 6 | - | 8 |
| Rent & rates | - | 67 | - | 73 |
| Energy costs | - | 124 | - | 101 |
| Insurance | - | 130 | - | 51 |
| Transport | - | 17 | - | 14 |
| Telephone | - | 12 | - | 18 |
| Printing, postage and stationery | - | 11 | - | 14 |
| Advertising | - | 16 | - | 8 |
| Licences and subscriptions | - | 20 | - | 35 |
| Service contracts | - | 66 | - | 44 |
| Professional fees | - | 17 | - | 11 |
| Agency supply costs | - | - | - | 41 |
| Catering | 6 | 70 | - | 63 |
| Bank interest and charges | - | 2 | - | - |
| Other support costs | - | 55 | - | 69 |
| | <u>6</u> | <u>2,904</u> | <u>41</u> | <u>2,719</u> |
| | <u>29</u> | <u>7,432</u> | <u>415</u> | <u>7,500</u> |

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

| 10 Governance costs | Unrestricted funds | General restricted funds | Fixed asset restricted funds | Total |
|-------------------------------|--------------------|--------------------------|------------------------------|-----------|
| | 2013 | 2013 | 2013 | 2012 |
| | £000 | £000 | £000 | £000 |
| Legal and professional fees | - | - | - | - |
| Auditor's remuneration | | | | |
| Audit of financial statements | - | 6 | - | 6 |
| Other audit costs | - | - | - | - |
| Support staff costs: | | | | |
| Trustees' reimbursed expenses | - | - | - | - |
| Responsible officer costs | - | 4 | - | 4 |
| Trustees' costs | - | 2 | - | 3 |
| | <u>-</u> | <u>12</u> | <u>-</u> | <u>13</u> |

| 11 Staff costs | 2013 | 2012 |
|--|--------------|--------------|
| | £000 | £000 |
| Staff costs during the period were: | | |
| Wages and salaries | 4,245 | 4,382 |
| Social security costs | 345 | 338 |
| Pension costs | 635 | 621 |
| | <u>5,225</u> | <u>5,341</u> |
| Supply teacher costs included within the payroll | 336 | 104 |
| Compensation payments | - | - |
| | <u>5,561</u> | <u>5,445</u> |

Supply staff agency costs were £26,119.

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

| | 2013 | 2013 | 2012 | 2012 |
|----------------------------------|------------|----------------------|------------|----------------------|
| | Number | Full-time equivalent | Number | Full-time equivalent |
| Charitable activities | | | | |
| Teachers and teaching assistants | 82 | 77 | 88 | 78 |
| Administration and support | 83 | 68 | 82 | 66 |
| Management | 10 | 10 | 8 | 8 |
| | <u>175</u> | <u>155</u> | <u>178</u> | <u>152</u> |

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

| | 2013 | 2012 |
|--------------------|----------|----------|
| | Number | Number |
| £60,001 - £70,000 | 2 | - |
| £80,001 - £90,000 | 1 | - |
| £90,001 - £100,000 | - | 1 |
| | <u>3</u> | <u>1</u> |

Three of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £29,582 (2012: £12,256).

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

12 Related party transactions - trustees' remuneration and expenses

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

| | | |
|------------------------------------|-------------------|----------------------------|
| J Garretts (principal and trustee) | £85,001 - £90,000 | (2012: £95,001 - £100,000) |
| G Dobson | £40,001 - £45,000 | |
| S Rigby | £35,001 - £40,000 | |
| A Fallows | £25,001 - £30,000 | |
| A Mullineaux | £20,001 - £25,000 | |
| Y Carrick | £15,001 - £20,000 | |

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

13 Trustees' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim. The cost of this insurance is included in the total insurance cost as part of a combined policy.

14 Tangible fixed assets

| | Leasehold land & buildings £000 | Furniture & equipment £000 | Computer & equipment & software £000 | Total £000 |
|------------------------|--|----------------------------------|---|---------------|
| Cost | | | | |
| At 1 September 2012 | 10,549 | 140 | 100 | 10,789 |
| Transfer on conversion | - | - | - | - |
| Additions | 168 | 39 | - | 207 |
| Disposals | - | - | - | - |
| At 31 August 2013 | 10,717 | 179 | 100 | 10,996 |
| Depreciation | | | | |
| At 1 September 2012 | 347 | 14 | 33 | 394 |
| Charged in year | 364 | 18 | 33 | 415 |
| Disposals | - | - | - | - |
| At 31 August 2013 | 711 | 32 | 66 | 809 |
| Net book values | | | | |
| At 31 August 2013 | 10,006 | 147 | 34 | 10,187 |
| At 31 August 2012 | 10,202 | 126 | 67 | 10,395 |

15 Stock

| | 2013 £000 | 2012 £000 |
|----------|--------------|--------------|
| Clothing | - | - |
| Catering | - | - |
| | - | - |

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

| | | | | | |
|--|-------------------|------------------|------------------|---------------------|-------------------|
| 16 Debtors | | 2013 | 2012 | | |
| | | £000 | £000 | | |
| Trade debtors | | 10 | 8 | | |
| VAT recoverable | | 18 | 27 | | |
| Other debtors | | - | 2 | | |
| Prepayments and accrued income | | 47 | - | | |
| | | <u>75</u> | <u>37</u> | | |
| | | | | | |
| 17 Creditors: amounts falling due within one year | | 2013 | 2012 | | |
| | | £000 | £000 | | |
| Trade creditors | | 11 | - | | |
| Taxation and social security | | 172 | 10 | | |
| EFA creditor: abatement of GAG | | - | - | | |
| Other creditors | | 61 | - | | |
| Accruals and deferred income | | 169 | 323 | | |
| | | <u>413</u> | <u>333</u> | | |
| | | | | | |
| Deferred income | | 2013 | 2012 | | |
| | | £000 | £000 | | |
| Deferred income at 1 September 2012 | | 100 | - | | |
| Resources deferred in the year | | 11 | 100 | | |
| Amounts released from previous years | | (100) | - | | |
| Deferred income at 31 August 2013 | | <u>11</u> | <u>100</u> | | |
| | | | | | |
| 18 Funds | | | Gains, | | |
| | Balance at | Incoming | Resources | losses & | Balance at |
| | 1.9.12 | resources | expended | transfers | 31.8.13 |
| | £000 | £000 | £000 | £000 | £000 |
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 117 | 6,870 | (6,741) | - | 246 |
| Other DfE/EFA grants | - | 318 | (318) | - | - |
| Local authority grants | - | 118 | (118) | - | - |
| Devolved Formula Capital | - | 26 | (26) | - | - |
| ACMF grant | - | 163 | (163) | - | - |
| | <u>117</u> | <u>7,495</u> | <u>(7,366)</u> | <u>-</u> | <u>246</u> |
| Pension reserve | (891) | - | (78) | 87 | (882) |
| | <u>(774)</u> | <u>7,495</u> | <u>(7,444)</u> | <u>87</u> | <u>(636)</u> |
| | | | | | |
| Restricted fixed asset funds | | | | | |
| Donation on conversion | 9,978 | - | (394) | - | 9,584 |
| Capital expenditure from unrestricted funds | 417 | - | (21) | 207 | 603 |
| Private sector capital sponsorship | - | - | - | - | - |
| | <u>10,395</u> | <u>-</u> | <u>(415)</u> | <u>207</u> | <u>10,187</u> |
| | | | | | |
| Total restricted funds | <u>9,621</u> | <u>7,495</u> | <u>(7,859)</u> | <u>294</u> | <u>9,551</u> |
| | | | | | |
| Unrestricted funds | 474 | 377 | (218) | (207) | 426 |
| | <u>10,095</u> | <u>7,872</u> | <u>(8,077)</u> | <u>87</u> | <u>9,977</u> |

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

18 Funds (continued)

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objects of the academy and are restricted to both the day to day running of the academy and capital expenditure.

Unrestricted funds are those which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees.

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

19 Analysis of net assets between funds

| | Unrestricted funds £000 | Restricted general funds £000 | Restricted fixed asset funds £000 | Total funds £000 | Total 2012 £000 |
|--------------------------|-------------------------------|--|---|------------------------|-----------------------|
| Tangible fixed assets | - | - | 10,187 | 10,187 | 10,395 |
| Current assets | 426 | 659 | - | 1,085 | 924 |
| Current liabilities | - | (413) | - | (413) | (333) |
| Pension scheme liability | - | (882) | - | (882) | (891) |
| Total net assets | 426 | (636) | 10,187 | 9,977 | 10,095 |

20 Capital commitments

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

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

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Net income | (205) | 10,418 |
| Depreciation (note 14) | 415 | 394 |
| Capital donations | - | (10,372) |
| Transfer of pension fund deficit | - | 568 |
| Interest receivable (note 5) | (11) | (5) |
| FRS 17 pension cost less contributions payable (note 27) | 78 | - |
| (Increase)/decrease in debtors | (38) | (37) |
| (Decrease)/increase in creditors | 80 | 333 |
| Net cash inflow from operating activities | 319 | 1,299 |

22 Returns on investments and servicing of finance

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Interest received | 11 | 5 |
| Net cash inflow from returns on investment and servicing of finance | 11 | 5 |

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

| | | |
|---|--------------|--------------|
| 23 Capital expenditure and financial investment | 2013 | 2012 |
| | £000 | £000 |
| Purchase of tangible fixed assets | (207) | (10,789) |
| Donations | - | 10,372 |
| Net cash outflow from capital expenditure and financial investment | (207) | (417) |

| | | | |
|--|----------------|--------------|----------------|
| 24 Analysis of changes in net funds | At | Cash | At |
| | 1.09.12 | flows | 31.8.13 |
| | £000 | £000 | £000 |
| Cash in hand and at bank | 887 | 123 | 1,010 |

25 Contingent liabilities
 During the period of the funding agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to:

- a) the value at that time of the academy's site and premises and other assets held for the purpose of the academy; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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

27 Pension and similar obligations
 The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside MBC. 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 2004 and of the LGPS 31 March 2010.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2012: £ nil).

Introduction

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

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (*continued*)

FOR THE YEAR ENDED 31 AUGUST 2013

27 Pension and similar obligations (*continued*)

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.

Teachers' Pension Scheme

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

27 Pension and similar obligations (continued)

Teachers' Pension Scheme changes

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £252,000, of which employer's contributions totalled £188,000 and employees' contributions totalled £64,000. The contribution rates for future years are unconfirmed.

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

Principal actuarial assumptions

| | At | At |
|---|----------------|----------------|
| | 31.8.13 | 31.8.12 |
| Rate of increase in salaries | 4.6% | 4.0% |
| Rate of increase in pensions in payment and deferred pensions | 2.8% | 2.2% |
| Discount rate for scheme liabilities | 4.6% | 4.1% |
| Expected return on assets | 5.9% | 4.8% |
| Inflation assumption (CPI) | 2.9% | 2.9% |

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

27 Pension and similar obligations (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

| Change in assumptions at 31 August 2013 | Approximate % increase to employer liability | Approximate monetary amount £000 |
|--|--|--|
| 0.5% decrease in real discount rate | 14% | 377 |
| 1 year increase in member life expectancy | 3% | 81 |
| 0.5% increase in the salary increase rate | 7% | 180 |
| 0.5% increase in the pension increase rate | 7% | 186 |

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

| | At 31.8.13 | At 31.8.12 |
|-----------------------|---------------|---------------|
| Retiring today: | | |
| Males | 20.1 | 20.1 |
| Females | 22.9 | 22.9 |
| Retiring in 20 years: | | |
| Males | 22.5 | 22.5 |
| Females | 25.0 | 25.0 |

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

| | Expected return at 31.8.13 | Fair value at 31.8.13 £000 | Expected return at 31.8.12 | Fair value at 31.8.12 £000 |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Equities | 6.6% | 1,321 | 5.5% | 933 |
| Bonds | 3.9% | 330 | 3.4% | 270 |
| Property | 4.7% | 110 | 3.7% | 68 |
| Cash | 3.6% | 73 | 2.8% | 81 |
| Total fair value of assets | | 1,834 | | 1,352 |
| Present value of scheme liabilities | | | | |
| - Funded | | (2,716) | | (2,243) |
| Surplus/(deficit) in the scheme | | (882) | | (891) |

The rates of return have been determined using the Hymans Robertson Asset Model which is a type of model known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model. The expected returns have been calculated using 5,000 simulations of the Hymans Robertson Asset Model, calibrated using market data as at a recent date.

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

27 Pension and similar obligations (continued)

The actual return on scheme assets was £230,000 (2012: £92,000).

Amounts recognised in the statement of financial activities

| | 2013 | 2012 |
|---|------------|------------|
| | £000 | £000 |
| Employer service cost (net of employee contributions) | 239 | 173 |
| Past service cost | - | - |
| Total operating charge | 239 | 173 |

Analysis of pension finance income / (costs)

| | | |
|--|-------------|-------------|
| Expected return on pension scheme assets | 71 | 69 |
| Interest on pension liabilities | (98) | (91) |
| Pension finance income / (costs) | (27) | (22) |

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £212,000 loss (2012: £299,000 loss).

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

| | 2013 | 2012 |
|------------------------------|--------------|--------------|
| | £000 | £000 |
| At 1 September 2012 | 2,243 | 1,597 |
| Current service cost | 239 | 173 |
| Past service cost | - | - |
| Interest cost | 98 | 91 |
| Employee contributions | 64 | 61 |
| Actuarial (gain)/loss | 72 | 321 |
| Curtailments and settlements | - | - |
| Benefits paid | - | - |
| At 31 August 2013 | 2,716 | 2,243 |

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

| | 2013 | 2012 |
|-----------------------------------|--------------|--------------|
| | £000 | £000 |
| At 1 September 2012 | 1,352 | 1,029 |
| Expected return on assets | 71 | 69 |
| Actuarial gain/(loss) | 159 | 22 |
| Employer contributions | 188 | 171 |
| Employee contributions | 64 | 61 |
| Assets distributed on settlements | - | - |
| Transfer in of new members | - | - |
| Benefits paid | - | - |
| At 31 August 2013 | 1,834 | 1,352 |

The estimated value of employer contributions for the year ended 31 August 2014 is £200,000.

FRED LONGWORTH HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

27 Pension and similar obligations (continued)

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

| | 2013 | 2012 |
|---|-------------|-------------|
| | £000 | £000 |
| Present value of defined benefit obligations | (2,716) | (2,243) |
| Fair value of share of scheme assets | 1,834 | 1,352 |
| Surplus/(Deficit) in the scheme | (882) | (891) |
| Experience adjustments on share of scheme assets | 159 | 22 |
| Experience adjustments on scheme liabilities: | - | - |

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

28 Related party transactions

Trustees who are also members of staff of the academy have been paid in accordance with national agreed levels as members of staff. There have been no other transactions with related parties that require reporting under FRS8.

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arms' length and in accordance with the academy trust's financial regulations and normal procurement procedures.