

Company Registration No. 07733109 (England and Wales)

**FRED LONGWORTH HIGH SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**Haines Watts**  
Bridge House  
Ashley Road  
Hale  
Altrincham  
Cheshire  
WA14 2UT

# FRED LONGWORTH HIGH SCHOOL

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*FOR THE YEAR ENDED 31 AUGUST 2014*

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# FRED LONGWORTH HIGH SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Trustees:**

Mr B M Wilson\* (Chair)  
Mrs C Gradwell\*  
Mrs J H Garretts\* (Headteacher & Accounting officer)  
Mrs J Alderson  
Rev J Hartley  
Mr D Trussell\* (Resigned 01/09/13)  
Mrs S Partington  
Mr C Cohen  
Mr D Aspden  
Mrs E Marks-Parker\*  
Mr I Williams  
Mr S Rigby  
Mrs A Mullineaux  
Mr P Bean\* (Resigned 03/12/13)  
Miss G Dobson  
Ms Y Carrick (Resigned 06/01/14)  
Mr A Fallows  
Mr S Quigley\* (Appointed 21/01/14)  
Mrs S Bamber (Appointed 21/01/14)  
Mr N Gillmore (Appointed 21/01/14)

Unless otherwise stated all trustees were in office throughout the period

\* Members of the Business Management Committee

**Members:**

Mrs J Alderson  
Mrs J H Garretts  
Mrs C Gradwell  
Mrs E Marks-Parker  
Mr B M Wilson

Unless otherwise stated all directors were in office throughout the period

**Company secretary**

Mr A Gallimore

**Senior management team:**

|                                |                                   |
|--------------------------------|-----------------------------------|
| Headteacher                    | Mrs J H Garretts                  |
| Deputy headteacher             | Mr P Hodkinson (Retired 30/04/14) |
| Deputy headteacher             | Mr J Thomson                      |
| Deputy headteacher             | Mr P Davies                       |
| Deputy headteacher             | Mr J Whalley (Appointed 22/04/14) |
| Director of business & finance | Mr A Gallimore                    |
| Assistant headteacher          | Mr C Hallett                      |
| 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:**

Printshop Lane  
Tyldesley  
Manchester  
M29 8JN

**Company registration number:**

07733109 (England and Wales)

# FRED LONGWORTH HIGH SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2014*

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**Independent auditor:**

Haines Watts  
Bridge House  
Ashley Road  
Hale  
Altrincham  
Cheshire  
WA14 2UT

**Bankers**

Lloyds TSB  
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

### FOR THE YEAR ENDED 31 AUGUST 2014

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The trustees and directors present their report with the financial statements and auditor's report of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Tyldesley, Atherton and surrounding areas. It has a pupil capacity of 1,275 and had a roll of 1,254 in the school census of Autumn 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 trustees of Fred Longworth High School are also directors of the charitable company for the purposes of company law. The charitable company is known as Fred Longworth High School.

##### 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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

##### Trustees

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 31 August 2014 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 9.

##### 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.

##### 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 Governors.' The term of office for any trustees is 4 years, although this time limit does not apply to the headteacher. The board of directors, who were in office on 31 August 2014 and served since 1 September 2013, 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.

# FRED LONGWORTH HIGH SCHOOL

## TRUSTEES' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2014*

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### 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 in 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.

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 is 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 Business Management sub-committee detail the school's authorised spending limits.

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

- Business Management committee.
- Pastoral and Community committee.
- Learning and Achievement 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.

# FRED LONGWORTH HIGH SCHOOL

## TRUSTEES' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2014*

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### 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 school has an effective system of internal financial control as explained in the statement on internal control.

### 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 improvement in the following key areas of our work:

- Teaching, Learning & Achievement – We seek to maintain and develop our relentless focus upon teaching and learning, leading to outstanding achievement. We actively encourage innovation in the classroom and seek to develop students as independent and effective learners. Through Belonging, Engaging, Succeeding Together we can ensure that each student achieves to the BEST of their ability.
- Pastoral and Community – The excellent relationships within the "Freddie's family" underpin our students' success. Our aim is for all students to be safe and happy in school, with the support they need to help them achieve. Outstanding behaviour is the norm.
- Resource and Business Management – We aim to provide value for money by ensuring that resources are directed to have maximum impact on learning and achievement. We seek to maintain and develop an excellent environment for learning.
- Trustees' Action Plan – Our aim is to ensure that the board of trustees is an integral part of the leadership of the school. We seek to develop trustees' knowledge, skills and understanding so that they are able effectively to hold the school to account.

# FRED LONGWORTH HIGH SCHOOL

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

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#### 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.

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. 80% of students achieve 3 levels of progress in GCSE English.
3. 82% of students achieve 3 levels of progress in GCSE Maths.
4. Overall absence of 4.6% or less.

Our key priorities for the forthcoming year are:

- Develop literacy and numeracy skills in order to improve students' ability to access the whole curriculum at all levels, including through effective KS2-3 transition.
- Prepare students, staff and other stakeholders for major changes in curriculum and assessment over the next three years.
- Refine the use of data to ensure that it provides accurate and timely information to inform quality assurance, raise achievement and improve the quality of teaching.
- Address anomalies in levels of achievement, with particular emphasis on ensuring that high prior attainment is reflected in students' final results and on improving results in Geography.
- Further develop comprehensive CPD and QA to improve the quality of teaching and learning, including the refinement of the 'teaching three's'.
- Develop the key learning skills of independence and resilience through the development of more effective homework and e-learning.
- Close the attainment gap between students eligible for Pupil Premium and other students.
- Ensure that the new time allocation to the pastoral curriculum has maximum impact upon learning and the achievement for all students.
- Review behaviour management systems to ensure greater levels of consistency in the use of all sanctions including exclusion.
- Comprehensively review the rewards system to ensure that it has impact upon students' achievement.
- Maintain and develop an excellent climate for learning.
- Effective marketing and sound financial strategies.
- Focus on sustainability.
- Develop the role of the link trustee in the QA system.
- Refine committee meetings to widen trustees' awareness of key issues and those responsible for them.
- Further develop trustees' roles in school improvement planning activities.



# FRED LONGWORTH HIGH SCHOOL

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

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#### 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.

#### **Strategic report**

##### **Achievements and performance**

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

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

There were 1,251 students on roll on 31 August 2014.

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.

The table below provides a summary of the performance in the summer 2014 examination season:

##### **Summary of GCSE examination results**

|  | <b>2013</b> | <b>2014</b> |
|--|-------------|-------------|
| <b>5 A*-C Inc. English and Maths</b>   | 70%         | 69%         |
| <b>5 A*-G</b>                          | 99.6%       | 99%         |
| <b>3 Levels of Progress in English</b> | 80%         | 75%         |
| <b>3 Levels of Progress in Maths</b>   | 89%         | 83%         |

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

#### 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 over the past five years. Examination results for 5A\* - C including Maths and English have increased from 59% to 69% 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 2013/14 were 1,251, a decrease of 29 over 2012/13. It is anticipated that this number will increase to 1,275 next year and then remain consistent over the next 3 years.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2013/14 this was 82.87% and is projected at 83.40% for 2014/15. 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.

# FRED LONGWORTH HIGH SCHOOL

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2014**

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### 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.

### **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 period ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the 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 period to 31 August 2014 demonstrates total income of £7,463,000 with a surplus at 31 August 2014 of £9,236,000. 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 Business Management 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 2014 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.

### 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 £752,000.

# FRED LONGWORTH HIGH SCHOOL

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2014**

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### 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.

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 2014.

### 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.

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 Haines Watts has been appointed as the company's auditor. The audit report has therefore been issued by Haines Watts. This trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 1 December 2014 and signed on its behalf by:



Mr B M Wilson  
Chair of trustees

# FRED LONGWORTH HIGH SCHOOL

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2014**

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### 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 J Alderson        | 4                 | 4               |
| Rev J Hartley         | 3                 | 4               |
| Mr D Trussell         | 0                 | 0               |
| Mrs S Partington      | 4                 | 4               |
| Mr C Cohen            | 4                 | 4               |
| Mr D Aspden           | 4                 | 4               |
| Mrs E Marks-Parker    | 2                 | 4               |
| Mr I Williams         | 1                 | 4               |
| Mrs C Gradwell        | 3                 | 4               |
| Mr S Rigby*           | 2                 | 4               |
| Mrs A Mullineaux*     | 3                 | 4               |
| Mr P Bean             | 1                 | 2               |
| Miss G Dobson*        | 4                 | 4               |
| Ms Y Carrick          | 2                 | 2               |
| Mr A Fallows*         | 4                 | 4               |
| Mr S Quigley          | 2                 | 2               |
| Mrs S Bamber          | 2                 | 2               |
| Mr N Gillmore         | 2                 | 2               |

The Business Management 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;
- 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) | 1                 | 3               |
| Mr B M Wilson              | 2                 | 3               |
| Mrs J H Garretts           | 3                 | 3               |
| Mr D Trussell              | 0                 | 0               |
| Mrs C Gradwell             | 2                 | 3               |
| Mr P Bean                  | 1                 | 1               |
| Mr S Quigley               | 2                 | 2               |

**FRED LONGWORTH HIGH SCHOOL**  
**GOVERNANCE STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy'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 2014 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 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**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 Business Management 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 included 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 of control and on the discharge of the board of trustees' financial responsibilities.


During the year the RO has produced four reports which were presented to the Business Management committee.

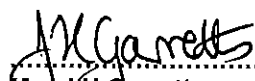
**Review of effectiveness**

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 Business Management 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 1 December 2014 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

*FOR THE YEAR ENDED 31 AUGUST 2014*

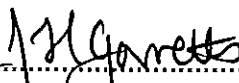
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As accounting officer of Fred Longworth High School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and 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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

Approved on .....1/12/14..... and signed by:

  
.....  
Mrs J H Garretts  
Accounting officer

# FRED LONGWORTH HIGH SCHOOL

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2014**

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

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on .....1/12/14..... and signed on its behalf by:

*B. M. Wilson*

.....  
Mr B M Wilson  
Chair of trustees

# FRED LONGWORTH HIGH SCHOOL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRED LONGWORTH HIGH SCHOOL

**FOR THE YEAR ENDED 31 AUGUST 2014**

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We have audited the accounts of Fred Longworth High School for the year ended 31 August 2014 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

### **Respective responsibilities of trustees and auditors**

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees, who are also the directors of Fred Longworth High School for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the trustees' annual report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on accounts**

In our opinion the accounts:

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

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the trustees' report for the financial year for which the accounts are prepared is consistent with the accounts.



# FRED LONGWORTH HIGH SCHOOL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRED LONGWORTH HIGH SCHOOL (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2014**

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### **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 accounts 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)**

**Haines Watts**

**Chartered Accountants**

**Statutory Auditor**

Bridge House

Ashley Road

Hale

Altrincham

WA14 2UT

Dated: 11/11/14

# **FRED LONGWORTH HIGH SCHOOL**

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

***FOR THE YEAR ENDED 31 AUGUST 2014***

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In accordance with the terms of our engagement letter dated 8 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fred Longworth High School during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Fred Longworth High School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the 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 the 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'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 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

# FRED LONGWORTH HIGH SCHOOL

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

**FOR THE YEAR ENDED 31 AUGUST 2014**

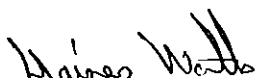
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The work undertaken to draw to our conclusion includes:

- 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 period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Haines Watts**  
Reporting Accountant

Dated: 1/1/14.....

# FRED LONGWORTH HIGH SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2014

|  | Notes | Unrestricted funds<br>£000 | Restricted funds<br>£000 | Fixed asset fund<br>£000 | Total<br>2014<br>£000 | Total<br>2013<br>£000 |
|--|-------|----------------------------|--------------------------|--------------------------|-----------------------|-----------------------|
| <b>Incoming resources</b>                                  |       |                            |                          |                          |                       |                       |
| <i>Resources from generated funds</i>                      |       |                            |                          |                          |                       |                       |
| - Activities for generating funds                          | 2     | 399                        | -                        | -                        | 399                   | 366                   |
| - Investment income  | 3     | 3                          | -                        | -                        | 3                     | 11                    |
| <i>Resources from charitable activities</i>                |       |                            |                          |                          |                       |                       |
| - Funding for educational operations                       | 4     | -                          | 7,035                    | 26                       | 7,061                 | 7,495                 |
| <b>Total incoming resources</b>                            |       | <b>402</b>                 | <b>7,035</b>             | <b>26</b>                | <b>7,463</b>          | <b>7,872</b>          |
| <b>Resources expended</b>                                  |       |                            |                          |                          |                       |                       |
| <i>Costs of generating funds</i>                           |       |                            |                          |                          |                       |                       |
| - Relating to voluntary income                             | 5     | 174                        | -                        | -                        | 174                   | 189                   |
| <i>Charitable activities</i>                               |       |                            |                          |                          |                       |                       |
| - Educational operations                                   | 6     | 24                         | 7,194                    | 249                      | 7,467                 | 7,876                 |
| Governance costs   | 7     | -                          | 12                       | -                        | 12                    | 12                    |
| <b>Total resources expended</b>                            | 5     | <b>198</b>                 | <b>7,206</b>             | <b>249</b>               | <b>7,653</b>          | <b>8,077</b>          |
| <b>Net incoming/(outgoing) resources before transfers</b>  |       | <b>204</b>                 | <b>(171)</b>             | <b>(223)</b>             | <b>(190)</b>          | <b>(205)</b>          |
| Gross transfers between funds                              |       | (49)                       | 26                       | 23                       | -                     | -                     |
| <b>Net income/(expenditure) for the year</b>               |       | <b>155</b>                 | <b>(145)</b>             | <b>(200)</b>             | <b>(190)</b>          | <b>(205)</b>          |
| <b>Other recognised gains and losses</b>                   |       |                            |                          |                          |                       |                       |
| Actuarial gains/(losses) on defined benefit pension scheme | 16    | -                          | (551)                    | -                        | (551)                 | 87                    |
| <b>Net movement in funds</b>                               |       | <b>155</b>                 | <b>(696)</b>             | <b>(200)</b>             | <b>(741)</b>          | <b>(118)</b>          |
| Fund balances at 1 September 2013                          |       | 426                        | (636)                    | 10,187                   | 9,977                 | 10,095                |
| <b>Fund balances at 31 August 2014</b>                     |       | <b>581</b>                 | <b>(1,332)</b>           | <b>9,987</b>             | <b>9,236</b>          | <b>9,977</b>          |

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

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

# FRED LONGWORTH HIGH SCHOOL

## BALANCE SHEET

AS AT 31 AUGUST 2014

|  | Notes | 2014<br>£000 | £000          | 2013<br>£000 | £000          |
|--|-------|--------------|---------------|--------------|---------------|
| <b>Fixed assets</b>                            |       |              |               |              |               |
| Tangible assets                                | 10    |              | 9,987         |              | 10,187        |
| <b>Current assets</b>                          |       |              |               |              |               |
| Debtors  | 11    | 84           |               | 75           |               |
| Cash at bank and in hand                       |       | 1,183        |               | 1,010        |               |
|  |       | <u>1,267</u> |               | <u>1,085</u> |               |
| Creditors: amounts falling due within one year | 12    | (515)        |               | (413)        |               |
| <b>Net current assets</b>                      |       |              | <u>752</u>    |              | <u>672</u>    |
| <b>Total assets less current liabilities</b>   |       |              | <u>10,739</u> |              | <u>10,859</u> |
| Defined benefit pension liability              | 16    |              | (1,503)       |              | (882)         |
| <b>Net assets</b>                              |       |              | <u>9,236</u>  |              | <u>9,977</u>  |
| <b>Funds of the academy trust:</b>             |       |              |               |              |               |
| <b>Restricted income funds</b>                 | 14    |              |               |              |               |
| - Fixed asset funds                            |       |              | 9,987         |              | 10,187        |
| - General funds                                |       |              | 171           |              | 246           |
| - Pension reserve                              |       |              | (1,503)       |              | (882)         |
| <b>Total restricted funds</b>                  |       |              | <u>8,655</u>  |              | <u>9,551</u>  |
| <b>Unrestricted funds</b>                      | 14    |              | 581           |              | 426           |
| <b>Total funds</b>                             |       |              | <u>9,236</u>  |              | <u>9,977</u>  |

The accounts were approved by order of the board of trustees and authorised for issue on 11/11/14

*B. M. Wilson*

Mr B M Wilson  
Chair of trustees

Company Number 07733109

# FRED LONGWORTH HIGH SCHOOL

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

|   | Notes | 2014<br>£000 | 2013<br>£000 |
|---|-------|--------------|--------------|
| Net cash inflow/(outflow) from operating activities                                   | 17    | 193          | 130          |
| <b>Returns on investments and servicing of finance</b>                                |       |              |              |
| Investment income   |       | 3            | 11           |
|   |       | <u>3</u>     | <u>11</u>    |
| <b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b> |       | 3            | 11           |
|   |       | <u>196</u>   | <u>141</u>   |
| <b>Capital expenditure and financial investments</b>                                  |       |              |              |
| Capital grants received   |       | 26           | 189          |
| Payments to acquire tangible fixed assets   |       | (49)         | (207)        |
|   |       | <u>26</u>    | <u>(207)</u> |
| <b>Net cash flow from capital activities</b>  |       | (23)         | (18)         |
| <b>Increase/(decrease) in cash</b>  | 18    | <u>173</u>   | <u>123</u>   |

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 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.

#### 1.2 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 company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the accounts.

#### 1.3 Incoming resources

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

#### Grants receivable

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

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

#### Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and the value of the donation is measurable.

#### Donations

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

#### Other income

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

#### Donated services and gifts in kind

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

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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### 1 Accounting policies

#### 1.4 Resources expended

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

#### Costs of generating funds

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

#### Charitable activities

These are costs incurred on the academy trust's educational operations.

#### Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

#### 1.5 Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

|                                |          |
|--------------------------------|----------|
| Land and buildings             | 50 years |
| Computer equipment             | 3 years  |
| Fixtures, fittings & equipment | 10 years |

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

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



# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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### 1 Accounting policies

#### 1.6 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.7 Taxation

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

#### 1.8 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

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

#### 1.9 Fund accounting

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

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 2 Activities for generating funds

|                                     | Unrestricted<br>funds<br>£000 | Restricted<br>funds<br>£000 | Total<br>2014<br>£000 | Total<br>2013<br>£000 |
|-------------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Income from facilities and services | 15                            | -                           | 15                    | 15                    |
| Catering income                     | 8                             | -                           | 8                     | 9                     |
| Sales and charges                   | 353                           | -                           | 353                   | 319                   |
| Trips and educational supplies      | 23                            | -                           | 23                    | 23                    |
|                                     | <u>399</u>                    | <u>-</u>                    | <u>399</u>            | <u>366</u>            |

### 3 Investment income

|                     | Unrestricted<br>funds<br>£000 | Restricted<br>funds<br>£000 | Total<br>2014<br>£000 | Total<br>2013<br>£000 |
|---------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Short term deposits | <u>3</u>                      | <u>-</u>                    | <u>3</u>              | <u>11</u>             |

### 4 Funding for the academy trust's educational operations

|                                | Unrestricted<br>funds<br>£000 | Restricted<br>funds<br>£000 | Total<br>2014<br>£000 | Total<br>2013<br>£000 |
|--------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| <b>DfE / EFA grants</b>        |                               |                             |                       |                       |
| General annual grant (GAG)     | -                             | 6,685                       | 6,685                 | 6,870                 |
| Capital grants                 | -                             | 26                          | 26                    | 163                   |
| Other DfE / EFA grants         | -                             | 333                         | 333                   | 318                   |
|                                | <u>-</u>                      | <u>7,044</u>                | <u>7,044</u>          | <u>7,351</u>          |
| <b>Other government grants</b> |                               |                             |                       |                       |
| Local authority grants         | -                             | 17                          | 17                    | 118                   |
| Other grants                   | -                             | -                           | -                     | 26                    |
|                                | <u>-</u>                      | <u>17</u>                   | <u>17</u>             | <u>144</u>            |
| <b>Total funding</b>           | <u>-</u>                      | <u>7,061</u>                | <u>7,061</u>          | <u>7,495</u>          |

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

| 5 Resources expended                                     | Staff<br>costs<br>£000 | Premises<br>& equipment<br>£000 | Other<br>costs<br>£000 | Total<br>2014<br>£000 | Total<br>2013<br>£000 |
|--|------------------------|---------------------------------|------------------------|-----------------------|-----------------------|
| <b>Academy's educational operations</b>                  |                        |                                 |                        |                       |                       |
| - Direct costs   | 4,072                  | 224                             | 681                    | 4,977                 | 4,925                 |
| - Allocated support costs                                | 1,638                  | 258                             | 594                    | 2,490                 | 2,951                 |
|  | <u>5,710</u>           | <u>482</u>                      | <u>1,275</u>           | <u>7,467</u>          | <u>7,876</u>          |
| <b>Other expenditure</b>                                 |                        |                                 |                        |                       |                       |
| Costs of generating voluntary income                     | -                      | -                               | 174                    | 174                   | 189                   |
| Governance costs   | -                      | -                               | 12                     | 12                    | 12                    |
|  | <u>-</u>               | <u>-</u>                        | <u>186</u>             | <u>186</u>            | <u>201</u>            |
| <b>Total expenditure</b>                                 | <u>5,710</u>           | <u>482</u>                      | <u>1,461</u>           | <u>7,653</u>          | <u>8,077</u>          |
| <b>Incoming/outgoing resources for the year include:</b> |                        |                                 |                        | <b>2014</b>           | <b>2013</b>           |
|  |                        |                                 |                        | <b>£000</b>           | <b>£000</b>           |
| Fees payable to auditor                                  |                        |                                 |                        |                       |                       |
| - Audit  |                        |                                 |                        | 6                     | 6                     |

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 6 Charitable activities

|  | Unrestricted<br>funds<br>£000 | Restricted<br>funds<br>£000 | Total<br>2014<br>£000 | Total<br>2013<br>£000 |
|--|-------------------------------|-----------------------------|-----------------------|-----------------------|
| <b>Direct costs</b>                          |                               |                             |                       |                       |
| Teaching and educational support staff costs | -                             | 4,011                       | 4,011                 | 3,857                 |
| Depreciation                                 | -                             | 224                         | 224                   | 374                   |
| Agency supply costs                          | -                             | 53                          | 53                    | 26                    |
| Educational supplies and services            | 16                            | 510                         | 526                   | 539                   |
| Examination fees                             | -                             | 96                          | 96                    | 105                   |
| Staff development                            | -                             | 7                           | 7                     | 10                    |
| Educational consultancy                      | -                             | 3                           | 3                     | 4                     |
| Other direct costs                           | -                             | 3                           | 3                     | 10                    |
|  | <u>16</u>                     | <u>4,907</u>                | <u>4,923</u>          | <u>4,925</u>          |
| <b>Allocated support costs</b>               |                               |                             |                       |                       |
| Support staff costs                          | -                             | 1,638                       | 1,638                 | 1,704                 |
| Depreciation                                 | -                             | 25                          | 25                    | 41                    |
| Maintenance of premises and equipment        | -                             | 233                         | 233                   | 509                   |
| Cleaning                                     | -                             | 6                           | 6                     | 6                     |
| Energy costs                                 | -                             | 109                         | 109                   | 124                   |
| Rent and rates                               | -                             | 66                          | 66                    | 67                    |
| Insurance                                    | -                             | 65                          | 65                    | 130                   |
| Security and transport                       | -                             | 17                          | 17                    | 17                    |
| Catering                                     | 8                             | 68                          | 76                    | 76                    |
| Additional pension costs                     | -                             | 70                          | 70                    | 78                    |
| Other support costs                          | -                             | 239                         | 239                   | 199                   |
|  | <u>8</u>                      | <u>2,536</u>                | <u>2,544</u>          | <u>2,951</u>          |
| <b>Total costs</b>                           | <u>24</u>                     | <u>7,443</u>                | <u>7,467</u>          | <u>7,876</u>          |

### 7 Governance costs

|                                 | Unrestricted<br>funds<br>£000 | Restricted<br>funds<br>£000 | Total<br>2014<br>£000 | Total<br>2013<br>£000 |
|---------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Auditor's remuneration          |                               |                             |                       |                       |
| - Audit of financial statements | -                             | 7                           | 7                     | 6                     |
| - Other audit costs             | -                             | 4                           | 4                     | 4                     |
| Other governance costs          | -                             | 1                           | 1                     | 2                     |
|                                 | <u>-</u>                      | <u>12</u>                   | <u>12</u>             | <u>12</u>             |

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 8 Staff costs

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

|                            | 2014<br>Number | 2013<br>Number |
|----------------------------|----------------|----------------|
| Teachers                   | 78             | 77             |
| Administration and support | 65             | 68             |
| Management                 | 10             | 10             |
|                            | <u>153</u>     | <u>155</u>     |

#### Costs included within the accounts:

|   | 2014<br>£000 | 2013<br>£000 |
|---|--------------|--------------|
| Wages and salaries                      | 4,448        | 4,245        |
| Social security costs                   | 347          | 345          |
| Other pension costs                     | 735          | 713          |
|   | <u>5,530</u> | <u>5,303</u> |
| Supply teacher costs                    | 189          | 336          |
| Staff development and other staff costs | 7            | 10           |
|   | <u>5,726</u> | <u>5,649</u> |

The number of employees whose annual remuneration was £60,000 or more was:

|                    | 2014<br>Number | 2013<br>Number |
|--------------------|----------------|----------------|
| £60,001 - £70,000  | 2              | 2              |
| £80,001 - £90,000  | -              | 1              |
| £90,001 - £100,000 | 1              | -              |
|                    | <u>3</u>       | <u>3</u>       |

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

#### 8 Staff costs

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

|                                 |         | 2014 | 2013 |
|---------------------------------|---------|------|------|
| Teachers' Pension Scheme        | Numbers | 3    | 3    |
|                                 | £000    | 31   | 30   |
| Local Government Pension Scheme | Numbers | -    | -    |
|                                 | £000    | -    | -    |

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £12,750 (2013: £nil). One of the non-statutory/non-contractual payments exceeded £5,000 individually, and this was for £12,500.

The above figures for persons employed represent full time equivalents. The actual number of employees by category was as follows; teachers 84 (2013 - 82), administration and support 83 (2013 - 83) and management 10 (2013 - 10).

Supply staff agency costs were £52,605 (2013 - £26,119).

#### 9 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. During the year, travel and subsistence payments totalling £ nil (2013: £ nil) were reimbursed to trustees.

The value of trustees' remuneration was as follows:

|                                    |                   |                           |
|------------------------------------|-------------------|---------------------------|
| J Garretts (principal and trustee) | £90,001 - £95,000 | (2013: £85,001 - £90,000) |
| G Dobson                           | £40,001 - £45,000 | (2013: £40,001 - £45,000) |
| S Rigby                            | £35,001 - £40,000 | (2013: £35,001 - £40,000) |
| A Fallows                          | £30,001 - £35,000 | (2013: £25,001 - £30,000) |
| A Mullineaux                       | £20,001 - £25,000 | (2013: £20,001 - £25,000) |
| Y Carrick                          | £15,001 - £20,000 | (2013: £15,001 - £20,000) |

Other related party transactions involving the trustees are set out within the related parties note.

#### 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 and the cost for the year ended 31 August 2014 was included in the total insurance cost.

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

| 10 Tangible fixed assets | Land and<br>buildings | Computer<br>equipment | Fixtures,<br>fittings &<br>equipment | Total         |
|--------------------------|-----------------------|-----------------------|--------------------------------------|---------------|
|                          | £000                  | £000                  | £000                                 | £000          |
| <b>Cost</b>              |                       |                       |                                      |               |
| At 1 September 2013      | 10,717                | 100                   | 179                                  | 10,996        |
| Additions                | -                     | -                     | 49                                   | 49            |
| At 31 August 2014        | <u>10,717</u>         | <u>100</u>            | <u>228</u>                           | <u>11,045</u> |
| <b>Depreciation</b>      |                       |                       |                                      |               |
| At 1 September 2013      | 711                   | 66                    | 32                                   | 809           |
| Charge for the year      | 192                   | 34                    | 23                                   | 249           |
| At 31 August 2014        | <u>903</u>            | <u>100</u>            | <u>55</u>                            | <u>1,058</u>  |
| <b>Net book value</b>    |                       |                       |                                      |               |
| At 31 August 2014        | <u>9,814</u>          | <u>-</u>              | <u>173</u>                           | <u>9,987</u>  |
| At 31 August 2013        | <u>10,006</u>         | <u>34</u>             | <u>147</u>                           | <u>10,187</u> |

The land and buildings are leasehold.

The trustees have revised the useful economic life of the property from 26 to 50 years to better reflect the state of repair of the premises and the economic reality. The impact has been to reduce the annual depreciation charge by £178,000.

| 11 Debtors                     | 2014<br>£000 | 2013<br>£000 |
|--------------------------------|--------------|--------------|
| Trade debtors                  | 2            | 10           |
| VAT debtor                     | 15           | 18           |
| Prepayments and accrued income | 67           | 47           |
|                                | <u>84</u>    | <u>75</u>    |

| 12 Creditors: amounts falling due within one year | 2014<br>£000 | 2013<br>£000 |
|---|--------------|--------------|
| Trade creditors                                   | -            | 11           |
| Taxes and social security costs                   | 106          | 172          |
| Other creditors                                   | 87           | 61           |
| Accruals  | 180          | 158          |
| Deferred income                                   | 142          | 11           |
|   | <u>515</u>   | <u>413</u>   |

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

| 13 | Deferred income   | 2014<br>£000                  | 2013<br>£000                  |  |                                      |         |
|----|---|-------------------------------|-------------------------------|--|--------------------------------------|---------|
|    | Deferred income is included within:                       |                               |                               |  |                                      |         |
|    | Creditors due within one year                             | 142                           | 11                            |  |                                      |         |
|    | Total deferred income at 1 September 2013                 | 11                            | 100                           |  |                                      |         |
|    | Amounts credited to the statement of financial activities | 142                           | 11                            |  |                                      |         |
|    | Amounts deferred in the year                              | (11)                          | (100)                         |  |                                      |         |
|    | Total deferred income at 31 August 2014                   | 142                           | 11                            |  |                                      |         |
| 14 | Funds   |                               |                               |  |                                      |         |
|    | Balance at 1<br>September<br>2013<br>£000                 | Incoming<br>resources<br>£000 | Resources<br>expended<br>£000 | Gains, losses<br>and transfers<br>£000 | Balance at 31<br>August 2014<br>£000 |         |
|    | <b>Restricted general funds</b>                           |                               |                               |  |                                      |         |
|    | General Annual Grant                                      | 246                           | 6,685                         | (6,786)                                | 26                                   | 171     |
|    | Other DfE / EFA grants                                    | -                             | 333                           | (333)                                  | -                                    | -       |
|    | Other government grants                                   | -                             | 17                            | (17)                                   | -                                    | -       |
|    | Funds excluding pensions                                  | 246                           | 7,035                         | (7,136)                                | 26                                   | 171     |
|    | Pension reserve   | (882)                         | -                             | (70)                                   | (551)                                | (1,503) |
|    |   | (636)                         | 7,035                         | (7,206)                                | (525)                                | (1,332) |
|    | <b>Restricted fixed asset funds</b>                       |                               |                               |  |                                      |         |
|    | DfE / EFA capital grants                                  | -                             | 26                            | -                                      | (26)                                 | -       |
|    | Inherited fixed asset fund                                | 9,584                         | -                             | (228)                                  | -                                    | 9,356   |
|    | Capital expenditure from<br>unrestricted funds            | 603                           | -                             | (21)                                   | 49                                   | 631     |
|    |   | 10,187                        | 26                            | (249)                                  | 23                                   | 9,987   |
|    | <b>Total restricted funds</b>                             | 9,551                         | 7,061                         | (7,455)                                | (502)                                | 8,655   |
|    | <b>Unrestricted funds</b>                                 |                               |                               |  |                                      |         |
|    | General funds   | 426                           | 402                           | (198)                                  | (49)                                 | 581     |
|    | <b>Total funds</b>  | 9,977                         | 7,463                         | (7,653)                                | (551)                                | 9,236   |



# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

#### 14 Funds

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 2014.

#### 15 Analysis of net assets between funds

|   | Unrestricted<br>funds<br>£000 | Restricted<br>funds<br>£000 | Fixed asset<br>funds<br>£000 | Total funds<br>£000 |
|---|-------------------------------|-----------------------------|------------------------------|---------------------|
| Fund balances at 31 August 2014 are represented by: |                               |                             |                              |                     |
| Tangible fixed assets                               | -                             | -                           | 9,987                        | 9,987               |
| Current assets                                      | 581                           | 686                         | -                            | 1,267               |
| Creditors: amounts falling due within one year      | -                             | (515)                       | -                            | (515)               |
| Defined benefit pension liability                   | -                             | (1,503)                     | -                            | (1,503)             |
|   | <u>581</u>                    | <u>(1,332)</u>              | <u>9,987</u>                 | <u>9,236</u>        |

#### 16 Pensions and similar obligations

The academy trust'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 related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

Contributions amounting to £77,316 (2013: £61,078) were payable to the schemes at 31 August 2014 and are included within creditors.

##### Teachers' Pension Scheme

###### Introduction

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

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

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#### 16 Pensions and similar obligations

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

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

#### Valuation of the Teachers' Pension Scheme

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

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

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

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website: (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>).

#### Teachers' Pension Scheme changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. 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 up to three and a half years outside of the 10 year protection.

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

#### 16 Pensions and similar obligations

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 have been phased in since April 2012 on a 40:80:100 percent basis.

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years have yet to be agreed. The estimated value of employer contributions for the forthcoming year is £215,000.

|                          | 2014<br>£000 | 2013<br>£000 |
|--------------------------|--------------|--------------|
| Employer's contributions | 205          | 188          |
| Employees' contributions | 65           | 64           |
|                          | <hr/>        | <hr/>        |
| Total contributions      | 270          | 252          |
|                          | <hr/>        | <hr/>        |

#### Principal actuarial assumptions

|  | 2014<br>% | 2013<br>% |
|--|-----------|-----------|
| Rate of increase in salaries             | 3.8       | 4.6       |
| Rate of increase for pensions in payment | 2.7       | 2.8       |
| Discount rate for scheme liabilities     | 3.7       | 4.6       |
| Expected return on assets                | 5.5       | 5.9       |
|  | <hr/>     | <hr/>     |

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

| Change in assumptions at 31 August 2014    | Approximate<br>% increase to<br>employer liability | Approximate<br>monetary amount<br>£000 |
|--|--|--|
| 0.5% decrease in real discount rate        | 15%  | 597                                    |
| 1 year increase in member life expectancy  | 3%   | 119                                    |
| 0.5% increase in the salary increase rate  | 8%   | 335                                    |
| 0.5% increase in the pension increase rate | 6%   | 243                                    |

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

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

|                      | 2014<br>Years | 2013<br>Years |
|----------------------|---------------|---------------|
| Retiring today       |               |               |
| - Males              | 21.4          | 20.1          |
| - Females            | 24.0          | 22.9          |
| Retiring in 20 years |               |               |
| - Males              | 24.0          | 22.5          |
| - Females            | 26.6          | 25.0          |

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

|  | 2014<br>Expected<br>return<br>% | 2014<br>Fair value<br>£000 | 2013<br>Expected<br>return<br>% | 2013<br>Fair value<br>£000 |
|--|---------------------------------|----------------------------|---------------------------------|----------------------------|
| Equities                                     | 6.3                             | 1,760                      | 6.6                             | 1,321                      |
| Bonds  | 3.2                             | 446                        | 3.9                             | 330                        |
| Cash   | 3.3                             | 124                        | 3.6                             | 73                         |
| Property                                     | 4.5                             | 149                        | 4.7                             | 110                        |
| Total market value of assets                 |                                 | 2,479                      |                                 | 1,834                      |
| Present value of scheme liabilities - funded |                                 | (3,982)                    |                                 | (2,716)                    |
| Net pension asset / (liability)              |                                 | (1,503)                    |                                 | (882)                      |

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.

The actual return on scheme assets was £197,000 (2013:£230,000).

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

#### Operating costs and income recognised in the statement of financial activities

|  | 2014<br>£000 | 2013<br>£000 |
|--|--------------|--------------|
| <b>Financial expenditure/(income)</b>    |              |              |
| Expected return on pension scheme assets | (116)        | (71)         |
| Interest on pension liabilities          | 132          | 98           |
|  | <u>16</u>    | <u>27</u>    |
| <b>Other expenditure/(income)</b>        |              |              |
| Current service cost                     | 259          | 239          |
| Past service cost                        | -            | -            |
|  | <u>259</u>   | <u>239</u>   |
| <b>Total operating charge/(income)</b>   | <u>275</u>   | <u>266</u>   |

#### Actuarial gains and losses recognised in the statement of financial activities

|   | 2014<br>£000 | 2013<br>£000 |
|---|--------------|--------------|
| Actuarial (gains)/losses on assets: actual return less expected | (262)        | (159)        |
| Experience (gains)/losses on liabilities                        | 813          | 72           |
| (Gains)/losses arising from changes in assumptions              | -            | -            |
|   | <u>551</u>   | <u>(87)</u>  |
| <b>Total (gains)/losses</b>                                     | <u>551</u>   | <u>(87)</u>  |
| <br>  |              |              |
| Cumulative (gains)/losses to date                               | <u>763</u>   | <u>212</u>   |

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

|                                     | 2014<br>£000   | 2013<br>£000   |
|-------------------------------------|----------------|----------------|
| Opening defined benefit obligations | (2,716)        | (2,243)        |
| Current service cost                | (259)          | (239)          |
| Interest cost                       | (132)          | (98)           |
| Contributions by employees          | (65)           | (64)           |
| Actuarial gains/(losses)            | (813)          | (72)           |
| Benefits paid                       | 3              | -              |
|                                     | <u>(3,982)</u> | <u>(2,716)</u> |

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

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

|                                     | 2014<br>£000 | 2013<br>£000 |
|-------------------------------------|--------------|--------------|
| Opening fair value of scheme assets | 1,834        | 1,352        |
| Expected return on assets           | 116          | 71           |
| Actuarial gains/(losses)            | 262          | 159          |
| Contributions by employers          | 205          | 188          |
| Contributions by employees          | 65           | 64           |
| Benefits paid                       | (3)          | -            |
|                                     | <u>2,479</u> | <u>1,834</u> |

History of experience gains and losses:

|  | 2014<br>£000   | 2013<br>£000 | 2012<br>£000 |
|--|----------------|--------------|--------------|
| Present value of defined benefit obligations | (3,982)        | (2,716)      | (2,243)      |
| Fair value of share of scheme assets         | 2,479          | 1,834        | 1,352        |
|  | <u>(1,503)</u> | <u>(882)</u> | <u>(891)</u> |
| Experience adjustment on scheme liabilities  | (813)          | (72)         | -            |
| Experience adjustment on scheme assets       | 262            | 159          | 22           |
|  | <u>(551)</u>   | <u>(913)</u> | <u>(869)</u> |

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.

### 17 Reconciliation of net income to net cash inflow/(outflow) from operating activities

|   | 2014<br>£000 | 2013<br>£000 |
|---|--------------|--------------|
| Net income  | (190)        | (205)        |
| Capital grants and similar income                   | (26)         | (189)        |
| Investment income                                   | (3)          | (11)         |
| FRS17 pension costs less contributions payable      | 54           | 51           |
| FRS17 pension finance income                        | 16           | 27           |
| Depreciation of tangible fixed assets               | 249          | 415          |
| (Increase)/decrease in debtors                      | (9)          | (38)         |
| Increase/(decrease) in creditors                    | 102          | 80           |
|   | <u>193</u>   | <u>130</u>   |
| Net cash inflow/(outflow) from operating activities | <u>193</u>   | <u>130</u>   |

# FRED LONGWORTH HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

| 18 Reconciliation of net cash flow to movement in net funds | 2014<br>£000 | 2013<br>£000 |
|---|--------------|--------------|
| Increase/(decrease) in cash                                 | 173          | 123          |
| Net funds at 1 September 2013                               | 1,010        | 887          |
| Net funds at 31 August 2014                                 | <u>1,183</u> | <u>1,010</u> |

| 19 Analysis of net funds | At 1<br>September<br>2013<br>£000 | Cash flows<br>£000 | Non-cash<br>changes<br>£000 | At 31 August<br>2014<br>£000 |
|--------------------------|-----------------------------------|--------------------|-----------------------------|------------------------------|
| Cash at bank and in hand | <u>1,010</u>                      | <u>173</u>         | <u>-</u>                    | <u>1,183</u>                 |

### 20 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.

### 21 Related parties

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 the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

The academy incurred an annual charge of £4,500 from Fix it (UK) Limited, a company in which trustee B Wilson is a director. The contract was entered into prior to 7 November 2013.

Trustees who are also members of staff of the academy have been paid in accordance with national agreed levels as members of staff.

### 22 Members' liability

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