

Registered number: 07401373

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Trustees' report and financial statements
for the year ended 31 August 2013

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

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**Reference and administrative details of the academy, its trustees and advisers
for the year ended 31 August 2013**

| | |
|--|--|
| Trustees | Bruce Eccles, Chair of Governors ^{1,2,3} Kimberley Anderson (elected 8 October 2012) Adem Azira ² David Brown ² Laura Campbell Paul Carter ² Andrew Chapman ² Dionne Hawkins (appointed 12 December 2012) David Hampson-Ghani ^{1,3} Daniel Harrison (resigned 29 August 2012) Dawn Hogben (appointed 15 October 2012) John Kirtley ^{1,2,3} David Larkins ^{1,3} Stella Leitner (resigned 2 May 2012) Amanda Mitchell Stephen Pinfold ² Julie Platts (resigned 6 August 2012) Leyland Ridings MBE ² George Rorke Paul Southgate (resigned 13 September 2012) Emma Stannard ² Samantha Summers Veronica Gomez, Ex officio ^{1,2} Gaynor Smissen (elected 8 February 2013) |
| | ¹ member of the Strategy Group ² member of the Resources Team ³ Member |
| Company registered number | 07401373 |
| Principal and registered office | Deal Road Sandwich Kent CT13 0FA |
| Company secretary | Lynn Walters |
| Senior management team | Veronica Gomez, Headteacher Jon Boyes, Deputy Headteacher (Learning and Curriculum) Wendy Tutton, Deputy Headteacher (Learning and Student Progress) |
| Independent auditors | Williams Giles Limited Chartered Accountants Registered Auditors 12 Conqueror Court Sittingbourne Kent ME10 5BH |
| Bankers | Lloyds TSB Bank plc PO Box 1000 BX1 1LT |

SANDWICH TECHNOLOGY SCHOOL
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Trustees' report
for the year ended 31 August 2013

The trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Sandwich Technology School (the academy trust) for the year ended 31 August 2013. The Trustees confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Sandwich Technology School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Sandwich Technology School.

Details of the trustees who served during the year are included in the Reference and Administrative Details.

Members' liability

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

Method of recruitment and appointment or election of Trustees

Parent Trustees, of which there are seven in total, are elected by parents of students registered at the Academy. When a vacancy for a Parent Trustee arises, the Headteacher of the Academy Trust acts as Returning Officer to conduct the election and nominations are invited from all eligible parents. In the event of the number of parents standing for election not exceeding the number of vacancies, the nominees are elected automatically as Parent Trustees. If more nominations than vacant posts are received, a secret ballot is conducted. Details of the nomination and voting procedures are sent to all parents in writing. If vacancies for Parent Trustees still exist after an election procedure has been followed, the Governing Body may appoint the required number of Parent Trustees. Appointments will be made from parents of children of school age, preferably, although not necessarily, with children at Sandwich Technology School.

Staff Trustees (of which there are three) are elected by a secret ballot of all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the Academy. All arrangements for the calling and the conduct of the election are delegated by the Trustees to the Company Secretary. The Headteacher is treated for all purposes as being an ex officio Trustee.

The Governing Body may also appoint eight Community Trustees, one Local Community Trustee, one Sponsor Trustee and up to three Co-opted Trustees. These Trustees are appointed by the Governing Body to bring representation from the wider community and/or to bring specific expertise to the Governing Body.

As a popular and successful school, vacancies on the Governing Body are filled readily.

Policies and procedures adopted for the induction and training of Trustees

On appointment, a new Trustee will receive a 'welcome' pack from the Company Secretary, who will work through an induction checklist that provides insight into the life of the school, gives access to information and guidance and defines roles and responsibilities. The Company Secretary will also organise a familiarisation visit, during which the new Trustee will meet the Headteacher, enjoy a tour of the school and complete formalities such as an Enhanced Criminal Records Bureau check.

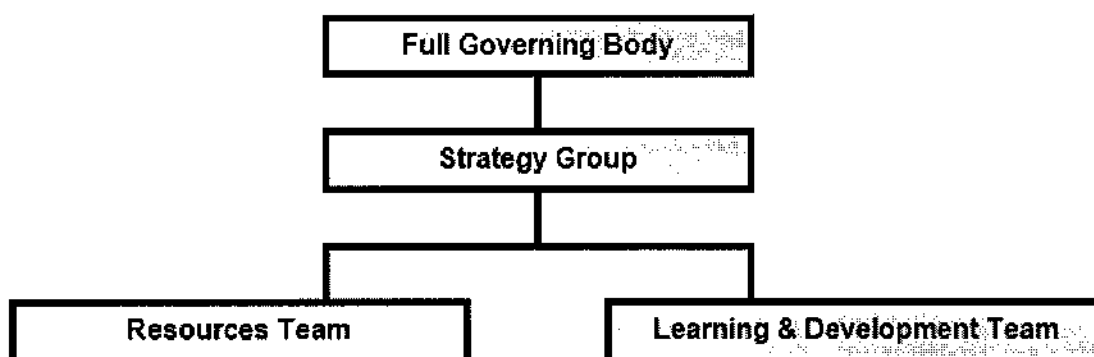
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Trustees' report (continued)
for the year ended 31 August 2013

The school's Director of Life Long Learning Hub will meet with the newly-appointed Trustee to recognise strengths and weaknesses and identify appropriate training opportunities. All Trustees receive Child Protection training and are given access to a broad range of training courses and materials, delivered in house and by external providers.

Organisational structure

The Governing Body operates within a 'two teams' model. The four named Members of the Academy Trust work closely with the Executive Team (the Headteacher and the two Deputy Headteachers) to develop a strategy for school improvement; this body is known as the Strategy Group. Two further teams – one aligned to Learning and Development and the other to Resources – focus on the delivery of the school plan and undertake monitoring and evaluation activities against these priorities.



Annually the Full Governing Body draws up a Decision Planner, which defines the level to which functions will be delegated within the structure. These functions are framed within written Terms of Reference for each group.

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 Headteacher and her Leadership Team are responsible for the day to day operation of the Academy, in particular matters relating to the organisation and management of teaching staff, students and facilities.

The Headteacher is the designated Accounting Officer for the Academy Trust.

Connected organisations, including related party relationships

There is a Sports and Leisure Centre within the school grounds. The land is owned by Sandwich Technology School and the building by the Sandwich Sports and Leisure Centre Trust (SSLC). A Joint Use Agreement defines the shared use of the facilities. The Leisure Centre pays a peppercorn rent to the school and the school reimburses the Leisure Centre Trust for curriculum use of the premises. To further supplement its sports facilities, the school rents a field from its farming neighbour, Highland Investments.

To support the community outside of school hours, the school's artificial turf pitch, grass pitches and netball courts are hired out by the management company appointed by SSLC (Freedom Leisure). This arrangement is framed by a Joint Use Agreement. In addition the school has entered into an EFA-approved seven-year lease arrangement with SSLC for community use of the tennis courts. This gave the SSLC access to funding from Sport England for extensive refurbishment of this area.

The school is working in partnership with other schools in South East Kent to develop training opportunities for staff across the area. This group operates collectively as the East Kent Learning Alliance.

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Trustees' report (continued)
for the year ended 31 August 2013

Risk management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, the provision of facilities and other operational areas of the Academy and its finances. The Trustees have implemented a number of systems to assess the risks that the school faces, especially in operational areas (in relation to areas such as teaching matters, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls.

Trustees' indemnities

The school has a comprehensive insurance policy, which includes specific Trustees' Liability Insurance.

Principal activities

Sandwich Technology School is an 11 to 18 school for girls and boys with specialist Technology and Applied Learning status. We are a non-selective school providing education for students of all abilities and offer a balanced and broadly based curriculum.

Our curriculum is designed to be innovative and to offer enhanced learning opportunities beyond the National Curriculum in Mathematics, Science, Technology and Information Communications Technology. Applied Learning status enables the school to offer a broad range of vocational courses that enhance the academic provision we offer and meets all the learning needs of our students. Our specialisms have contributed to raising the popularity of the school and the academic success of our students.

The school provides a pleasant, well-ordered and civilised environment in which students feel secure and happy and achieve success. Consideration for others, responsibility towards the community and active support of commonly held codes of good behaviour are high priorities within the school.

Post-16 our thriving Sixth Form provides a comprehensive range of both academic and applied learning courses at advanced level enriched with complementary studies and activities.

Objectives and Activities

Objects and aims

The Governors wish to establish Sandwich Technology School as serving Sandwich and the surrounding villages. This is reflected in our published Admissions Policy, which seeks to create a group of partner primary schools to form a supporting "family" unit.

Our primary aim is to raise the levels of achievement for all of our students, thus, learning is at the heart of all that we do. Linked with this we have four other aims:

- 1 to develop students as lifelong learners;
- 2 to develop the use of technologies across the curriculum;
- 3 to foster an understanding of local, national and international dimensions;
- 4 to develop people who are well adjusted and adapted to survive and succeed in a global environment that is fast changing, socially and economically.

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Trustees' report (continued)
for the year ended 31 August 2013

Objectives, strategies and activities

The main objectives of the Academy during the year ended 31 August 2013 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, teaching and care, support and guidance;
- to raise the standard of educational achievement of all students and enable them to develop moral standards by which to lead their lives as healthy, reasoning individuals with an understanding and an acceptance of their social responsibilities;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

The Academy's main strategy is encompassed in its vision statement which is 'To be a learning-focused school offering a world class education for all students enabling them to fulfil their potential'. To this end the activities provided include:

- embedding a policy for teaching and learning to ensure consistently high-quality lessons are planned and delivered;
- embracing curriculum innovations that respond to the individual needs of each student, increase enjoyment and achievement and develop independent learners;
- enabling students to take personal responsibility and ownership of their learning through effective assessment for learning and academic mentoring;
- building capacity and sustainability through the recruitment and development of outstanding staff;
- creating a sustainable model of 14 to 19 provision through the development of partnerships with other institutions;
- developing partnerships locally, nationally and internationally that lead to experiences that prepare our young people to be successful global citizens;
- ensuring all students realise their potential for examination success;
- further developing a positive ethos that values and celebrates achievement;
- ensuring all students receive high quality care, support, advice and guidance;
- ensuring 100 per cent of students engage in post 16 education, employment or training;
- creating a sustainable model of extended school provision;
- developing the stimulating teaching of an engaging curriculum which promotes good behaviour;

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Trustees' report (continued)
for the year ended 31 August 2013

- fostering a climate of good behaviour through positive working relationships between staff and students;
- creating a positive culture of attendance to enable attendance levels to be at least in-line with national averages;
- maintaining strategies to ensure that all students can learn and all teachers can teach;
- ensuring the wellbeing and safety of everyone.

To support the school in providing additional facilities and services to its students, the school invites parents to contribute to a Voluntary Fund, but the uptake of this has diminished in the difficult economic climate. Voluntary Funds are also supplemented by an annual "Pledge Walk"; funds raised through this mechanism are targeted to a particular project, most recently the purchase of a new trampoline.

Public benefit

The Trustees of the Academy Trust have complied with their duty to advance education in the United Kingdom for the public benefit by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. In exercising their powers and duties they have had due regard to the guidance published by the Charity Commission.

As previously mentioned, a Sports and Leisure Centre is accommodated on the school site to which members of our community have access. Additionally wide and diverse community use is encouraged of our Artificial Turf Pitch beyond the school day. Within the school itself, we accommodate adult education classes and encourage community use of our facilities for clubs and activities.

The Academy works with a number of partner schools supporting them in raising standards. A close working relationship has been established with Northbourne School, Worth Primary School and Sandwich Junior School and the Academy is also in a chain with Homewood Secondary School.

The Academy provides a wide range of open access and free Continued Professional Development opportunities for teachers and others in the community. This has been strengthened by collaborative working within the East Kent Learning Alliance, which was awarded Teaching School status in 2013.

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Trustees' report (continued)
for the year ended 31 August 2013

Achievements and performance

In KS4 the headline figure for five A* to C grades including English and Mathematics at GCSE was 47 per cent. Unfortunately an administrative error in English examination entries has resulted in a discrepancy between our published results and our actual results – the true figure being 52 per cent five A* to C grades including English and Mathematics, up 2 points from 2012. There continues to be a relentless focus on this performance indicator in 2013/2014 to ensure that the school meets its own challenging targets as well as remaining above the increasing floor standards set by the Government.

The figure for five A* to C grades fell from 85 per cent to 72 per cent, which was anticipated, and was a direct result of curriculum changes in this cohort. Far fewer students studied vocational subjects with the end of the National Diplomas and much reduced numbers of students studied at College. Due to course changes students gained fewer passes in ICT than previously and there was clear evidence that traditional GCSEs are, in line with Government policy, becoming increasingly harder to pass. Performance at A* to G remained strong with 99 per cent of students completing at least five GCSEs. All students achieved at least one Level 2 qualification.

This summer's A Levels produced an excellent set of outcomes for our students. Headline figures show significant improvement in a number of areas. Our overall pass rate was 97 per cent (94 per cent in 2011/2012) with average points per entry (APE) increasing to 191 (189 in 2011/2012). Our percentage of student gaining A* to B and A* to C also increased to 25 per cent (from 20 per cent) and 55 per cent (from 51 per cent) respectively. The average points score (APS) was slightly down on our exceptionally high score last year (640 compared to 660), but still significantly up on our previous three year average (575). This slight decrease was in line with our predictions as students were taking fewer A Levels on average compared to last year. The prior attainment of Year 13 was similar to last year's cohort so the continued improvement is very encouraging and proves that our intervention strategies, especially with higher ability students, were effective.

The Football Academy introduced a new programme in 2012/2013 to meet student demand and to facilitate progression. The 'Leadership Through Football' Level 2 course was used to introduce students to coaching and enable staff to flag up those with potential to progress to the FA Coaching Certificate in the following year. The course produced a one hundred per cent achievement rate. The BTEC Level 3 National Diploma had a one hundred per cent retention and achievement rate, exceeding national benchmarks. Destinations for Football Academy students included two scholarships in America where one student will be studying Physiotherapy and another Sport Science. University placements in the UK include Roehampton for Sports Psychology. The Chelsea FC Foundation Academy continues to go from strength to strength.

Although the official destination statistics are not yet available, our predictions show that our NEET figure will continue to be well below the national average (about 1.5 per cent). The majority of our Year 13 students are continuing on to Higher Education with 91 per cent of students who held conditional offers gaining places at their first choice institution.

Going concern

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

Key financial performance indicators

We have explored a number of "green" initiatives, not only in recognition of our commitment to conservation (recognised by our Green Flag status), but to ensure the most cost effective and sustainable solutions. We have already invested in waterless urinals, solar power and a wind turbine and have a rolling programme for the installation of energy efficient lighting. The merits of biomass boilers continue to be explored. Our newly constructed eight-classroom block will have additional solar panels and air source heat exchangers.

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Trustees' report (continued)
for the year ended 31 August 2013

The percentage of our budget that is spent on staffing is in line with the national average, which was achieved as a result of a restructuring process in 2011 and sustained by prudent appointments as staff members move on.

Through prudent budgeting we have secured a surplus at the year end. This will support the final build stages of our new classroom block and meet future development/business needs.

Investment policy and performance

The Governors have under review an appropriate investment policy for surplus cash balances.

Financial review

Financial and risk management objectives and policies

The school has a Financial Procedures Manual to ensure that the school maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. We recognise it is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State.

The Governing Body takes advice from internal and external financial management and control experts when the complexity of an issue requires it and has robust insurances in place to protect the school should any crisis occur. Members of the Trustees' Resources Team receive the monthly accounts from the Finance Manager, with commentary around individual budgets lines that is discussed at Resources Team meetings. The three-year budget plan highlights the potential for any shortfalls and gives time for a plan to be implemented around any roll over funds which may be needed.

At an operational level, regular morning briefings and fortnightly focussed meetings ensure that members of the school's Leadership Team are fully aware of any operational concerns or issues that might arise. The Team is also involved in shaping future strategy. The Executive Team meets weekly to consider whole-school financial matters and the Headteacher meets regularly with the School Business Manager and the Finance Manager for close scrutiny of budgets and funding streams. Individual Directors of Learning Teams are responsible for budget monitoring which also provides tiered risk management.

All areas around potential sensitivities or risks are taken into account when setting the budget referring to historical trends and the three-year budget plan, also looking at any roll over as a contingency pot if needed; any areas of concern are flagged in the Finance Manager's monthly report to Trustees and key stakeholders to ensure a strategy is in place to resolve any shortfalls which could become apparent.

Principal risks and uncertainties

A principal concern for the school is the year-on-year central funding reduction, which could have significant impact on whole school service delivery. Associated with this, the current economic climate limits the financial support/donations that we might otherwise attract to support our core function.

Reserves policy

The Academy has some unrestricted reserves that are being held to meet unexpected eventualities. Reserves from the GAG and unspent capital funding are being retained to support future planned projects, with a significant proportion committed to the building of a new classroom block, which is scheduled for completion in December 2013.

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Trustees' report (continued)
for the year ended 31 August 2013

Material investments policy

The Governors have under review an appropriate investment policy for surplus cash balances.

Future developments

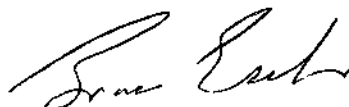
- To build long-term sustainable improvement through a focus on improving the quality of teaching and learning enabling all students to achieve ambitious targets.
- The Sixth Form curriculum needs to be reviewed in light of the raising of the age of participation in 2013 and 2015. This process is likely to continue to widen the ability range of students and requires a curriculum that includes stronger Level 2 provision.
- The school will continue to develop a 21st century learning environment by embracing the use of new technologies to engage learners and enhance learning.
- The school requires a number of refurbishments including new boilers (the old ones are becoming increasingly unreliable as they reach the end of their lives), significant work in the PE and science blocks, both of which contain significant amounts of asbestos, and the replacement of old, inefficient crittall windows.
- The school will further enhance its green credentials by exploring further opportunities for renewable energy.

Disclosure of information to auditor

Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that:

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

This report was approved by order of the board of trustees on 9 December 2013 and signed on its behalf by:



Bruce Eccles
Chair of Governors



John Kirtley
Chair of Resources Team

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Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Sandwich Technology 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 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 Sandwich Technology 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 Trustees' responsibilities statement. The board of trustees has formally met 4 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 |
|----------------------------------|-------------------|-------------------|
| Bruce Eccles, Chair of Governors | 4 | 4 |
| Kimberley Anderson | 3 | 4 |
| Adem Azira | 4 | 4 |
| David Brown | 1 | 4 |
| Laura Campbell | 2 | 4 |
| Paul Carter | 2 | 4 |
| Andrew Chapman | 4 | 4 |
| Dionne Hawkins | 1 | 2 |
| David Hampson-Ghani | 3 | 4 |
| Dawn Hogben | 3 | 4 |
| John Kirtley | 4 | 4 |
| David Larkins | 4 | 4 |
| Amanda Mitchell | 1 | 4 |
| Stephen Pinfold | 3 | 4 |
| Leyland Ridings MBE | 1 | 4 |
| George Rorke | 3 | 4 |
| Paul Southgate | 0 | 0 |
| Emma Stannard | 2 | 4 |
| Samantha Summers | 3 | 4 |
| Veronica Gomez, Ex officio | 4 | 4 |
| Gaynor Smissen | 1 | 2 |

The Governing Body has established a Strategy Group, which meets six times a year or more frequently if necessary. This group works closely with the senior managers of the school and is responsible for strategic decisions relating to finance. The financial function is further supported by the Governors' Resources Team, which meets three times a year (or more frequently if necessary). The Resources Team monitors and evaluates financial matters and makes recommendations to the Strategy Group or the Full Governing Body as appropriate. For both the Strategy Group and the Resources Team the Governing Body has:

- defined their terms of reference;
- prescribed the extent of their delegated authority;
- ensured it receives minutes of the committees' meetings.

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Governance Statement (continued)

The Governing Body reviews the remit and membership of both the Strategy Group and the Resources Team annually.

Attendance at meetings of these two groups in the year was as follows:

Strategy Group

| Trustee | Meetings attended | Out of a possible |
|----------------------------------|-------------------|-------------------|
| Bruce Eccles, Chair of Governors | 4 | 6 |
| David Hampson-Ghani | 4 | 6 |
| John Kirtley | 3 | 6 |
| David Larkins | 5 | 6 |
| Veronica Gomez, Ex officio | 4 | 6 |

Resources Team

| Trustee | Meetings attended | Out of a possible |
|----------------------------------|-------------------|-------------------|
| Adem Azira | 2 | 3 |
| David Brown | 2 | 3 |
| Paul Carter | 3 | 3 |
| Andrew Chapman | 2 | 3 |
| Bruce Eccles, Chair of Governors | 3 | 3 |
| John Kirtley | 3 | 3 |
| Stephen Pinfold | 2 | 3 |
| Leyland Ridings MBE | 1 | 3 |
| Emma Stannard | 2 | 3 |
| Veronica Gomez, Ex officio | 3 | 3 |

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sandwich Technology School for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the 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 trust's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 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 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 Resources Team 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;

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Governance Statement (continued)

- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed David Larkin, a trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. At every meeting, the RO reports to the board of trustees; he also reports to the Strategy Group, which meets six times a year. The RO reports on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

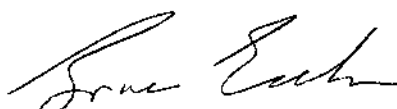
Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Team 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 9 December 2013 and signed on their behalf, by:



Bruce Eccles
Chair of Governors



Veronica Gomez
Accounting Officer

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Statement on Regularity, Propriety and Compliance

As Accounting Officer of Sandwich Technology 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 the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the academy trust 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 (2012).

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

A handwritten signature in black ink, appearing to read 'Veronica Gomez', enclosed within a large, loopy oval scribble.

Veronica Gomez
Accounting Officer

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Trustees' responsibilities statement
for the year ended 31 August 2013

The Trustees (who act as governors of Sandwich Technology School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 9 December 2013 and signed on its behalf by:



Bruce Eccles
Chair of Governors

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Independent auditors' report to the members of Sandwich Technology School

We have audited the financial statements of Sandwich Technology School for the year ended 31 August 2013 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, 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 academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

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 financial statements are prepared is consistent with the financial statements.

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Independent auditors' report to the members of Sandwich Technology School

Matters on which we are required to report by exception

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

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



Alastair Crawford FCA (Senior statutory auditor)

for and on behalf of

Williams Giles Limited

Chartered Accountants
Registered Auditors

12 Conqueror Court
Sittingbourne
Kent

ME10 5BH

Date: 20/12/13

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Independent reporting auditors' assurance report on regularity to Sandwich Technology School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 19/11/12 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sandwich Technology School during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Sandwich Technology School's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Sandwich Technology School's funding agreement with the Secretary of State for Education dated 29/10/10, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

**Independent reporting auditors' assurance report on regularity to Sandwich Technology School and the
Education Funding Agency (continued)**

Conclusion

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



Williams Giles Limited

Chartered Accountants
Registered Auditors

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date: 2/12/13

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Statement of financial activities
(incorporating income and expenditure account and statement of recognised gains and losses)
for the year ended 31 August 2013

| | Note | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Restricted fixed asset funds 2013 £ | Total funds 2013 £ | Total funds 2012 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Incoming resources | | | | | | |
| Incoming resources from generated funds: | | | | | | |
| Voluntary income | 2 | 167,427 | - | 8,460 | 175,887 | 487,240 |
| Activities for generating funds | 3 | 73,845 | 270,675 | - | 344,520 | 424,933 |
| Investment income | 4 | - | 3,032 | - | 3,032 | 1,975 |
| Incoming resources from charitable activities | | | | | | |
| Other incoming resources | 6 | - | 7,315,027 | 27,492 | 7,342,519 | 7,454,318 |
| | | - | - | 6,000 | 6,000 | 6,000 |
| Total incoming resources | | 241,272 | 7,588,734 | 41,952 | 7,871,958 | 8,374,466 |
| Resources expended | | | | | | |
| Costs of generating funds: | | | | | | |
| Costs of generating voluntary income | | | | | | |
| Charitable activities | 7 | 145,916 | - | - | 145,916 | 112,193 |
| Governance costs | 9,10 | 105,724 | 7,039,659 | 640,652 | 7,786,035 | 7,605,424 |
| | 8 | - | 48,691 | - | 48,691 | 49,202 |
| Total resources expended | 11 | 251,640 | 7,088,350 | 640,652 | 7,980,642 | 7,766,819 |
| Net incoming resources / (resources expended) before transfers | | | | | | |
| | | (10,368) | 500,384 | (598,700) | (108,684) | 607,647 |
| Transfers between Funds | 22 | - | (732,154) | 732,154 | - | - |
| Net income / (expenditure) for the year | | (10,368) | (231,770) | 133,454 | (108,684) | 607,647 |
| Actuarial gains and losses on defined benefit pension schemes | | | | | | |
| | | - | (62,000) | - | (62,000) | (430,000) |
| Net movement in funds for the year | | (10,368) | (293,770) | 133,454 | (170,684) | 177,647 |
| Total funds at 1 September 2012 | | | | | | |
| | | 808,485 | (783,491) | 16,663,279 | 16,688,273 | 16,510,626 |
| Total funds at 31 August 2013 | | 798,117 | (1,077,261) | 16,796,733 | 16,517,589 | 16,688,273 |

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 40 form part of these financial statements.

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)
Registered number: 07401373

Balance sheet
as at 31 August 2013

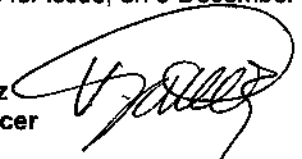
| | | 2013 | | 2012 | |
|--|------|-------------|-------------|-------------|-------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 18 | | 16,760,733 | | 16,639,279 |
| Current assets | | | | | |
| Stocks | 19 | 91,465 | | 79,906 | |
| Debtors | 20 | 380,087 | | 153,668 | |
| Cash at bank and in hand | | 1,557,806 | | 1,812,331 | |
| | | 2,029,358 | | 2,045,905 | |
| Creditors: amounts falling due within one year | 21 | (608,502) | | (440,911) | |
| Net current assets | | | 1,420,856 | | 1,604,994 |
| Total assets less current liabilities | | | 18,181,589 | | 18,244,273 |
| Defined benefit pension scheme liability | 28 | | (1,664,000) | | (1,556,000) |
| Net assets including pension scheme liabilities | | | 16,517,589 | | 16,688,273 |
| Funds of the academy | | | | | |
| Restricted funds: | | | | | |
| Restricted funds | 22 | 586,739 | | 772,509 | |
| Restricted fixed asset funds | 22 | 16,796,733 | | 16,663,279 | |
| Restricted funds excluding pension liability | | 17,383,472 | | 17,435,788 | |
| Pension reserve | | (1,664,000) | | (1,556,000) | |
| Total restricted funds | | | 15,719,472 | | 15,879,788 |
| Unrestricted funds | 22 | | 798,117 | | 808,485 |
| Total funds | | | 16,517,589 | | 16,688,273 |

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2013 and are signed on their behalf, by:

Bruce Eccles
Chair of Governors



Veronica Gomez
Accounting Officer



The notes on pages 22 to 39 form part of these financial statements.

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)
Registered number: 07401373

Balance sheet
as at 31 August 2013

| | | 2013 | | 2012 | |
|--|------|-------------|------------|-------------|------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 18 | | 16,760,733 | | 16,639,279 |
| Current assets | | | | | |
| Stocks | 19 | 91,465 | | 79,906 | |
| Debtors | 20 | 380,087 | | 153,668 | |
| Cash at bank and in hand | | 1,557,806 | | 1,812,331 | |
| | | 2,029,358 | | 2,045,905 | |
| Creditors: amounts falling due within one year | 21 | (608,502) | | (440,911) | |
| Net current assets | | | 1,420,856 | | 1,604,994 |
| Total assets less current liabilities | | | 18,181,589 | | 18,244,273 |
| Defined benefit pension scheme liability | 28 | (1,664,000) | | (1,556,000) | |
| Net assets including pension scheme liabilities | | | 16,517,589 | | 16,688,273 |
| Funds of the academy | | | | | |
| Restricted funds: | | | | | |
| Restricted funds | 22 | 586,739 | | 772,509 | |
| Restricted fixed asset funds | 22 | 16,796,733 | | 16,663,279 | |
| Restricted funds excluding pension liability | | 17,383,472 | | 17,435,788 | |
| Pension reserve | | (1,664,000) | | (1,556,000) | |
| Total restricted funds | | | 15,719,472 | | 15,879,788 |
| Unrestricted funds | 22 | | 798,117 | | 808,485 |
| Total funds | | | 16,517,589 | | 16,688,273 |

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2013 and are signed on their behalf, by:

Bruce Eccles
Chair of Governors

Veronica Gomez
Accounting Officer

The notes on pages 22 to 40 form part of these financial statements.

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Cash flow statement
for the year ended 31 August 2013

| | Note | 2013 £ | 2012 £ |
|---|------|------------------|----------------|
| Net cash flow from operating activities | 24 | 504,549 | 868,550 |
| Returns on investments and servicing of finance | 25 | 3,032 | 1,975 |
| Capital expenditure and financial investment | 25 | (762,106) | (213,418) |
| (Decrease)/Increase in cash in the year | | (254,525) | 657,107 |

Reconciliation of net cash flow to movement in net funds
for the year ended 31 August 2013

| | 2013 £ | 2012 £ |
|--|------------------|------------------|
| (Decrease)/Increase in cash in the year | (254,525) | 657,107 |
| Movement in net funds in the year | (254,525) | 657,107 |
| Net funds at 1 September 2012 | 1,812,331 | 1,155,224 |
| Net funds at 31 August 2013 | 1,557,806 | 1,812,331 |

The notes on pages 22 to 40 form part of these financial statements.

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2013

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 issued by the 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 the Department for Education 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.

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.

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2013

1. Accounting policies (continued)

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

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.

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.

1.6 Tangible fixed assets and depreciation

All assets costing more than £5,000 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.

The valuation for freehold land and buildings is taken from the DSV valuation completed for the EFA. The valuations was prepared in accordance with UK GAAP, IAS 16. The valuations are made in accordance with the RICS Valuation Standards Global and UK,7th Edition, as published by the Royal Institution of Chartered Surveyor.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-----------------------|---|--------|
| Freehold property | - | 3% SL |
| Motor vehicles | - | 10% SL |
| Fixtures and fittings | - | 10% SL |
| Computer equipment | - | 20% SL |

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2013

1. Accounting policies (continued)

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 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.

1.9 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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the 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 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.

1.10 Donated services and gifts in kind

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

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2013

2. Voluntary income

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total funds 2012 £ |
|---------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Donations | 37,326 | - | 37,326 | 30,985 |
| Donations - Capital | - | 8,460 | 8,460 | 334,855 |
| School trips | 130,101 | - | 130,101 | 121,400 |
| | <u>167,427</u> | <u>8,460</u> | <u>175,887</u> | <u>487,240</u> |

3. Activities for generating funds

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total funds 2012 £ |
|-------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Hire of facilities | 30,398 | - | 30,398 | 28,684 |
| Uniform sales | 37,805 | - | 37,805 | 32,349 |
| Educational consultancy | - | - | - | 58,725 |
| GTP income | - | 89,850 | 89,850 | 100,183 |
| Catering income | - | 166,453 | 166,453 | 156,725 |
| Sundry income | 5,642 | 14,372 | 20,014 | 48,267 |
| | <u>73,845</u> | <u>270,675</u> | <u>344,520</u> | <u>424,933</u> |

4. Investment income

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total funds 2012 £ |
|---------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Short term deposits | - | 3,032 | 3,032 | 1,975 |
| | <u>-</u> | <u>3,032</u> | <u>3,032</u> | <u>1,975</u> |

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2013

5. Funding for Academy's educational operations

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total funds 2012 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA grants | | | | |
| GAG | - | 6,900,241 | 6,900,241 | 6,114,517 |
| Pupil Premium | - | 225,769 | 225,769 | 115,758 |
| Mainstream grant | - | - | - | 789,956 |
| Other DfE/EFA grants | - | 99,605 | 99,605 | 151,419 |
| | <u>-</u> | <u>7,225,615</u> | <u>7,225,615</u> | <u>7,171,650</u> |
| Other government grants | | | | |
| Other government grants | - | 14,426 | 14,426 | 119,023 |
| SEN | - | 74,985 | 74,985 | 86,792 |
| | <u>-</u> | <u>89,411</u> | <u>89,411</u> | <u>205,815</u> |
| DfE/EFA capital grant | | | | |
| Devolved formula capital | - | 27,493 | 27,493 | 76,853 |
| | <u>-</u> | <u>27,493</u> | <u>27,493</u> | <u>76,853</u> |
| | <u>-</u> | <u>7,342,519</u> | <u>7,342,519</u> | <u>7,454,318</u> |

6. Other incoming resources

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total funds 2012 £ |
|------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Contribution to sinking fund | - | 6,000 | 6,000 | 6,000 |
| | <u>-</u> | <u>6,000</u> | <u>6,000</u> | <u>6,000</u> |

7. Costs of generating voluntary income

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total funds 2012 £ |
|--------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| School trips | 145,916 | - | 145,916 | 112,193 |
| | <u>145,916</u> | <u>-</u> | <u>145,916</u> | <u>112,193</u> |

SANDWICH TECHNOLOGY SCHOOL
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2013

8. Governance costs

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total funds 2012 £ |
|------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Auditors' remuneration | - | 13,550 | 13,550 | 12,450 |
| Legal and professional | - | 35,141 | 35,141 | 36,752 |
| | <u>-</u> | <u>48,691</u> | <u>48,691</u> | <u>49,202</u> |

9. Direct costs

| | Educational operations £ | Total 2013 £ | Total 2012 £ |
|----------------------|--------------------------------|--------------------|--------------------|
| Educational supplies | 362,262 | 362,262 | 334,078 |
| Examination fees | 160,133 | 160,133 | 242,965 |
| Staff development | 49,900 | 49,900 | 1,640 |
| Wages and salaries | 4,212,620 | 4,212,620 | 4,083,933 |
| National insurance | 333,295 | 333,295 | 321,434 |
| Pension cost | 693,068 | 693,068 | 638,542 |
| Depreciation | 640,652 | 640,652 | 609,896 |
| | <u>6,451,930</u> | <u>6,451,930</u> | <u>6,232,488</u> |

10. Support costs

| | Educational operations £ | Total 2013 £ | Total 2012 £ |
|---------------------------------------|--------------------------------|--------------------|--------------------|
| LGPS costs | 47,000 | 47,000 | 51,000 |
| Recruitment and support | 15,001 | 15,001 | 4,930 |
| Maintenance of premises and equipment | 97,306 | 97,306 | 95,227 |
| Cleaning | 17,371 | 17,371 | 18,232 |
| Rent & rates | 83,029 | 83,029 | 67,782 |
| Light & heat | 63,237 | 63,237 | 147,902 |
| Insurance | 108,530 | 108,530 | 76,044 |
| Security & transport | 9,285 | 9,285 | 14,185 |
| Catering | 178,162 | 178,162 | 153,505 |
| Computer costs | 211,858 | 211,858 | 170,936 |
| Printing, postage and stationery | 22,630 | 22,630 | 34,465 |
| Other support costs | 71,806 | 71,806 | 142,096 |
| Wages and salaries | 310,533 | 310,533 | 304,987 |
| National insurance | 21,019 | 21,019 | 19,472 |
| Pension cost | 77,338 | 77,338 | 72,173 |
| | <u>1,334,105</u> | <u>1,334,105</u> | <u>1,372,936</u> |

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for the year ended 31 August 2013

11. Analysis of resources expended by expenditure type

| | Staff costs 2013 £ | Depreciation 2013 £ | Other costs 2013 £ | Total 2013 £ | Total 2012 £ |
|--------------------------------------|--------------------------|---------------------------|--------------------------|--------------------|--------------------|
| Costs of generating voluntary income | - | - | 145,916 | 145,916 | 112,193 |
| Costs of generating funds | - | - | 145,916 | 145,916 | 112,193 |
| Direct costs | 5,238,983 | 640,652 | 572,295 | 6,451,930 | 6,232,488 |
| Support costs | 408,890 | - | 925,215 | 1,334,105 | 1,372,935 |
| Charitable activities | 5,647,873 | 640,652 | 1,497,510 | 7,786,035 | 7,605,423 |
| Governance | - | - | 48,691 | 48,691 | 49,202 |
| | 5,647,873 | 640,652 | 1,692,117 | 7,980,642 | 7,766,818 |

12. Net incoming resources / (resources expended)

This is stated after charging:

| | 2013 £ | 2012 £ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets: - owned by the charity | 640,652 | 609,895 |
| Auditors' remuneration | 13,500 | 12,450 |

13. Auditors' remuneration

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts | 9,000 | 10,000 |
| Fees payable to the academy's auditor and its associates in respect of: All other services | 4,000 | 1,950 |
| | 2013 £ | 2012 £ |
| Fees payable to the academy's auditor and its associates in connection with the academy's pension scheme(s) in respect of: The auditing of accounts of the scheme(s) | 500 | 500 |

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Notes to the financial statements
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14. Staff costs

Staff costs were as follows:

| | 2013 £ | 2012 £ |
|-------------------------------|------------------|------------------|
| Wages and salaries | 4,523,153 | 4,388,918 |
| Social security costs | 354,314 | 340,907 |
| Other pension costs (Note 28) | 770,406 | 710,716 |
| | <u>5,647,873</u> | <u>5,440,541</u> |
| Supply teacher costs | - | 34,825 |
| | <u>5,647,873</u> | <u>5,475,366</u> |

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

| | 2013 No. | 2012 No. |
|----------------------------|-------------|-------------|
| Teachers | 68 | 97 |
| Administration and support | 58 | 95 |
| Management | 4 | 3 |
| | <u>130</u> | <u>195</u> |

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

| | 2013 No. | 2012 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 0 | 2 |
| In the band £70,001 - £80,000 | 2 | 0 |
| In the band £90,001 - £100,000 | 0 | 1 |
| In the band £110,001 - £115,000 | 1 | 0 |
| | <u>3</u> | <u>3</u> |

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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, including employers pension contributions, fell within the following bands:

| | 2013 | 2012 |
|----------------|------------------------|---------------|
| | £ | £ |
| Veronica Gomez | 110,000-115,000 | 90,000-95,000 |
| George Rorke | 50,000-55,000 | 50,000-55,000 |
| Emma Stannard | 40,000-45,000 | 40,000-45,000 |
| Dionne Hawkins | 25,000-30,000 | 25,000-30,000 |

16. 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 £1,000,000 on any one claim.

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

17. Other finance income

| | 2013 | 2012 |
|--|------------------------|-----------------|
| | £ | £ |
| Expected return on pension scheme assets | 54,000 | 51,000 |
| Interest on pension scheme liabilities | (101,000) | (102,000) |
| | <u>(47,000)</u> | <u>(51,000)</u> |

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Notes to the financial statements
for the year ended 31 August 2013

18. Tangible fixed assets

| | Freehold property £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|---------------------------|------------------------|-------------------------------|----------------------------|-------------------|
| Cost | | | | | |
| At 1 September 2012 | 16,736,074 | 30,125 | 514,167 | 403,571 | 17,683,937 |
| Additions | 700,339 | - | 31,467 | 30,300 | 762,106 |
| At 31 August 2013 | <u>17,436,413</u> | <u>30,125</u> | <u>545,634</u> | <u>433,871</u> | <u>18,446,043</u> |
| Depreciation | | | | | |
| At 1 September 2012 | 868,965 | 3,012 | 87,170 | 85,511 | 1,044,658 |
| Charge for the year | 496,302 | 3,013 | 54,563 | 86,774 | 640,652 |
| At 31 August 2013 | <u>1,365,267</u> | <u>6,025</u> | <u>141,733</u> | <u>172,285</u> | <u>1,685,310</u> |
| Net book value | | | | | |
| At 31 August 2013 | <u>16,071,146</u> | <u>24,100</u> | <u>403,901</u> | <u>261,586</u> | <u>16,760,733</u> |
| At 31 August 2012 | <u>15,867,109</u> | <u>27,113</u> | <u>426,997</u> | <u>318,060</u> | <u>16,639,279</u> |

Included in freehold property is freehold land at valuation of £893,000 (2012 - £893,000), which is not depreciated.

19. Stocks

| | 2013 £ | 2012 £ |
|-------------------------------------|---------------|---------------|
| Finished goods and goods for resale | <u>91,465</u> | <u>79,906</u> |

20. Debtors

| | 2013 £ | 2012 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 9,538 | 3,492 |
| VAT debtor | 229,508 | 75,766 |
| Other debtors | 60,171 | 28,610 |
| Prepayments and accrued income | 80,870 | 45,800 |
| | <u>380,087</u> | <u>153,668</u> |

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Notes to the financial statements
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21. Creditors:
Amounts falling due within one year

| | 2013 £ | 2012 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 393,187 | 208,495 |
| Other taxation and social security | 100,902 | 108,018 |
| Other creditors | 35,903 | 25,761 |
| Accruals and deferred income | 78,510 | 98,637 |
| | 608,502 | 440,911 |

22. Statement of funds

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|-------------------------------------|----------------------|-------------------------|-------------------------|-----------------------|-------------------------|----------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 808,485 | 241,272 | (251,640) | - | - | 798,117 |
| | 808,485 | 241,272 | (251,640) | - | - | 798,117 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 728,059 | 6,900,241 | (6,309,407) | (732,154) | - | 586,739 |
| Generated funds | - | 273,708 | (273,708) | - | - | - |
| Other government grants | - | 89,411 | (89,411) | - | - | - |
| Skillforce | 44,450 | - | (44,450) | - | - | - |
| Other DfE/EFA grants | - | 325,374 | (325,374) | - | - | - |
| Pension reserve | (1,556,000) | - | (46,000) | - | (62,000) | (1,664,000) |
| | (783,491) | 7,588,734 | (7,088,350) | (732,154) | (62,000) | (1,077,261) |
| Restricted fixed asset funds | | | | | | |
| Sinking fund | 24,000 | 6,000 | - | 6,000 | - | 36,000 |
| Assets held for depreciation | 16,639,279 | 8,460 | (640,652) | 753,646 | - | 16,760,733 |
| Devolved Capital Funding | - | 27,492 | - | (27,492) | - | - |
| | 16,663,279 | 41,952 | (640,652) | 732,154 | - | 16,796,733 |
| Total restricted funds | 15,879,788 | 7,630,686 | (7,729,002) | - | (62,000) | 15,719,472 |
| Total of funds | 16,688,273 | 7,871,958 | (7,980,642) | - | (62,000) | 16,517,589 |

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22. Statement of funds (continued)

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

Unrestricted funds are applied to the general work of the academy to support activities inside and outside the curriculum.

Restricted funds are applied specifically in accordance with the rules of each grant and support the education provision delivered by the academy.

Restricted fixed asset funds are applied to the maintenance and improvement of all the academy's fixed assets.

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

Summary of funds

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|---------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| General funds | 808,485 | 241,272 | (251,640) | - | - | 798,117 |
| Restricted funds | (783,491) | 7,588,734 | (7,088,350) | (732,154) | (62,000) | (1,077,261) |
| Restricted fixed asset funds | 16,663,279 | 41,952 | (640,652) | 732,154 | - | 16,796,733 |
| | <u>16,688,273</u> | <u>7,871,958</u> | <u>(7,980,642)</u> | <u>-</u> | <u>(62,000)</u> | <u>16,517,589</u> |

23. Analysis of net assets between funds

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Restricted fixed asset funds 2013 £ | Total funds 2013 £ | Total funds 2012 £ |
|---|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 16,760,733 | 16,760,733 | 16,639,279 |
| Current assets | 798,117 | 1,195,241 | 36,000 | 2,029,358 | 2,045,905 |
| Creditors due within one year | - | (608,502) | - | (608,502) | (440,911) |
| Provisions for liabilities and charges | - | (1,664,000) | - | (1,664,000) | (1,556,000) |
| | <u>798,117</u> | <u>(1,077,261)</u> | <u>16,796,733</u> | <u>16,517,589</u> | <u>16,688,273</u> |

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Notes to the financial statements
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24. Net cash flow from operations

| | 2013 | 2012 |
|---|----------------|----------------|
| | £ | £ |
| Net incoming resources before revaluations | (108,684) | 607,647 |
| Returns on investments and servicing of finance | (3,032) | (1,975) |
| Exceptional items | - | (351,205) |
| Depreciation of tangible fixed assets | 640,652 | 609,895 |
| (Increase)/decrease in stocks | (11,559) | 3,892 |
| Increase in debtors | (226,419) | (56,427) |
| Increase in creditors | 167,591 | 39,723 |
| FRS 17 adjustments | 46,000 | 17,000 |
| Net cash inflow from operations | 504,549 | 868,550 |

25. Analysis of cash flows for headings netted in cash flow statement

| | 2013 | 2012 |
|--|------------------|------------------|
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest received | 3,032 | 1,975 |
| | 3,032 | 1,975 |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (762,106) | (213,418) |
| | (762,106) | (213,418) |

26. Analysis of changes in net funds

| | 1 September 2012 | Cash flow | 31 August 2013 |
|---------------------------|---------------------|------------------|-------------------|
| | £ | £ | £ |
| Cash at bank and in hand: | 1,812,331 | (254,525) | 1,557,806 |
| Net funds | 1,812,331 | (254,525) | 1,557,806 |

27. Contingent liabilities

During the period of the funding agreement, should any asset for which a capital grant was received be sold or otherwise disposed of, in the event of the Academy not reinvesting the proceeds, it will be required to pay the grant related proportion of the proceeds to the EFA.

Should the funding agreement be terminated for any reason, the Academy shall repay to the EFA the current value of the academy's land and buildings and other assets, to the extent that such assets were funded by sums received from the EFA.

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28. 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 Kent 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 August 2012.

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). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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28. Pension commitments (continued)

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

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

Teachers' Pension Scheme Changes

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £214,000, of which employer's contributions totalled £171,000 and employees' contributions totalled £43,000. The agreed contribution rates for future years are 23.1% for employers and var% for employees.

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28. Pension commitments (continued)

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.

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

| | Expected return at 31 August 2013 % | Fair value at 31 August 2013 £ | Expected return at 31 August 2012 % | Fair value at 31 August 2012 £ |
|-------------------------------------|---|---|---|---|
| Equities | 6.60 | 912,000 | 5.90 | 689,000 |
| Gilts | 3.50 | - | 2.80 | 10,000 |
| Other bonds | 4.40 | 152,000 | 3.90 | 128,000 |
| Property | 4.60 | 101,000 | 3.90 | 98,000 |
| Cash | 0.50 | 51,000 | 0.50 | 30,000 |
| Target Return Portfolio | 5.00 | 51,000 | 4.40 | 30,000 |
| Total market value of assets | | <u>1,267,000</u> | | <u>985,000</u> |
| Present value of scheme liabilities | | <u>(2,931,000)</u> | | <u>(2,541,000)</u> |
| (Deficit)/surplus in the scheme | | <u><u>(1,664,000)</u></u> | | <u><u>(1,556,000)</u></u> |

The amounts recognised in the Balance sheet are as follows:

| | 2013 £ | 2012 £ |
|-------------------------------------|---------------------------|---------------------------|
| Present value of funded obligations | (2,931,000) | (2,541,000) |
| Fair value of scheme assets | <u>1,267,000</u> | <u>985,000</u> |
| Net liability | <u><u>(1,664,000)</u></u> | <u><u>(1,556,000)</u></u> |

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

| | 2013 £ | 2012 £ |
|----------------------------------|-------------------------|-------------------------|
| Current service cost | (170,000) | (125,000) |
| Interest on obligation | (101,000) | (102,000) |
| Expected return on scheme assets | <u>54,000</u> | <u>51,000</u> |
| Total | <u><u>(217,000)</u></u> | <u><u>(176,000)</u></u> |

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28. Pension commitments (continued)

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

| | 2013 £ | 2012 £ |
|--------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 2,541,000 | 1,815,000 |
| Current service cost | 170,000 | 125,000 |
| Interest cost | 101,000 | 102,000 |
| Contributions by scheme participants | 43,000 | 41,000 |
| Actuarial Losses | 167,000 | 471,000 |
| Benefits paid | (91,000) | (13,000) |
| | <u>2,931,000</u> | <u>2,541,000</u> |

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

| | 2013 £ | 2012 £ |
|-------------------------------------|------------------|----------------|
| Opening fair value of scheme assets | 985,000 | 706,000 |
| Expected return on assets | 54,000 | 51,000 |
| Actuarial gains and (losses) | 105,000 | 41,000 |
| Contributions by employer | 171,000 | 159,000 |
| Contributions by employees | 43,000 | 41,000 |
| Benefits paid | (91,000) | (13,000) |
| | <u>1,267,000</u> | <u>985,000</u> |

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

| | 2013 | 2012 |
|-------------------------|---------|---------|
| Property | 8.00 % | 10.00 % |
| Equities | 72.00 % | 70.00 % |
| Gilts | - % | 1.00 % |
| Other bonds | 12.00 % | 13.00 % |
| Cash | 4.00 % | 3.00 % |
| Target return portfolio | 4.00 % | 3.00 % |

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

| | 2013 | 2012 |
|--------------------------------------|--------|--------|
| Discount rate for scheme liabilities | 4.70 % | 3.90 % |
| Rate of increase in salaries | 5.10 % | 4.10 % |
| Inflation assumption (CPI) | 2.90 % | 1.90 % |
| RPI | 3.70 % | 2.70 % |
| Pension Increases | 2.90 % | 3.90 % |

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28. 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:

| | 2013 | 2012 |
|----------------------|------|------|
| Retiring today | | |
| Males | 20.1 | 20.0 |
| Females | 24.1 | 24.0 |
| Retiring in 20 years | | |
| Males | 22.1 | 22.0 |
| Females | 26.0 | 25.9 |

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

| | 2013 £ | 2012 £ | 2011 £ |
|--|--------------------|--------------------|--------------------|
| Defined benefit obligation | (2,931,000) | (2,541,000) | (1,815,000) |
| Scheme assets | 1,267,000 | 985,000 | 706,000 |
| Deficit | <u>(1,664,000)</u> | <u>(1,556,000)</u> | <u>(1,109,000)</u> |
| Experience adjustments on scheme liabilities | (167,000) | (471,000) | (1,589,000) |
| Experience adjustments on scheme assets | <u>105,000</u> | <u>41,000</u> | <u>513,000</u> |

29. Related party transactions

Owing to the 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 and in accordance with the academy's financial regulations and normal procurement procedures.

During the period the academy had the following related party transactions:

- £24,550 with C&W Groundcare Limited a company of which A Chapman, a trustee, is a director
- £14,417 with J Platts trading as SR Premises Maintenance an individual connected to J Platts, the Finance Manager

These transactions were conducted on normal commercial terms without the exercise of any influence by the related party involved.

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30. Capital commitments

At 31 August 2013 the academy has capital commitments as follows:

| | 2013 | 2012 |
|---|----------------|-------------|
| | £ | £ |
| Contracted for but not provided in these financial statements | 293,911 | - |