

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Members	Diocese of Gloucester Education Trust (Company Number 07662129) Mr P Perks (resigned as a member 11 November 2014) The Very Revd S Lake (appointed 10 February 2014) The Revd DJS Munro (ex officio) The Ven R Springett (resigned 10 February 2014) Professor J Tann (appointed 11 November 2014)
Trustees	The Revd DJS Munro, Chair Mrs M Adlard, Vice Chair Canon H Arnold, Accounting Officer and Chief Executive Officer Mrs K Brimfield (resigned 24 September 2013) Mr D Brown Dr D Cowper (appointed 10 February 2014) Mr H Dellar (resigned 16 December 2013) Mr C Doran (appointed 6 May 2014) The Very Revd S Lake (appointed 10 February 2014) Mr P Perks The Ven R Springett (resigned 10 February 2014) Mrs M Wells (resigned 3 November 2014)
Company registered number	08149299
Principal and registered office	4 College Green Gloucester GL1 2LR
Company secretary	Mrs E Hully
Chief executive officer/Accounting Officer	Canon H Arnold
Senior management team	Canon H Arnold, Chief Executive Officer Mr P Daniels, Principal, Dursley C of E Primary Academy Mrs V Henson, Principal, Primrose Hill C of E Primary Academy Mrs H Springett, Principal, Winchcombe Abbey C of E Primary School Mr N Moss, Principal, Minchinhampton C of E Primary Academy (joined on 1st November 2014) Mr M Bragg, Principal, Hardwicke Parochial Primary Academy (joined on 1st December 2014)
Independent auditors	Mazars LLP 45 Church Street Birmingham B3 2RT
Bankers	Barclays Bank plc 18 Southgate Street Gloucester GL1 2DH Lloyds Bank plc 19 Eastgate Street Gloucester GL1 1NU

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Administrative details (continued)

Solicitors

Anthony Collins Solicitors
134 Edmund Street
Birmingham
B3 2ES

Veale Wasbrough Vizards
Orchard Court
Bristol
BS1 5WS

**IOCESE OF GLOUCESTER ACADEMIES TRUST
MPANY LIMITED BY GUARANTEE)**

**FEES' REPORT
HE YEAR ENDED 31 AUGUST 2014**

ustees present their annual report together with the financial statements and auditors' report of the ble company for the year ended 31 August 2014. The annual report serves the purpose of both a es' report, and a Directors' report under company law.

ust operates 3 primary academies in Gloucestershire at 31 August 2014. Its academies have a combined apacity of 840 and had a roll of 745 in the school census on 30 October 2014 which will increase to 5 nies on 1 November and 1 December 2014.

STURE, GOVERNANCE AND MANAGEMENT

tution

cademy is a company limited by guarantee and an exempt charity. The charitable company's andum and Articles of Association are the primary governing documents of the academy.

ustees of The Diocese of Gloucester Academies Trust are also the directors of the charitable company for poses of company law.

of the Trustees who served throughout the year are included in the Reference and Administrative Details es 1 to 2.

ers' liability

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

es' Indemnities

ust provides indemnity insurance to cover the liability of trustees which by virtue of any rule of law would se attach to them in respect of any negligence, default, breach of trust or breach of duty of which they guilty in relation to the Trust.

alified third party indemnity provision is £2 million.

FEES

l of recruitment and appointment or election of Trustees

embers of the company comprise (i) The Diocese of Gloucester Education Trust, a private company by guarantee in England and Wales and registered with company number 07662129 (acting corporately hand of its director) (ii) two persons appointed by the Diocese of Gloucester Education Trust (iii) The an of trustees. The members with the written consent of the Gloucester Diocesan Board of Education ree unanimously in writing to appoint and remove such additional members as they think fit.

icles provide that not less than 5 trustees shall be appointed by the members and for the following ments: (i) The Chief Executive Officer for as long as they remain in office (ii) Up to 2 trustees co-opted consent of the Diocesan Board of Education.

s and Procedures adopted for the Induction and Training of Trustees

stees recognise the need to not only recruit trustees with appropriate skills and experience but also to that new trustees are fully inducted into their roles and responsibilities. All new trustees receive an n pack providing information regarding the responsibilities of charitable trustees and the operation of the ncluding constitutional documents, annual accounts and minutes of meetings. New trustees are aged to visit Trust academies and participate in the training offered centrally for governors. New trustees ointed on the basis of the skills and experience they bring to the Trust.

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Organisational Structure

Whilst the trustees of the charitable company are responsible via the Funding Agreement and a supplementary agreements for the performance of the Trust, each academy has its own Local Governing Body ("LGB"). Responsibilities are delegated by the Trust to the LGB through a Scheme of Delegation. The LGB includes the Principal of the Academy, parent and staff representatives and appointees of the Trust who provide specific skills and experience. The Trust Board has 1 subcommittee: an Audit Committee.

The Chief Executive is the Accounting Officer.

Connected Organisations, including Related Party Relationships

The Trust is connected both to the Diocese of Gloucester Education Trust ("DGET") and to the Diocese of Gloucester Board of Education ("DBE"), which has the same membership. Neither DGET nor DBE receive any financial gain from the Trust.

In July 2013, the Voluntary Schools Fund ("VSF") agreed a grant of £0.5m over a three year period to support the work of the Trust. The trustees of the Voluntary School's Fund are also trustees of DBE. VSF has no financial interest in and does not receive any financial gain from the Trust.

Until 31 August 2013 the role of Chief Executive of the Trust was included under the remit of the Director of Education ("DDE"), a position responsible to DBE. From 1 September 2013 the Trust has a part-time Chief Executive (0.6FTE). The Chief Executive is also employed by the Diocese of Gloucester of Finance ("DBF") on a part-time basis as Director of Education ("DDE") (0.4FTE).

The Trust office is co-located with DBE by agreement with the DBF.

The following trustees are also members of the DBE or DBF:

Canon H Arnold	DBF (employed as DDE)
Mrs M Adlard	DBF
Mrs K Brimfield	DBE (resigned from DBE and DGAT 24 September 2013)
Mr P Perks	DBE
The Ven R Springett	DBE and DBF (resigned from DGAT 10 February 2014)
The Very Revd S Lake	DBF

The following trustees are also members of the Audit Committee:

Revd D Munro, Chair
Mrs M Adlard, Vice Chair and Responsible Officer
Canon H Arnold, Accounting Officer and Chief Executive Officer

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Trust's principal object is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing Church of England schools as well as academies having regard to advice issued by the DBE. In addition, it can set up, maintain, manage and develop academies with or without a designated religious character. In relation to each of its academies, the Trust will recognise and support its individual character and links to the local community which it serves.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Objectives, Strategies and Activities

It is the trustees' objective to achieve the highest levels of progress and achievement for pupils across a broad and enriching curriculum through excellent teaching and leadership. The Christian ethos of the Trust will underpin the work of its academies and be evident within the community they serve. The Trust will therefore seek to:

1. ensure the strategic vision and Christian ethos are clearly articulated, shared, understood and acted on by all;
2. ensure a culture and ethos of challenge, support and high expectations;
3. reflect the culturally inclusive ethos, nurturing integration and community cohesion;
4. provide a rich and varied curriculum which meets the needs of all learners;
5. engage with and involve parents and carers, and the wider community;
6. ensure robust self evaluation drives policy and priorities;
7. provide the highest quality leadership to inspire all and make a reality the academy's aspirations, ambitions and success;
8. ensure all staff make significant contributions to achieving the vision through effective professional development, deployment and performance review;
9. develop and maintain effective partnerships with other schools, educational establishments and providers; and
10. ensure 'value for money' by effective financial and business processes.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

The vision of the Trust is one of high aspirations, transformative leadership and the pursuit of excellence in all Trust activities. Each pupil is encouraged to flourish personally and academically.

STRATEGIC REPORT

Achievements and Performance

Growth

The Trust welcomed Primrose Hill Church of England Primary Academy and Winchcombe Abbey Church of England Primary School into the Trust on the 1st October 2013 and 1st April 2014 respectively. Two additional schools are in the process of converting to academy status under the Trust; these are Minchinhampton Church of England Primary School and Hardwicke Parochial Primary School.

Staffing

On 1st January 2014, a Head of Finance and Business Services was appointed to oversee all related central functions of the Trust. A substantive Principal was also appointed to Primrose Hill Church of England Primary Academy from 1st September 2014. During the financial year, one part-time member of support staff was made redundant at Primrose Hill Church of England Primary Academy.

Academic Performance

The Trust operates a management committee, the School Improvement Body ("SIB"), which is chaired by the Chief Executive. The committee was established to develop policy and co-ordinate the school improvement function for the Trust. It has an essential role to play in promoting outstanding educational outcomes across the Trust, quality assuring provision and assessing the development needs of new academies joining the Trust. The School Improvement Body is made up of representatives with a strong track record in supporting school improvement, including serving Head teachers and independent consultants.

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

All Trust academies exceeded the government floor target for 65% of pupils achieving a Level 4 in reading, writing and mathematics. At Winchcombe Abbey Church of England Primary School 80% of pupils achieved the threshold, which represented a 7% increase on the 2013 performance. Dursley Church of England Primary Academy and Primrose Hill Church of England Primary Academy achieved 82% and 89% respectively, which Primrose Hill represented a 13% improvement on the previous year's performance.

The percentage of pupils making three levels of progress in all three disciplines (reading, writing and mathematics) also improved at Winchcombe Abbey and Dursley Church of England Primary academies. Most notably, there was an 18% increase in the number of pupils making three levels of progress in writing at Winchcombe Abbey.

In recognition of the work undertaken to secure the best outcomes for all pupils, Winchcombe Abbey Church of England Primary School has been awarded the 'Achievement for All' Primary School Quality Mark.

The Trust, through its School Improvement Body, has offered significant support to Primrose Hill Church of England Primary Academy, as a sponsored academy, during the last year. Notable improvements in results include:

1. a 14% increase in the performance of pupils in their phonics reading tests, with 90% of pupils enjoying success in this test;
2. significant improvement in Early Years Foundation Stage Provision, with 87% of pupils exceeding expected standards;
3. higher percentage of pupils achieving a Level 2b or 3 in reading, writing and maths at Key Stage 1; and
4. all pupils (100%) making two levels of progress in reading, 97% of pupils making two levels of progress in writing and 94% of pupils making two levels of progress in maths. This represents a 12% increase in the number of key stage 2 pupils making three levels of progress in mathematics and a 19% increase in the number of key stage 2 pupils making three levels of progress in writing. These improved results were supported through the Pupil Premium Grant with introduction of 'Rapid read write' and therapeutic writing intervention.

The Pupil Premium Grant also supported the further development of motor skills in the 'Fizzy' pre-school group as well as supporting the academy in meeting the social and emotional needs of pupil premium children through the provision of a nurture space and additional pastoral support. To ensure that all pupil premium children have access to a rich and varied curriculum, the grant supported the development of extra-curricular opportunities in swimming and music.

The Pupil Premium reports for all DGAT academies are available on each academy's website.

Key Performance Indicators

Training and Development

The development of the Principal's Forum has led to the sharing of best practice, with the development of the Philosophy for Children (P4C) and Nurture provision across the Trust; all teaching and support staff received Level 1 training in the delivery of P4C. Academy support staff have received on-going training in the Trust's finance systems; and the governing bodies of the three existing academies and two converting schools came together for SIAMS training.

Members of the School Improvement Board have mentored and supported Head teachers in developing their capacity to undertake leadership and performance reviews on behalf of the Trust. Each academy receives three visits per year from an Academy Development Partner to offer challenge and support.

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Capital

The Trust has secured ACMF funding totalling £980,403 for Primrose Hill and Dursley Church of England primary Academies. This includes an allocation of £569,250 to relocate the kitchen at Dursley. The Trust was awarded £235,683 to relocate the reception at Primrose Hill and £185,470 to repair roof fascias and install a new food preparation area. Additional basic need funding and section 106 funding of £593,847 will see the further expansion of Winchcombe Abbey C of E School.

Finance and Business Functions

In order to further strengthen financial monitoring and streamline and consolidate procedures as the Trust grows, new accounting, purchasing, budgeting and reporting software has been introduced and the Trust has changed bank.

The Trust has enjoyed the continued support of the DBE in its second year of operation. The VSF resolved to release a second donation of £150,000 to the Trust at their meeting on the 7th October 2014, following receipt of the Trust's annual report.

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 Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during 2013/14 and the associated expenditure is shown in the Statement of Financial Activities, page 17.

In addition, the Trust has been awarded ACMF grants totalling £980,403 for capital works at Dursley and Primrose Hill Church of England Academies and have so far received £331,215. In accordance with DfE accounting rules and Charities SORP, these grants are shown as restricted fixed asset funds in the Balance Sheet.

During the financial year the Voluntary School's Fund awarded a grant of £200,000 to the Trust to support central set-up and staffing costs.

The Trust also received Pupil Premium Grants totalling £91,305 and a Sports Premium Grant to the value of £3,434 for Winchcombe Abbey C of E Primary School.

The Trust's total funds at 31st August 2014 were £8,171,250, comprising £8,020,551 total restricted funds and £150,699 unrestricted funds.

Financial and risk management objectives and policies

The trustees have assessed the major risks to which the Trust is exposed, in particular those relating to quality of educational standards and achievement and to financial processes. The Trust's risk register is reviewed by the Trust at every Board meeting. Internal controls are identified in order to mitigate these risks. Day-to-day responsibility for risk management rests with the Chief Executive, who is the designated Accounting Officer (as defined by the Academies Financial Handbook September 2014)

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Reserves Policy

The Trust's reserves policy is in line with Charity Commission Guidance (SORP 55 56) and guidance provided from time to time by the Department for Education and the Education Funding Agency (EFA). The purpose of the policy is to ensure the stability of the Trust's operations and to protect it so that it has the ability to adjust quickly to financial circumstances, such as large unbudgeted expenditure, cyclical maintenance and working capital.

The trustees' objective is to hold sufficient reserves to support both revenue and capital costs, in particular:

- mitigate uncertainties in the short and medium term, including, but not limited to, a reduction in government grants or a fall in pupil numbers
- ensure sufficient working capital and support cash flow
- cover any future deficit in fixed reserves
- support the growth and development of the Trust, including, but not limited to, curriculum investment continued professional development and expansion
- provide a contingency for unforeseen emergencies or for unforeseen additional costs
- ensure sufficient reserves in the event of the charitable company needs to be wound up.

The appropriate level of reserves is determined by the trustees and will fluctuate depending on operational needs. The trustees seek to ensure that reserves do not tie up money unnecessarily, thus limiting the amount spent on charitable activities and reducing the potential benefits the charity can provide. However, they recognise that, if reserves are too low, then the charity's solvency and its future activities can be put at risk.

The reserves policy is reviewed by the trustees regularly to ensure that it keeps pace with current budgets, development plans and the changing operating environment. The policy is up-dated annually to reflect changes in legislation or directions from the Department for Education (DfE) or Education Funding Agency (EFA), and advice from the auditors or other interested parties.

Investment Policy

The trustees seek to ensure that any surplus funds are deposited to maximise interest whilst maintaining a safe and secure investment strategy.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks to the Trust are associated with the standards and achievement of its academies, and the financial risks and liabilities which transfer to the Trust as part of the school conversion process. The Trust has considerable reliance on continued government funding through the EFA and there is no assurance that government policy or practice will remain at the same level or on the same basis. Similarly national changes to employer's contributions and potential deficits in pension schemes remain a long-term liability for the Trust.

The Trust has developed considerable school improvement capacity through its School Improvement Board. The Trust has attracted interest from schools which have been judged 'good' by Ofsted, and this has further strengthened the Trust's capacity to support schools in difficulty. However, further growth is dependent upon continuing to grow that capacity in line with the number of schools converting to academy status. In order to continue to provide a comprehensive package of support to schools, rapid expansion will necessitate a review of the capacity of central staff to support the financial and business functions of the organisation. In a rural diocese with a large number of smaller than average primary schools, consideration must also be given to the size of schools wishing to join and the need to maintain pupil numbers, in order to manage the financial risk.

PLANS FOR FUTURE PERIODS

Our ambition is to ensure that every academy within the Trust provides outstanding learning outcomes for all pupils. In order to achieve this, all academies will provide outstanding learning and teaching opportunities and staff will be fully supported in terms of their own professional development. In addition to ensuring effective, accountable governance (at all levels), the Trust will unrelentingly focus on closing the gap in educational outcomes by having high expectations of all pupils and working in partnership with parents and carers.

The trustees' objective is to aim for continued steady growth in the number of academies joining the Trust. The Trust is currently supporting a number of schools exploring academy conversion.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

The trustees intend to develop internal capacity to keep pace with the growth in academies, bringing together members of LGB's, principals, senior managers, teachers, teaching assistants and associate staff, in order to share resources and expertise and to work collaboratively for mutual benefit within the family of schools which make up the Trust. In addition to establishing specific 'forums', a programme of professional support for local governing bodies will be developed and all DGAT academies will come together for its first annual conference in April 2015. The ultimate aim is to build sufficient capacity to be self-supporting, both in transforming pupil outcomes and in providing professional development opportunities for teaching staff.

During the coming year, all Trust academies will share best practice with pupil premium spend and Early Years Foundation Stage teaching. Effective partnerships with parents and local parishes will provide a further focus for the year. This will, in part, be achieved through 'Achievement for All' accreditation. The trustees also plan to realise the benefits of shared services between academies both within the Trust and in partnership with other diocesan schools and academies.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

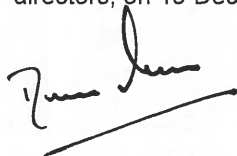
There are none.

AUDITORS

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 16 December 2014 and signed on the board's behalf by:



**The Revd DJS Munro
Chair of Trustees**

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that The Diocese of Gloucester Academies Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Diocese of Gloucester Academies Trust and the Secretary of State for Education. The Accounting Officer is 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 Trustees' responsibilities statement. The board of trustees has formally met 8 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
The Revd DJS Munro, Chair	8	8
Mrs M Adlard, Vice Chair	8	8
Canon H Arnold, Accounting Officer and Chief Executive Officer	8	8
Mrs K Brimfield	0	1
Mr D Brown	2	8
Dr D Cowper	3	4
Mr H Dellar	1	3
Mr C Doran	0	2
The Very Revd S Lake	3	4
Mr P Perks	5	8
The Ven R Springett	2	4
Mrs M Wells	4	8

Local Governing Bodies

Responsibility for the day-to-day running of academies within the Trust is delegated to Local Governing Bodies ("LGB") under a local Scheme of Delegation approved by the Secretary of State at conversion to academy status.

The exact size and composition of each LGB varies according to the needs of each academy. However, each academy will have 2 parent representatives, and two staff representatives (including the Principal, ex-officio). The number of foundation (local parish church) appointments varies according to the historic foundation of the school on joining the Trust. Local Governing Bodies are appointed on a skills basis and the trust will always appoint the majority of members.

Governance review:

The Board's annual business cycle incorporates an internal review of the effectiveness of governance. As a result of the 2014 review, the Trust has defined expectations of Trustees, introduced Trustee portfolio holders who monitor specific elements of the Trust's business and broadened of the Audit Committee's function to include additional finance related matters.

All Local Governing Bodies are now undertaking skills audits, to ensure that future appointments meet the needs of individual governing bodies.

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
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GOVERNANCE STATEMENT (continued)

Audit Committee

The audit committee is a sub-committee of the main board of trustees. Its purpose is to oversee the annual process of statutory independent audit, the completion of the Annual Report and Accounts, and the exercise of internal financial control. One member of the committee is appointed as Responsible Officer to carry out a quarterly review of internal controls.

The members of the committee are: The Revd DJS Munro (Chair) and Mrs M Adlard (Vice Chair and Responsible Officer), Canon H Arnold (CEO) and Mrs K Brimfield (Chief Financial Officer) attend the 4 meetings.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
The Revd DJS Munro	3	3
Mrs M Adlard	3	3
Canon H Arnold	1	1

The formation of sub-committees will be kept under regular review as the Trust grows in size and the work of the board expands.

Over the course of the year the audit committee has reviewed and recommended the appointment of auditors and continued to review the Trusts management reports.

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 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 The Diocese of Gloucester Academies Trust 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has 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's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

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GOVERNANCE STATEMENT (continued)

During the year, the RO has given advice on financial matters and performed a range of checks on the academy's financial systems. 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.

REVIEW OF EFFECTIVENESS

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

- the work of the Responsible Officer and Audit Committee;
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 16 December 2014 and signed on its behalf, by:



**The Revd DJS Munro
Chair of Trustees**



**Canon H Arnold
Accounting Officer**

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Diocese of Gloucester Academies Trust I have considered my responsibility to notify the academy 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



**Canon H Arnold
Accounting Officer**

Date: 16 December 2014

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
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**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees (who act as governors of The Diocese of Gloucester Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

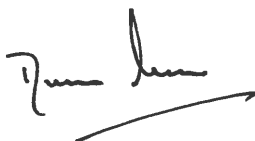
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

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



**The Revd DJS Munro
Chair of Trustees**

Date: 16 December 2014

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DIOCESE OF GLOUCESTER ACADEMIES TRUST

We have audited the financial statements of The Diocese of Gloucester Academies Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustee's 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 charity's trustees those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

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

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DIOCESE
OF GLOUCESTER ACADEMIES TRUST**

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements.

Matters on which we are required to report by exception

We report to you if, in our opinion:

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



Ian Holder (Senior Statutory Auditor)

For and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

45 Church Street
Birmingham
B3 2RT

Date:

18 December 2014

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST (A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE DIOCESE OF GLOUCESTER ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Diocese of Gloucester Academies Trust during the period 1 September 2014 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 The Diocese of Gloucester Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Diocese of Gloucester Academies Trust and the EFA those matters we are required to state to it 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 Diocese of Gloucester Academies Trust and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of The Diocese of Gloucester Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Diocese of Gloucester Academies Trust's funding agreement with the Secretary of State for Education dated 29th October 2012 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST (A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE DIOCESE OF GLOUCESTER ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (Continued)

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

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

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 conform to the authorities which govern them.

Mazars LLP

Mazars LLP

Chartered Accountants
Statutory Auditor

45 Church Street
Birmingham
B3 2RT

Date: *18 December 2014*

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer from Local Authority on conversion	2	159,909	(597,000)	6,075,924	5,638,833	2,272,352
Other voluntary income	2	8,787	29,474	-	38,261	-
Activities for generating funds	3	17,186	-	-	17,186	12,630
Investment income	4	64	-	-	64	-
Incoming resources from charitable activities	5	3,136	2,661,287	339,524	3,003,947	572,048
TOTAL INCOMING RESOURCES		189,082	2,093,761	6,415,448	8,698,291	2,857,030
RESOURCES EXPENDED						
Charitable activities		39,542	2,569,528	186,334	2,795,404	323,603
Governance costs	6	-	64,201	-	64,201	54,863
TOTAL RESOURCES EXPENDED	9	39,542	2,633,729	186,334	2,859,605	378,466
NET INCOMING / (OUTGOING) RESOURCES BEFORE REVALUATIONS		149,540	(539,968)	6,229,114	5,838,686	2,478,564
Actuarial gains and losses on defined benefit pension schemes		-	(163,000)	-	(163,000)	17,000
NET MOVEMENT IN FUNDS FOR THE YEAR		149,540	(702,968)	6,229,114	5,675,686	2,495,564
Total funds at 1 September		1,159	(105,048)	2,599,453	2,495,564	-
TOTAL FUNDS AT 31 AUGUST		150,699	(808,016)	8,828,567	8,171,250	2,495,564

All activities relate to continuing operations.

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

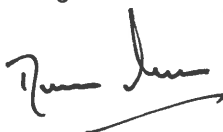
The notes on pages 22 to 42 form part of these financial statements.

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08149299

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	2013 £
FIXED ASSETS				
Tangible assets	17		8,611,145	2,599,453
CURRENT ASSETS				
Debtors	18	131,777		30,765
Cash at bank and in hand		888,264		305,527
		<u>1,020,041</u>		<u>336,292</u>
CREDITORS: amounts falling due within one year	19	(409,936)		(157,181)
NET CURRENT ASSETS			<u>610,105</u>	<u>179,111</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,221,250</u>	<u>2,778,564</u>
Defined benefit pension scheme liability	26	(1,050,000)		(283,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>8,171,250</u></u>	<u><u>2,495,564</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
General funds	20	241,984		177,952
Fixed asset funds	20	8,828,567		2,599,453
Restricted funds excluding pension liability		<u>9,070,551</u>		<u>2,777,405</u>
Pension reserve		<u>(1,050,000)</u>		<u>(283,000)</u>
Total restricted funds			<u>8,020,551</u>	<u>2,494,405</u>
Unrestricted funds	20		<u>150,699</u>	<u>1,159</u>
TOTAL FUNDS			<u><u>8,171,250</u></u>	<u><u>2,495,564</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 16 December 2014 and are signed on their behalf, by:



The Revd DJS Munro
Chair of Trustees

The notes on pages 22 to 42 form part of these financial statements.

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	22	198,890	339,701
Returns on investments and servicing of finance	23	64	-
Capital expenditure and financial investment	23	217,422	(34,174)
Cash on conversion	23	166,361	-
INCREASE IN CASH IN THE YEAR		582,737	305,527

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
Increase in cash in the year	582,737	305,527
MOVEMENT IN NET FUNDS IN THE YEAR	582,737	305,527
Net funds at 1 September 2013	305,527	-
NET FUNDS AT 31 AUGUST 2014	888,264	305,527

The notes on pages 22 to 42 form part of these financial statements.

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.3 INCOMING RESOURCES

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

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

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

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy 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 it is measurable.

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.4 RESOURCES EXPENDED

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.

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

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

All resources expended are inclusive of irrecoverable VAT.

**THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2014.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

The possibility of impairment is reviewed by the Trustees annually.

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

Long term leasehold property	-	2% straight line
Office equipment	-	20% straight line
Computer equipment	-	33.3% straight line

1.7 TAXATION

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

1.8 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

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

1.9 CONVERSION TO AN ACADEMY TRUST

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

The assets and liabilities transferred on conversion from Primrose Hill Church of England Primary School and Winchcombe Abbey Church of England Primary School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Diocese of Gloucester Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 25.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfer from Local Authority on conversion	159,909	5,478,924	5,638,833	2,272,352
Donations	8,787	29,474	38,261	-
Voluntary income	168,696	5,508,398	5,677,094	2,272,352

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings	11,675	-	11,675	150
Fees received	-	-	-	10,138
Other	5,511	-	5,511	2,342
	<u>17,186</u>	<u>-</u>	<u>17,186</u>	<u>12,630</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	64	-	64	-
	<u>64</u>	<u>-</u>	<u>64</u>	<u>-</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
Capital Grants	-	8,309	8,309	-
General Annual Grant	-	2,213,160	2,213,160	248,852
Other DfE/EFA grants	-	119,946	119,946	288,100
Special Educational Needs	-	13,152	13,152	-
	<u>-</u>	<u>2,354,567</u>	<u>2,354,567</u>	<u>536,952</u>
Other government grants				
Other government grants non capital	-	112,529	112,529	8,400
Other government grants: capital	-	331,215	331,215	26,696
	<u>-</u>	<u>443,744</u>	<u>443,744</u>	<u>35,096</u>
Other funding				
VSF Grant	-	200,000	200,000	-
Internal catering income	2,672	-	2,672	-
Sales to students	464	-	464	-
Other	-	2,500	2,500	-
	<u>3,136</u>	<u>202,500</u>	<u>205,636</u>	<u>-</u>
	<u>3,136</u>	<u>3,000,811</u>	<u>3,003,947</u>	<u>572,048</u>

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

6. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	9,800	9,800	5,000
Auditors' non audit costs	-	800	800	1,500
Legal and Professional	-	53,601	53,601	48,363
	<u>-</u>	<u>64,201</u>	<u>64,201</u>	<u>54,863</u>

7. DIRECT COSTS

	Total 2014 £	Total 2013 £
Pension finance costs	26,000	3,000
Educational supplies	28,619	9,066
Examination fees	2,005	-
Staff development	16,539	350
Other costs	148,883	39,020
Supply teachers	13,728	5,718
Technology costs	-	559
Wages and salaries	1,378,579	151,690
National insurance	83,659	10,142
Pension cost	203,958	22,922
Depreciation	181,108	1,299
	<u>2,083,078</u>	<u>243,766</u>

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

8. SUPPORT COSTS

	Total 2014 £	Total 2013 £
Other costs	22	-
Recruitment and other staff costs	928	1,390
Maintenance of premises and equipment	101,282	3,231
Cleaning	18,827	697
Rent and rates	17,026	1,247
Heat and light	39,871	360
Insurance	29,293	3,616
Security and transport	7,587	-
Catering	6,954	3,583
Technology costs	62,038	4,952
Office overheads	27,225	9,560
Legal and professional	24,067	-
Bank interest and charges	2,024	8
Wages and salaries	275,713	39,137
National insurance	35,522	2,296
Pension cost	58,721	5,482
Depreciation	5,226	4,278
	<u>712,326</u>	<u>79,837</u>

9. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other 2014 £	Total 2014 £	Total 2013 £
Direct costs	1,666,196	94,389	322,493	2,083,078	243,766
Support costs	369,956	263,686	78,684	712,326	79,837
CHARITABLE ACTIVITIES	<u>2,036,152</u>	<u>358,075</u>	<u>401,177</u>	<u>2,795,404</u>	<u>323,603</u>
GOVERNANCE	<u>-</u>	<u>-</u>	<u>64,201</u>	<u>64,201</u>	<u>54,863</u>
	<u>2,036,152</u>	<u>358,075</u>	<u>465,378</u>	<u>2,859,605</u>	<u>378,466</u>

10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Education	<u>2,083,078</u>	<u>712,326</u>	<u>2,795,404</u>	<u>323,603</u>

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

11. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	186,334	5,577
Auditors' remuneration	9,800	5,000
Auditors' remuneration - non-audit	800	1,500
	<u>196,934</u>	<u>12,077</u>

12. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	1,640,563	185,109
Social security costs	119,182	12,438
Other pension costs (Note 26)	262,679	28,404
	<u>2,022,424</u>	<u>225,951</u>
Supply teacher costs	13,728	5,718
	<u>2,036,152</u>	<u>231,669</u>

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Teachers	64	20
Administration and support	63	5
Management	8	1
	<u>135</u>	<u>26</u>

c. Higher paid staff

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

13. CENTRAL SERVICES

The academy has provided the following central services to its academies during the year:

- Management of the Charitable Company, including Company Secretarial role
- Management of the academy conversion process
- Co-ordination and support for all school improvement, including developing the Christian distinctiveness of schools.
- Academy audits and leadership and managements events
- Tendering and procurement of contracts
- Support with all financial matters, including training and support for a new accounts package
- Co-ordination of all returns to the Education Funding Agency
- Strategic governance
- Support with Estate Management, including condition surveys and 5 year estate development plans

The academy charges for these services on the following basis:

The academy charges 5% of School Budget Share and Education Services Grant to the academies to cover the central services detailed above.

The actual amounts charged during the year were as follows:

	2014 £
Dursley C of E Academy	44,527
Primrose Hill C of E Academy	37,782
Winchcombe C of E School	14,600
	<hr/>
Total	96,909 <hr/>

14. 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,487 (2013: £1,001). The cost of this insurance is included in the total insurance cost.

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FOR THE YEAR ENDED 31 AUGUST 2014

15. 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 in respect of their role as Trustees. The value of Trustees' remuneration inclusive of pension contributions fell within the following bands:

	2014 £	2013 £
Canon Helena Arnold	45,000-50,000	0-5,000

During the year ended 31 August 2014, expenses totalling £1,033 (2013: £328) were reimbursed to 3 Trustees (2013: 1).

16. OTHER FINANCE INCOME

	2014 £	2013 £
Expected return on pension scheme assets	23,000	2,000
Interest on pension scheme liabilities	(49,000)	(5,000)
	<u>(26,000)</u>	<u>(3,000)</u>

17. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Office equipment £	Computer equipment £	Total £
COST				
At 1 September 2013	2,575,282	4,680	25,068	2,605,030
Additions	47,097	68,617	6,388	122,102
Transfer on conversion	6,025,435	50,489	-	6,075,924
At 31 August 2014	<u>8,647,814</u>	<u>123,786</u>	<u>31,456</u>	<u>8,803,056</u>
DEPRECIATION				
At 1 September 2013	101	714	4,762	5,577
Charge for the year	131,308	50,234	4,792	186,334
At 31 August 2014	<u>131,409</u>	<u>50,948</u>	<u>9,554</u>	<u>191,911</u>
NET BOOK VALUE				
At 31 August 2014	<u>8,516,405</u>	<u>72,838</u>	<u>21,902</u>	<u>8,611,145</u>
At 31 August 2013	<u>2,575,181</u>	<u>3,966</u>	<u>20,306</u>	<u>2,599,453</u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. TANGIBLE FIXED ASSETS (continued)

The land and buildings have been introduced to the Academy Trust based on the valuations that have been carried out as detailed below.

Dursley C of E Primary Academy was valued at £2,555,000 by Ash and Co on 1 December 2013
 Primrose Hill C of E Primary Academy was valued at £2,068,000 by the EfA on 31 March 2014
 Winchcombe Abbey C of E School was valued at an insurance value of £3,957,435 by Gloucestershire County Council on 5 March 2014.

The valuation of Winchcombe Abbey will be conducted by the EFA over the next financial year.

18. DEBTORS

	2014 £	2013 £
Trade debtors	2,644	150
Other debtors	8,079	8,694
Prepayments and accrued income	84,883	10,849
Tax recoverable	36,171	11,072
	<u>131,777</u>	<u>30,765</u>

**19. CREDITORS:
 AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014 £	2013 £
Trade creditors	17,117	70,424
Other taxation and social security	8,464	12,857
Other creditors	183,235	56,689
Accruals and deferred income	201,120	17,211
	<u>409,936</u>	<u>157,181</u>

DEFERRED INCOME

Deferred income at 1 September 2013	8,362
Resources deferred during the year	74,619
Amounts released from previous years	(8,362)
Deferred income at 31 August 2014	<u>74,619</u>

Income has been deferred based on the year to which it relates.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

20. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS					
General funds	1,159	189,082	(39,542)	-	150,699
RESTRICTED FUNDS					
General Annual Grant (GAG)	18,964	2,182,244	(2,001,206)	-	200,002
Sponsor Capacity Grant	36,475	-	(36,475)	-	-
Pupil premium	-	119,946	(119,946)	-	-
Start up grant	-	50,000	(50,000)	-	-
Other DfE/YPLA grants	113,321	12,529	(125,850)	-	-
Other Local Authority grants	8,400	-	(8,400)	-	-
Sundry reserves	792	-	(792)	-	-
EIG Grant	-	50,000	(50,000)	-	-
VSF Grant	-	200,000	(157,865)	-	42,135
High Needs Funding	-	44,068	(44,068)	-	-
Other income	-	2,500	(2,500)	-	-
School Trip income	-	29,474	(29,627)	-	(153)
Pension reserve	(283,000)	(597,000)	(7,000)	(163,000)	(1,050,000)
	(105,048)	2,093,761	(2,633,729)	(163,000)	(808,016)
RESTRICTED FIXED ASSET FUNDS					
Fixed assets transferred on conversion	2,569,584	6,075,924	(186,334)	-	8,459,174
Fixed assets purchased from GAG and other restricted funds	9,688	-	-	-	9,688
Local Authority grants	20,181	339,524	-	-	359,705
	2,599,453	6,415,448	(186,334)	-	8,828,567
Total restricted funds	2,494,405	8,509,209	(2,820,063)	(163,000)	8,020,551
Total of funds	2,495,564	8,698,291	(2,859,605)	(163,000)	8,171,250

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

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs .

Pension reserve – This represents the academies share of the assets and liabilities in the Local Government Pension Scheme.

Pupil Premium - Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the students who need it most.

Special Educational Needs - Funding received by the Local Authority to fund further support for students with additional needs.

VSF Grant - Income received to provide central services to the academies within the trust.

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

20. STATEMENT OF FUNDS (continued)

Environmental Improvement Grant - Income received for the environmental improvement priorities at Primrose Hill C of E Academy.

High Needs Funding - Income awarded for pupils identified with additional needs and received directly from the Local Authority.

Fixed asset funds

Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Devolved formula capital - This represents funding from the EFA to cover the maintenance and purchase of the schools assets.

Fixed assets transferred on conversion – This represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

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.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2014 were allocated as follows:

	Total £
Dursley C of E Primary School	31,750
Winchcombe Abbey C of E Primary School	66,434
Primrose Hill C of E Primary Academy	153,126
Central Services	141,373
	<hr/>
Total before fixed asset fund and pension reserve	392,683
Restricted fixed asset fund	8,828,567
Pension reserve	(1,050,000)
	<hr/>
Total	8,171,250
	<hr/>

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Dursley	777,356	106,497	39,681	168,782	1,092,316
Winchcombe Abbey C of E School	250,444	21,835	21,746	42,342	336,367
Primrose Hill C of E Academy	655,404	109,062	49,253	108,707	922,426
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,683,204	237,394	110,680	319,831	2,351,109
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
General funds	1,159	189,082	(39,542)	-	150,699
Restricted funds	(105,048)	2,093,761	(2,633,729)	(163,000)	(808,016)
Restricted fixed asset funds	2,599,453	6,415,448	(186,334)	-	8,828,567
	<u>2,495,564</u>	<u>8,698,291</u>	<u>(2,859,605)</u>	<u>(163,000)</u>	<u>8,171,250</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	8,611,145	8,611,145	2,599,453
Current assets	150,699	583,366	285,976	1,020,041	336,292
Creditors due within one year	-	(341,382)	(68,554)	(409,936)	(157,181)
Pension scheme liability	-	(1,050,000)	-	(1,050,000)	(283,000)
	<u>150,699</u>	<u>(808,016)</u>	<u>8,828,567</u>	<u>8,171,250</u>	<u>2,495,564</u>

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	5,838,686	2,478,564
Returns on investments and servicing of finance	(64)	-
Net assets transferred on conversion	(5,645,285)	(2,271,856)
Depreciation of tangible fixed assets	186,334	5,577
Capital grants from DfE	(339,524)	-
Increase in debtors	(101,012)	(30,765)
Increase in creditors	252,755	157,181
Defined benefit pension scheme adjustments	7,000	1,000
NET CASH INFLOW FROM OPERATIONS	<u>198,890</u>	<u>339,701</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	64	-
	2014 £	2013 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(122,102)	(34,174)
Capital grants from DfE	339,524	-
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE	217,422	(34,174)
	2014 £	2013 £
ACQUISITIONS AND DISPOSALS		
Net cash acquired upon conversion	166,361	-

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	305,527	582,737	-	888,264
NET FUNDS	305,527	582,737	-	888,264

THE DIOCESE OF GLOUCESTER ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

25. CONVERSION TO AN ACADEMY TRUST

On 1 April 2014 Winchcombe Abbey Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Diocese of Gloucester Academies Trust from Gloucestershire County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	3,957,435	3,957,435
- Other tangible fixed assets	-	-	9,992	9,992
Budget surplus/(deficit) on LA funds	26,693	-	-	26,693
Budget surplus/(deficit) on other school funds	14,428	-	-	14,428
LGPS pension surplus/(deficit)	-	(237,000)	-	(237,000)
Net assets/(liabilities)	<u>41,121</u>	<u>(237,000)</u>	<u>3,967,427</u>	<u>3,771,548</u>

CONVERSION TO AN ACADEMY TRUST

On 1 October 2013 Primrose Hill Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Diocese of Gloucester Academies Trust from Gloucestershire County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	2,068,000	2,068,000
Other tangible fixed assets	-	-	40,497	40,497
Budget surplus/(deficit) on LA funds	89,868	-	-	89,868
Budget surplus/(deficit) on other school funds	28,920	-	-	28,920
LGPS pension surplus/(deficit)	-	(360,000)	-	(360,000)
Net assets/(liabilities)	<u>118,788</u>	<u>(360,000)</u>	<u>2,108,497</u>	<u>1,867,285</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

26. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Teachers' Pension Scheme Changes

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

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NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

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.

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 from April 2012 on a 40:80:100% basis.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £133,000, of which employer's contributions totalled £110,000 and employees' contributions totalled £23,000. The agreed contribution rates for future years are 25.6-28.8% for employers and 5.5-7.2% for employees.

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

As described in note 25 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

26. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.30	407,000	6.60	132,000
Bonds	3.20	118,000	3.80	37,000
Property	4.50	34,000	4.70	11,000
Cash	3.30	6,000	3.60	4,000
Total market value of assets		565,000		184,000
Present value of scheme liabilities		(1,615,000)		(467,000)
(Deficit)/surplus in the scheme		(1,050,000)		(283,000)

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(1,615,000)	(467,000)
Fair value of scheme assets	565,000	184,000
Net liability	(1,050,000)	(283,000)

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

	2014 £	2013 £
Current service cost	(91,000)	(10,000)
Interest on obligation	(49,000)	(5,000)
Expected return on scheme assets	23,000	2,000
Total	(117,000)	(13,000)
Actual return on scheme assets	51,000	(4,000)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

26. PENSION COMMITMENTS (continued)

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

	2014	2013
	£	£
Opening defined benefit obligation	467,000	-
Current service cost	91,000	10,000
Interest cost	49,000	5,000
Contributions by scheme participants	23,000	3,000
Actuarial Losses/(gains)	192,000	(22,000)
Liability transferred on conversion	793,000	471,000
	<u>1,615,000</u>	<u>467,000</u>
Closing defined benefit obligation	1,615,000	467,000

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

	2014	2013
	£	£
Opening fair value of scheme assets	184,000	-
Expected return on assets	23,000	2,000
Actuarial gains and (losses)	29,000	(5,000)
Contributions by employer	110,000	12,000
Contributions by employees	23,000	3,000
Asset transferred on conversion	196,000	172,000
	<u>565,000</u>	<u>184,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(163,000) (2013: £17,000).

The academy expects to contribute £137,000 to its Defined benefit pension scheme in 2015.

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

	2014	2013
Equities	6.30 %	6.60 %
Bonds	3.20 %	3.80 %
Property	4.50 %	4.77 %
Cash	3.30 %	3.60 %

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

	2014	2013
Discount rate for scheme liabilities	3.60 %	4.60 %
Expected return on scheme assets at 31 August	5.50 %	5.90 %
Rate of increase in salaries	3.80 %	4.60 %
Rate of increase for pensions in payment / inflation	2.50 %	2.80 %

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NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

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

	2014	2013
Retiring today		
Males	22.5	21.7
Females	24.6	23.6
Retiring in 20 years		
Males	24.4	23.5
Females	27.0	25.8

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(1,615,000)	(467,000)
Scheme assets	565,000	184,000
Deficit	(1,050,000)	(283,000)
Experience adjustments on scheme liabilities	(192,000)	22,000
Experience adjustments on scheme assets	29,000	(5,000)

27. RELATED PARTY TRANSACTIONS

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

During the year the Academy Trust paid Lee Bolton Monier Williams Solicitors £1,500 (2013: £NIL) in respect of legal services provided. Mr H Dellar is a partner of Lee Bolton Monier Williams.

During the year the Academy Trust paid The Gloucester Diocese Board of Finance £16,892, consisting of £16,716 for pension and other recharges for services provided of £176 (2013:£NIL). Mrs M Adlard, The Ven R Springett and The Very Revd S Lake are trustees of The Gloucester Diocese Board of Finance.

28. POST BALANCE SHEET EVENTS

On 1 November 2014 Minchinhampton C of E school joined the Academy Trust and on 1 December 2014 Hardwicke Parochial School joined the Academy Trust.