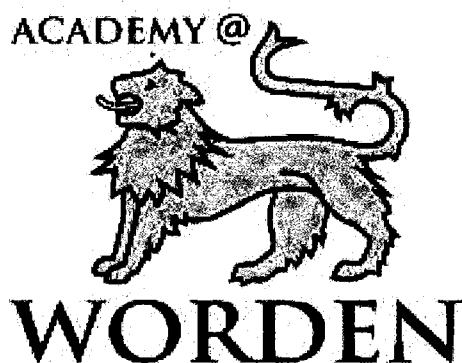


ACADEMY @ WORDEN
REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 AUGUST 2013



ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mrs MT Woodall
Mrs L Fullbrook MP
Mr J Williams
Mr D Hewitt

Governors

Mrs M T Woodall (Chair)
Mr C Catherall (Headteacher and Accounting Officer)
Mrs M Abbott (Community Governor)
Mrs J Bell (Community Governor)
Mr A Blackburn (Staff Governor)
Mr D Blackledge (Staff Governor)
Mr C J Ferguson (Community Governor)
Mr A Hammersley (Co-Opted Governor)
Mrs C Harrison (Community Governor)
Mr S J Hawkins (Parent Governor)
Mrs K E Hawkins (Parent Governor)
Mr D J Hewitt (Community Governor)
Mrs A C Howden (Community Governor)
Miss D Swarbrick (Parent Governor)
Mr E Webster (Staff Governor)
Mr C S Woodall (Community Governor)

Senior management team

- | | |
|--|-----------------|
| - Deputy Headteacher | Mr A Hammersley |
| - Assistant Headteacher | Mr D Blackledge |
| - Assistant Headteacher | Mrs L Wood |
| - Acting Director of Business
and Finance | Mr W J Lyon |

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

Registered office	Westfield Drive Leyland Lancashire PR25 1QX
Company registration number	08360915 (England & Wales)
Auditors	Moore and Smalley LLP Chartered Accountants & Statutory Auditor Richard House Winckley Square Preston PR1 3HP
Bankers	Lloyds TSB 25 Gresham Street London EC2V 7HN
Solicitors	Lancashire County Council Legal Department County Hall Preston
Actuary	Mercer Limited Mercury Court Tithebarn Street Liverpool L2 2QH
Surveyors	Mouchel Group Export House Cawsey Way Woking GU21 6QX

ACADEMY @ WORDEN **(A COMPANY LIMITED BY GUARANTEE)**

GOVERNORS' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2013

The governors present their annual report together with the audited financial statements of the Academy for the period ended 31 August 2013.

Structure, Governance and Management

Constitution

Worden High School converted to Academy @ Worden ("The Academy") on 1 February 2013. The Academy 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.

The Academy was incorporated on 15 January 2013 and commenced its activities on transfer from the Local Authority on the conversion date stated above.

One of the governors acts as a member for the charitable activities of the Academy. There are three additional members who are not governors. All governors are also directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Academy @ Worden.

Details of the governors who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

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.

Governors' indemnities

The Academy has purchased indemnity insurance to protect governors and officers from claims arising in connection with Academy business. The insurance provides cover of up to £5,000,000 on any one claim.

Principal activities

The principal object and activity of the charitable company is the operation of a school to provide education for pupils of mixed abilities between the ages of 11 and 16. In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

ACADEMY @ WORDEN

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Method of recruitment and appointment or election of governors

The Governors are appointed by the following:

Parent governors	Elected by parents of the students of the Academy
Staff governors	Elected by staff of the Academy
Community governors	Appointed by Governing body
Co-opted governors	Appointed by Governing body

Policies and procedures adopted for the induction and training of governors

On appointment all governors are provided with induction training organised and monitored by the Acting Director of Business and Finance. Ongoing training is provided through Lancashire County Council who also provide the clerking service.

Organisational structure

The Academy is governed by its Governing Body, whose members are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The organisational structure of the Academy consists of four levels: the Members, the Governing Body, the Headteacher, the Senior Leadership Team and the Operational Leadership Team.

The Governing Body is responsible for setting general policies, adopting a school improvement plan and budget, monitoring the school's performance, making major policy decisions and appointing senior staff. Certain elements of these responsibilities are delegated to the following sub committees who make recommendations to the full Governing Body:

- Business and Resources
- Pupil, Curriculum and Learning
- Audit

The Headteacher, who is also the Accounting Officer, and Senior Leadership Team are responsible for the day to day operation of the school, mainly organising teaching and support staff, facilities and students.

The Senior Leadership Team comprises:

- The Deputy Headteacher
- Assistant Headteacher (Curriculum)
- Assistant Headteacher (Pastoral and Special Educational Needs)
- Acting Director of Business and Finance

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to governance, operations, finance, safeguarding and health and safety. These risks are reviewed on a termly basis by the governing body. Certain risks are managed by the Business and Resources Committee and others by the Curriculum committee. During the year operational procedures have been improved to reflect the increased governance required of academies. A number of new operational systems have been implemented during the period in order to minimise specific risks. These include monthly checking and authorisation of the payroll by the Headteacher and Deputy Headteacher and introduction of budget requisition forms which must be authorised by the budget holder before commitments are made.

The internal financial systems are based on the Academies Financial Handbook and are documented in the Academy Finance Manual and Scheme of Delegation. The systems are based on a framework of segregation of duties which include authorisation and approval. Financial management information is provided to the Headteacher on a monthly basis and to the Committee itself each term.

The responsible officer role has been performed during the period by TLL Accountants and their first report will shortly be presented to the Business and Resources Committee. Recommendations for improvements to systems and procedures will be implemented immediately after the report is received.

Connected organisations, including related party relationships

Academy@Worden is part of the Chorley and South Ribble Heads Group, which meets termly and works together to share information and good practice. Its purpose is to disseminate and discuss important information and to collaborate on activities aimed at improving provision for young people at Worden and in the area. The group includes colleges and other training providers which endeavour to develop projects and programmes which benefit young people who attend many of the participating schools. Another key element of this work is to provide additional services from agencies such as YPS to ensure appropriate support is put into place as swiftly as possible.

The school also attends meetings of representatives from Lancashire Academies and is part of the Central Lancaster High School Alliance. Again, the work of these networks is to improve provision in the participating schools. Worden is the host school for the area's 'School Games Organiser' and has facilities for the community police officers to use as and when required for meetings and other related activities.

ACADEMY @ WORDEN

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Objectives and Activities

Objects and Aims

The Academy Trust's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The principal aim of the Academy is to provide an outstanding learning environment that helps all students to fulfil their potential.

Academy@Worden is a happy, purposeful and thriving school that provides excellent opportunities for all students to succeed. Learning is the central focus of all that is done at Worden and it is committed to developing the whole child, providing opportunities essential for personal, intellectual, emotional and social growth.

All students are supported by a strong pastoral system, which ensures they receive the individual care and attention they need. An extensive system of rewards encourages the pursuit of excellence and values, and celebrates achievements in all areas of school life. High expectations of attendance, punctuality, uniform and behaviour underpins success in school and lays the foundations for success in the wider community and life beyond school.

All members of the school community are encouraged to work and cooperate in an atmosphere of mutual respect which is integral to the school ethos.

Objectives, strategies and activities

The main objectives for the period were:

- To maintain improvement in student attainment
- To maximise student numbers by actively marketing the academy

These were achieved by continually 'Raising the Bar.' The vision of Worden is to be an outstanding school with outstanding outcomes for all. The Academy Trusts Improvement Plan for the period under review was produced to achieve this vision and to address the challenges and opportunities arising from national changes in education policy and the conversion to academy status.

Key activities and targets have included the following:

- Improve the achievement of students and quality of their work including those with SEN and disabilities.
 - Narrow attainment 'gaps' between school and national performance and between different pupil groups and subjects within school
 - Use data effectively to track students in order to improve the progress of all students
 - Use the 'Pupil Premium' effectively and monitor impact

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Objectives, strategies and activities (continued)

- Further develop the range of intervention strategies to promote inclusion and monitor the impact of these strategies
- Improve the quality of teaching and learning.
 - Ensure consistently good and outstanding teaching across all subject areas
 - Provide high quality CPD including the promotion of Kagan structures
 - Improve whole school literacy and numeracy
- Improve the quality of leadership and management at all levels.
 - Strengthen leadership at all levels through focussed, consistent and rigorous monitoring using robust systems
 - Prepare fully for the imminent Ofsted inspection
- Further improve the behaviour and safety of students.
 - Develop students to take more ownership of their learning and use rewards to instil a desire to succeed
 - Analyse and track the use of the 'C system' for behaviour, to reduce persistent offenders and reduce fixed term and permanent exclusion through early/coordinated intervention
 - Review, improve and embed the 'R system' for rewarding pupils
- Review the curriculum to ensure it inspires and engages all learners. Promote the spiritual, moral, social and cultural development of the students and embed cross curricular skills.
 - Embed the 'options' curriculum for years 9 to 11 to ensure greater choice and stability for pupils, parents and staff
 - Develop a curriculum that identifies SMSC, numeracy and literacy across all aspects of the school
 - Design and implement new programmes of study for PSHE, WRL, WEx, SEAL, careers and IAG involving a range of external professionals including the appointment of our own 'Independent Student Advisor'
- Increase the involvement and role of stakeholders and the wider community.
 - Continue to develop the role of and recruit more PTFA members. Increase the involvement of PTFA members in the life of the school and raise funds for good causes and to improve the school environment.

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

- Ensure robust financial planning gives best value for money.
 - Further improve effective tracking of spending to ensure impact and best value
 - Plan for the financial requirements of Academy Status
 - Ensure staffing levels are appropriate to providing value for money

Public benefit

The Governors are aware of the Charity Commission Guidance on providing public benefit and have had due regard to this in exercising their duties during the period. This advice has been referred to when reviewing the aims of Worden and planning future activities that are for the benefit of the public.

The Academy trust provides education to children and young people that:

- is broad and balanced
- promotes spiritual, moral, cultural, mental and physical development of students at the school and of society
- prepares students for opportunities and experiences of later life
- promotes, sustains and increases individual and collective knowledge and understanding of specific areas of study, skills and expertise

The school is open to the public five evenings per week offering the use of its many sporting facilities including its outdoor pitches.

During the day it offers limited use by the general public for meetings and other activities such as keep fit for the elderly. Worden regularly hosts sporting festivals for partner primary schools and houses a defibrillator for use by the community in case of emergency.

Achievements and Performance

The latest Ofsted report, September 2012, rated the school 'GOOD' overall.

- | | |
|----------------------------------|--------|
| • Achievement of pupils | - Good |
| • Quality of teaching | - Good |
| • Behaviour and safety of pupils | - Good |
| • Leadership and management | - Good |

ACADEMY @ WORDEN
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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

The GCSE (and equivalents) results for 2013 are included in the table below. Previous years outcomes are also provided for comparison.

Indicator	2009	2010	2011	2012	2013
% 5+ A*-C inc English and maths	41	44	58	65	56
% 5+ A*-C	57	78	85	100	100
% 1+ A*-G	100	99	100	100	100
Average points score	386.0	426.1	470.0	537.0	501.9
% Students making three levels progress in English			90	89	72
% Students making three levels progress in maths			57	65	61
CVA/Value Added Score	993	1022	1018	1032	1025**

** Estimate of Value Added (Value Added is a measure of pupil progress based on KS2 performance. A score of 1000 broadly indicates that pupils have made the expected progress.

Academy Status was achieved on 1st February 2013 and the Academy was officially opened by Lorraine Fullbrook MP on 1st March 2013. This was a very auspicious occasion attended by many special guests including the Mayor and Mayoress of South Ribble and Olympian Alex Danson. Worden was recognised as a 'Gold Partner' school by the YST.

Ofsted reported that teaching is good and our internal monitoring indicates that 80% of lessons are good or outstanding. It also states that the management of teaching and learning is good.

Leadership and management were also rated good by Ofsted and the report states that leaders and managers monitor the work of individual staff effectively. As a result, they know the strengths of the school and understand where improvements can still be made. The report adds that the strongly improving trend in attainment, together with improved behaviour, demonstrates the school's excellent capacity to improve. These improvements in outcomes have come about through strong leadership and management at all levels and a relentless focus on raising aspirations among students and staff.

Ofsted finally reported that governors have a clear view of the school's strategic direction and provide strong challenge and support. The governing body includes a range of well-deployed expertise and has a record of dealing well with difficult issues. Governors have been quick to identify their own training needs and to take advantage of opportunities to develop their skills.

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Since March 2013 the school community worked hard to ensure the success enjoyed in 2012 was maintained. For a second consecutive year 100% of students gained 5+ A*-C and the 56% achieving 5+ A*-C grades including English and maths was well above the target of 45%. A great deal of intervention took place in all subject areas to maximise outcomes. English and maths have been a focus but all subjects in some way provided additional time to ensure pupils achieved their potential. Revision sessions before and after school, lunch time revision plus much more saw year 10 and 11 pupils respond positively to the support offered. The staff gave up their time and demonstrated their dedication in making sure that the pupils were fully prepared for their exams and controlled assessments. The staff have been thanked for this outstanding effort.

Worden continues to promote and market the school effectively across the locality and it is pleasing to report that 97 pupils put Worden as their first choice for starting high school in September 2013. This is the highest new intake since 2006 when it was 73. The front page of the Leyland Guardian reported that Worden was top of the 2012 GCSE league tables. Worden won the 2013 Rotary Club Young Writer Competition and two competitions hosted by Runshaw College. These were the 'Image of Diversity' competition, which is art based and this year had the theme of Respect, and the 'Spelling Bee' competition by beating off strong competition from other schools in the area. Worden came second in the National Cheerleading Competition for 'Pom'. The school won the South Ribble Young Leader of the year award and on June 25th won Lancashire Secondary School of the Year as well as Secondary School Pupil of the Year at the LEP Education Awards held at the Guild Hall in Preston.

Worden continued to make the quality of teaching its main priority for improvement with the aim to ensure all lessons contain at least good teaching on a daily basis. 'Learning and Teaching' workshops were introduced in 2012-13 and ran from 2pm to 4pm. The 5 workshops focussed on:

1. KAGAN (Collaborative learning across Worden)
2. Ofsted and the new framework
3. Literacy across the Curriculum
4. Mahara – ICT training
5. Assessment for Learning

The new school prospectus was designed with a new fresher look and the upgrade to the façade of the school is now complete with the Worden lion proudly displayed. The academy received a grant of £450,000 to replace the school roof which is in a poor state of repair.

The improved reward system proved to be very popular with all students and it has had an impact in and out of classrooms as pupils want to receive rewards for their efforts. The final rewards trip to Blackpool Pleasure Beach took place in the last full week of term for those who earned enough reward points and was a huge success.

Year 10 pupils completed a 'Work Related Learning Week' and the careers fair, which was part of the week, was a much bigger event than in the previous year and proved to be very popular. The week ended with a 'Health Day' followed by a full evaluation by pupils.

Middle Leader development continued to be a priority and two members of staff have signed up to undertake the NPQSL, a National College qualification for aspiring senior leaders. This will be completed by the end of 2013-14.

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

This year, Academy @ Worden delivered the Graduate Teacher Training Programme for the first time for one member of staff who had previously been employed as a cover supervisor. The programme will continue after the success of programme.

Attendance in 2011/2012 was 95.3%, above the national average, and in the top 40% of school nationally. Attendance for 2012-13 was 94.6% which was above target.

School continues to nurture students and provide a range of rewards, support and intervention strategies to help make them feel valued, inspire them to improve and to help them achieve. Some of these initiatives included:

- Nurture room open at breaks and lunch times for vulnerable pupils
- Year 10 students working with University of Central Lancashire on a mentoring programme
- Year 10 pupils working alongside the University of Central Lancashire on Global Youth Leadership
- Non uniform days to raise money for rewards and charities
- Year 10 Skills Northwest conference in Manchester
- Year 10 College Taster Days and college assemblies
- Presentation assemblies rewarding progress, achievement and good attendance
- Intervention from 'Lancashire Mind' (Young People Mental Health)
- Young People's Services – a variety of visits and events aimed at students
- The School Nurse visiting school weekly
- Year 6 transition meetings and year 5 visits for prospective pupils
- New Intake evenings and taster days
- Community litter pick in partnership with McDonalds

Intervention and support

- Year 11 received one to one mentoring for students on a weekly basis
- Breakfast Club which has seen a rise in attendance of 4.5% for the targeted pupils
- Parental meetings
- Pastoral Support Programmes
- Alternative provision through Rathbones – a local training provider
- Targeted support in lessons
- Access to the school counsellor
- Counselling

ACADEMY @ WORDEN

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Intervention and support (continued)

Academy@Worden continued to be instrumental in the success of the School Games Programme across South Ribble and Lancashire through its provision of facilities and Sports Leaders to host the many competitions, festivals and events which have included the provision of training opportunities through national governing body accredited courses for Sports Leaders from across all local secondary schools, thus equipping and enabling them to volunteer, officiate and assist in the extensive competitions calendar at primary and secondary level as well as those for our special schools.

This year Worden has organised, hosted and trained leaders for the following competitions/festivals:

- Sportshall Athletics
- Tag Rugby
- New Age Kurling
- Cricket
- Central Venue Netball and Football
- Table Tennis
- Inclusive Panathlon
- KS1 Multi-skills
- "Dance from the Heart" project

Academy@Worden is now an accredited 'Change4Life' club for both Table Tennis and Badminton.

Worden's Leadership Academy:

Worden's Leadership Academy has grown from strength to strength during the past 3 years and in doing so has played a very prominent role in leading and officiating at many of the primary competitions, festivals and the other organised PE events. As part of the PE department's ongoing commitment to the development of the Leadership Academy at Worden three students are now registered on the Youth Sport Trust's Ambassadors Programme.

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Going concern

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

Key performance indicators

- Exam targets
- Attendance statistics
- Reserves targets
- Environmental targets
- Staff ratios

Academy Environment

During the year the academy prepared a bid for funding from the Academies Capital Maintenance Fund to obtain a new roof. This bid was approved and work will begin shortly. In 2013/14 the academy will prepare further bids for ACMF and Salix funding to replace the boilers and replace lighting in corridors and classrooms.

The academy will use Devolved Formula Capital funding to refurbish several classrooms.

Financial Review

Performance Indicators

Staff Costs	£	% of GAG
Teaching	545,129	58
Learning Support	141,198	15
Premises	24,251	3
Admin	44,797	5
Other	10,239	1
Total	768,613	82

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Financial Review (continued)

The Academy's total incoming resources during the period were £4,349,761, including £3,185,748 in respect of the net transfer of assets on conversion. Full details of the assets and liabilities transferred are set out in Note 29 to the accounts.

The majority of the Academy's income derives from central government funding via the Education Funding Agency, in the form of current grants. Total funding received for the Academy's educational operations in the period was £1,138,817 and further details are provided in Note 5 to the accounts.

Total outgoing resources for the period were £1,195,073, the majority of which related to the direct provision of educational operations (£1,131,990). The excess of income over expenditure was £3,158,688. However if we exclude the transfer of fixed assets, pension scheme deficit and other assets on conversion, there was a net deficit of £27,060.

At the period end the School's total reserves were £3,158,688, including unrestricted funds of £193,691 and restricted funds of £2,964,997. Restricted funds include fixed assets of £3,435,439, less the LGPS pensions scheme deficit of £487,000. The remaining balances on restricted funds relate to funding received in the period which is due to be spent in 2013/14 in accordance with the terms of funding. Further detail is provided in Note 17.

At 31st August 2013 all assets shown in the accounts were used exclusively for providing education and associated support services to students of the Academy.

Financial and risk management objectives and policies

During the year the academy adopted a cautious financial approach due to the need to build up reserves for the 2014/15 and 2015/16 years, when the academy will be funded for less than 80% of its total roll due to the "lagged funding" system.

The academy prepares an annual cash flow plan which is approved and monitored by the Business and Resources Committee. The plan adopts a cautious approach to cash management and ensures the academy remains in funds each month.

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Principal risks and uncertainties

The principal risk the academy faces is loss of grant income due to a reduction in student numbers. The governors intend to mitigate this risk by planning a range of marketing activities which ensures the increase in numbers in the previous two years continues, in accordance with the academy's long term strategic plan

Reserves policy

Restricted GAG reserves

The Governors have considered the level of GAG reserves which they believe will provide sufficient working capital to cover delays between the spending and receipt of grants and unexpected or planned future revenue and capital costs. The Governors believe that, under normal circumstances, the appropriate level of GAG reserve should be between 0.5% and 2.5% of GAG income, which equates to approximately £8,000 - £41,000 on an annual basis, and aim to keep the reserve within these parameters.

At 31 August 2013 the school held GAG reserves of £6,468, which represents 0.68% of the GAG income for the period

Unrestricted reserves

In addition to the GAG reserve, which can only be utilised for the restricted purposes set out in the Funding Agreement, the school holds unrestricted free reserves, which provide additional working capital and are not committed or designated. It is the Governors' policy to aim to hold £120,000, approximately 1 months' expenditure in unrestricted reserves, to provide an additional cushion over and above the restricted GAG reserve.

At 31 August 2013 the level of unrestricted reserves held was £193,691. This exceeded the target amount but it reflects the cautious approach adopted during 2013.

Restricted pension scheme reserve

On conversion, the School inherited a deficit of £476,000 in respect of the Local Government Pension Scheme, which many of the non-teaching staff belong to. This deficit had increased to £487,000 by 31 August 2013, mainly due to changes in actuarial assumptions regarding future returns on investments and the present value of future liabilities. The level of any deficit payments will be reviewed following the next actuarial valuation in 2013 and any changes in the required level of payment will be included in the School's annual budget from the date they take effect. The School does not have an obligation to settle this liability immediately and there are no indications that it will crystallise in the foreseeable future. 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.

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Investment policy

All investments are agreed by the Governing Body, which has regard to the Charity Commission guidance in relation to charity investment policy. The school does not currently hold any investments other than cash, which is held for its normal operations. The Governing Body has adopted a low risk strategy to its cash holdings. All surplus cash is held in the main bank account to ensure that there is always access to sufficient cash to meet short and medium term requirements. The governors will investigate the possibility of investing surplus cash in a higher interest account.

Plans for future periods

A summary of the 2013-14 Academy Improvement Plan is provided below.

Outstanding learning and teaching

Improve the quality of teaching (Teaching over time) to ensure it is at least good in all lessons. Learning is consistently good.

Outstanding achievement and progress

Improve the attainment and progress of pupils in all groups including those with Special Educational Needs and disabilities. Raise standards across the school and improve the quality of work produced by all pupils.

Outstanding Leadership

Develop the skills of all leaders in evaluating the quality of provision and implementing strategies to drive improvement.

Outstanding Inclusion and behaviour, including 'Behaviour for Learning'

Provide a safe environment where all learners respect themselves and others. They behave well, take ownership of their own learning and have a desire to learn and succeed. Strengthen communication and involvement of parents including the development of the PTFA.

Outstanding ICT and School Information Systems

Audit current ICT provision including the use of hand held and wireless technology. Develop ICT and MIS to meet the needs of learners, trainers and employers in an ever changing world.

Outstanding environment

Establish a clear and fully costed long term plan for improvements to the fabric and integrity of the building and improvements required to make the learning environment pleasant and inspiring.

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(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Outstanding Academy Business and Financial Planning.

Prepare and implement an effective and fully costed Improvement plan in order to achieve the Academy's vision to be an 'Outstanding' school.

Funds held as Custodian Trustee on behalf of others

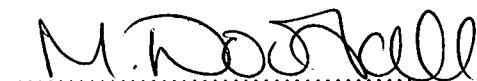
No custodian funds are held.

Auditor

In so far as the governors are aware:

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

Approved by order of the members of the Governing Body on 5th December 2013 and signed on its behalf by:



M T Woodall
Chair

ACADEMY @ WORDEN

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GOVERNANCE STATEMENT

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The governing body has formally met twice during the period. Attendance during the period at meetings of the governing body was as follows:

Governor		Meetings attended	Out of a possible
Mrs MT Woodall	(Chairman)	2	2
Mr C Catherall	(Headteacher and Accounting Officer)	2	2
Mrs M Abbott	(Community Governor)	2	2
Mrs J Bell	(Community Governor)	-	2
Mr A Blackburn	(Staff Governor)	2	2
Mr D Blackledge	(Staff Governor)	2	2
Mr CJ Ferguson	(Community Governor)	2	2
Mr A Hammersley	(Co-opted Governor)	2	2
Miss C Harrison	(Community Governor)	-	2
Mr S J Hawkins	(Parent Governor)	1	2
Mrs KE Hawkins	(Parent Governor)	2	2
Mr DJ Hewitt	(Community Governor)	2	2
Mrs AC Howden	(Community Governor)	2	2
Miss D Swarbrick	(Parent Governor)	-	2
Mr E Webster	(Staff Governor)	2	2

The Business and Resources Committee is a committee of the main governing body. Its purpose is to ensure sound management of the academy's finances and resources, including proper planning monitoring and probity.

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT

Governor		Meetings attended	Out of a possible
Mrs MT Woodall		2	2
Mr C Catherall	(Headteacher and Accounting Officer)	2	2
Mrs M Abbott		2	2
Mrs J Bell		-	2
Mr CJ Ferguson	(Chairman of Committee)	2	2
Mr A Hammersley		2	2
Mrs C Harrison		-	2
Mr S J Hawkins		1	2
Mrs KE Hawkins		2	2
Mr DJ Hewitt		-	2
Mrs AC Howden		2	2
Miss D Swarbrick		1	2

The Pupil, Curriculum & Learning Committee is a committee of the main governing body. Its purpose is to monitor and evaluate the curriculum of the academy and the quality of education provided. Attendance at meetings in the period was as follows:

Governor		Meetings attended	Out of a possible
Mrs MT Woodall	(Chairman of Committee)	1	1
Mr C Catherall		1	1
Mrs M Abbott		1	1
Mrs J Bell		1	1
Mr A Blackburn		1	1
Mr D Blackledge		1	1
Mr A Hammersley		1	1
Mr S J Hawkins		1	1
Mrs AC Howden		-	1

The Audit Committee was formed on 14th March 2013 and is a committee of the main governing body. Its purpose is to oversee the preparation and audit of the annual accounts. The Audit Committee has not met during the year.

Governor

Mrs M Abbott
Mr A Blackburn
Mrs K E Hawkins
Mrs A C Howden

The Appraisal and Pay Committee is a committee of the main governing body. Its purpose is to oversee staff appraisals and pay awards. The Appraisal and Pay Committee has not met during the year.

ACADEMY @ WORDEN

(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT (CONTINUED)

Governor

Mr C J Ferguson
Mrs C Harrison
Mr D J Hewitt
Mrs M Woodall

The purpose of the system of internal control

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

Capacity to handle risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The risk and control framework

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

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

ACADEMY @ WORDEN
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GOVERNANCE STATEMENT (CONTINUED)

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed TLL Accountants 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. On a termly basis, the RO will report to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

The ROs first report is expected in early November.

Review of effectiveness

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

Risk Register

The Governing Body have prepared a risk register which was approved in July 2013. The register identified key risks which will be reviewed on a termly basis by the governing body. Many of the risks have been allocated to the Business and Resources and Teaching, Learning and Curriculum committees. Each committee will create a risk sub-committee which will meet specifically to review risks and actions taken by the management of the academy to mitigate them.

Financial Management and Governance

The governors prepared a self-assessment in May, together with an action plan to ensure all outcomes are achieved within the next few months.

Responsible Officer (RO) Function

The governors have appointed TLL Accountants to perform the RO function. They will present quarterly reports to the Business and Resources Committee on the systems of control within the academy. Recommendations arising from the reports will be implemented immediately after the reports are approved.

Internal Controls

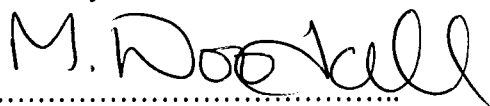
During the year several actions have been taken to improve internal controls. These have included :

A system to ensure the payroll is approved by senior management before processing.

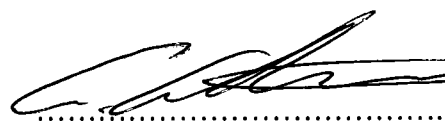
Introduction of a commitment system to improve financial monitoring.

Preparation of a three year financial plan based on forecast intake numbers.

Approved by order of the members of the Governing Body on 5th December 2013 and signed on its behalf by:



M T Woodall – Chair



C Catherall –Accounting Officer

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of the Academy Trust I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



.....
C Catherall
Accounting Officer

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who act as trustees for charitable activities and are also directors of the academy trust for the purposes of company law) are responsible for preparing the Governors' 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 governors to prepare financial statements for each financial period. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and its the incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

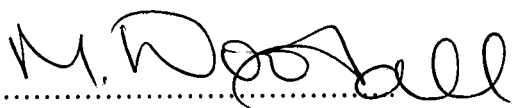
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures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

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

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

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

Approved by order of the members of the governing body on 5th December 2013 and signed on its behalf by:



M T Woodall
Chair

ACADEMY @ WORDEN

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

FOR THE PERIOD ENDED 31 AUGUST 2013

We have audited the financial statements of Academy @ Worden for the period 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 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 trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 23, the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2013, and of its incoming resources and application of resources, including its income and expenditure, for the period 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 Annual Accounts Direction 2013 issued by the Education Funding Agency.

**ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

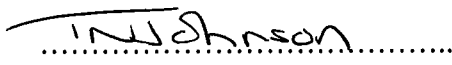
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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


.....
Tracey Johnson FCA, DChA
Senior Statutory Auditor

For and on behalf of
Moore and Smalley LLP
Chartered Accountants & Statutory Auditor

Richard House
Winckley Square
Preston
PR1 3HP

17 December 2013

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

FOR THE PERIOD ENDED 31 AUGUST 2013

In accordance with the terms of our engagement letter dated 16 May 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the period 1 February 2013 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 the academy trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the academy trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the EFA, for our work, for this report, or for the opinion we have formed.

Respective responsibilities of the accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the academy trust's funding agreement with the Secretary of State for Education dated 30 January 2013 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, in our opinion, anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 February 2013 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2013

The work undertaken to draw our conclusion includes an evaluation of the control environment of the school together with appropriate enquiry, analytical review and substantive testing of transactions.

Conclusion

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

Moore & Smalley LLP

Moore and Smalley LLP
Chartered Accountants

Richard House
Winckley Square
Preston
PR1 3HP

17 December 2013

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATES THE INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

FOR THE PERIOD ENDED 31 AUGUST 2013

		Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	7 months Total 2013 £
Incoming resources	Note				
<i>Incoming resources from generated funds:</i>					
Voluntary income	2	1,175	1,600	-	2,775
Transfer from local authority on conversion	29	189,748	(476,000)	3,472,000	3,185,748
Activities for generating funds	3	22,262	-	-	22,262
Investment income	4	159	-	-	159
<i>Incoming resources from charitable activities:</i>					
Funding for the Academy's educational operations	5	-	1,138,817	-	1,138,817
Total incoming resources		213,344	664,417	3,472,000	4,349,761
Resources expended					
<i>Cost of generating funds:</i>					
Costs of activities for generating funds	6	16,496	-	-	16,496
<i>Charitable activities:</i>					
Academy's educational operations	7	3,157	1,092,272	36,561	1,131,990
<i>Other finance costs</i>	8	-	12,000	-	12,000
<i>Governance costs</i>	9	-	34,587	-	34,587
Total resources expended	6	19,653	1,138,859	36,561	1,195,073
Net incoming/(outgoing) resources before transfers		193,691	(474,442)	3,435,439	3,154,688
Gross transfers between funds	17	-	-	-	-
Net income/(expenditure) for the period before revaluations		193,691	(474,442)	3,435,439	3,154,688
Other recognised gains and losses					
Actuarial (losses)/gains on defined benefit pension schemes	28	-	4,000	-	4,000
Net movement in funds		193,691	(470,442)	3,435,439	3,158,688
Reconciliation of funds					
Funds brought forward at 15 January 2013	17	-	-	-	-
Funds carried forward at 31 August 2013		193,691	(470,442)	3,435,439	3,158,688

All of the Academy's activities derive from acquisitions in the current financial period

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET

AS AT 31 AUGUST 2013

	Note	2013	
		£	£
Fixed assets			
Tangible assets	13		3,435,439
Current assets			
Stock	14	4,215	
Debtors	15	67,843	
Cash at bank and in hand		338,557	
		410,615	
Creditors: Amounts falling due within one year	16	(200,366)	
Net current assets			210,249
Net assets excluding pension liability			3,645,688
Pension scheme liability	28	(487,000)	
Net assets including pension liability			3,158,688
Funds of the academy:			
Restricted funds			
Fixed asset funds	17	3,435,439	
General funds	17	16,558	
Pension reserve	17	(487,000)	
Total restricted funds			2,964,997
Unrestricted funds	17		193,691
Total funds			3,158,688

The financial statements on pages 28 to 53 were approved by the Governors, and authorised for issue on 5th December 2013 and are signed on their behalf by:



M T Woodall
Chair

Company Limited by Guarantee
Registration Number 08360915

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2013

	Notes	7 months 2013 £
Net cash inflow from operating activities	21	139,857
Returns on investments and servicing of finance	22	159
Net capital income/(expenditure)	23	8,793
Cash transferred on conversion to an academy trust	29	189,748
Increase in cash in the period	24	338,557
Reconciliation of net cash flow to movement in net funds		
Net funds at 15 January 2013		-
Net funds at 31 August 2013		338,557

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Statement of Accounting policies

Basis of preparation

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

Going concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

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

Grants receivable

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

Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable, where there is certainty of receipt

Donations

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

Other income

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

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Statement of Accounting policies (continued)

Donated services and gifts in kind

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

Resources expended

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

Costs of generating funds

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

Charitable activities

These are costs incurred on the Academy's educational operations.

Governance costs

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

All resources expended are inclusive of any irrecoverable VAT.

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Statement of Accounting policies (continued)

Conversion to an Academy

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

The assets and liabilities transferred on conversion from Worden High School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

On conversion the School acquired the land and buildings from which it operates under a 99 year lease. No value was paid for the land and buildings, which have been incorporated into the accounts as a donated asset, based on a depreciated replacement cost valuation carried out as at 31 August 2013 on behalf of the Department for Education by Mouchel. This valuation has been adjusted to take account of depreciation in the period since conversion, to arrive at an estimate for the value of land and buildings acquired on conversion.

In addition, the School inherited the fixtures and fittings and other tangible fixed assets in use by the School at the date of conversion. Except for certain computer equipment recently purchased, the remaining assets had been held for a significant period of time and were fully depreciated. An estimate of the current fair value was not readily available and the cost of obtaining a valuation was considered to be disproportionate to the value of including such a valuation in the accounts. No value has therefore been included in the accounts for these assets. The insurance value of fixtures and fittings and other assets inherited on conversion was £1,890,000.

Tangible fixed assets

Assets costing £3,000 or more are considered for capitalisation as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Statement of Accounting policies (continued)

Tangible fixed assets (continued)

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

Freehold buildings	2%
Refurbishments to Land & Buildings	2% - 10%
Fixtures, fittings and equipment	10% - 20%
ICT equipment	33.3%
Motor Vehicles	20%%

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

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

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Stock

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

Taxation

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

ACADEMY @ WORDEN
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Statement of Accounting policies (continued)

Pension benefits

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

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

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

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 governors.

Restricted fixed asset funds are resources which have been utilised in acquiring fixed assets. The initial funding may have arisen from unrestricted funds or other restricted funds, a transfer from the appropriate fund is made to the fixed asset fund to identify the capitalisation of an asset and future depreciation on these assets will be charged to the fixed asset fund.

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

2	Voluntary income				
		Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	7 months Total 2013 £
	Other donations	1,175	1,600	-	2,775
		1,175	1,600	-	2,775
3	Activities for generating funds				
		Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	7 months Total 2013 £
	Hire of facilities	12,052	-	-	12,052
	Uniform sales	3,689	-	-	3,689
	Sundry income	6,521	-	-	6,521
		22,262	-	-	22,262
4	Investment income				
		Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	7 months Total 2013 £
	Bank interest receivable	159	-	-	159

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

5 Funding for Academy's educational operations

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	7 months Total 2013 £
DfE/EFA grants				
Capital grants	-	8,793	-	8,793
General Annual Grant (GAG)	-	946,185	-	946,185
Start up grant	-	25,000	-	25,000
Insurance grant	-	16,960	-	16,960
Pupil premium	-	41,938	-	41,938
Other DfE/EFA grants	-	32,944	-	32,944
	-	1,071,820	-	1,071,820
Other government grants				
Special needs educational projects	-	59,972	-	59,972
Other government grants	-	-	-	-
	-	59,972	-	59,972
Other educational income				
School trips	-	7,025	-	7,025
	-	7,025	-	7,025
Total	-	1,138,817	-	1,138,817

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

6 Resources expended

	Staff costs	Premises	Other costs	7 months Total 2013 £
	£	£	£	£
Cost of activities for generating funds	11,503	1,206	3,787	16,496
Academy's educational operations	788,112	168,100	175,778	1,131,990
Other finance costs	-	-	12,000	12,000
Governance costs	-	-	34,587	34,587
	799,615	169,306	226,152	1,195,073

Incoming/outgoing resources for the period include:

	2013 £
Fees payable to auditor:	
Audit of the financial statements	5,500
TPS audit	450
Preparation of the statutory accounts	1,500
Operating leases	23,837
Depreciation	44,625
Profit/(loss) on disposal of fixed assets	-

7 Charitable activities – Academy's educational operations

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	7 months Total 2013 £
Direct				
Teaching and educational support staff	-	695,813	-	695,813
Educational supplies and services	3,157	72,843	-	76,000
ICT costs expensed	-	18,170	-	18,170
Support				
Administrative and other staff	-	79,160	-	79,160
Other staff related costs	-	13,139	-	13,139
Maintenance of premises	-	23,273	-	23,273
Other occupancy costs	-	106,067	-	106,067
Other supplies and services	-	75,880	-	75,880
School trips	-	5,728	-	5,728
Other equipment costs expensed	-	2,199	-	2,199
Depreciation - Other	-	-	36,561	36,561
	3,157	1,092,272	36,561	1,131,190

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

8 Other finance costs

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	7 months Total 2013 £
Expected return on pension scheme assets (note 27)	-	(6,000)	-	(6,000)
Interest on pension scheme liabilities (note 27)	-	18,000	-	18,000
	-	12,000	-	12,000

9 Governance costs

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	7 months Total 2013 £
Legal and professional fees	-	26,001	-	26,001
Audit Fee	-	5,500	-	5,500
TPS Audit	-	450	-	450
Preparation of the statutory accounts	-	1,500	-	1,500
Other support costs	-	1,136	-	1,136
	-	34,587	-	34,587

10 Staff costs

	7 months 2013 £
<i>Staff costs during the period were:</i>	
Wages and salaries	629,156
Employer's national insurance contribution	46,954
Pension costs	92,503
	768,613
Supply teacher costs	9,843
Staff related insurance	8,020
Other staff related costs	13,139
	799,615

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

11 Staff costs (continued)

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

	2013 Number	2013 Full-time equivalent
<i>Charitable activities</i>		
Teachers	17	16
Administration and support	21	14
Management	5	5
	<u>43</u>	<u>35</u>

The number of employees whose emoluments (excluding pension contributions, on a twelve month pro rata basis) fell within the following bands was:

	2013 £
£70,001 - £80,000	<u>1</u>
	<u>1</u>

The above employee participated in the Teacher's Pension Scheme. During the period ended 31 August 2013, pension contributions for this member of staff amounted to £5,343.

11 Governors' remuneration and expenses

Headteacher and staff governors only received remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of the governors' remuneration (including pension contributions) for the 7 month period was as follows:

C Catherall – Headteacher and Governor:	£40,000 to £45,000
A Hammersley – Co-opted Governor:	£30,000 to £35,000
D Blackledge – Staff Governor:	£30,000 to £35,000
E Webster – Staff Governor:	£5,000 to £10,000
A Blackburn – Staff Governor:	£25,000 to £30,000
A Howden – Community Governor:	£Nil to £5,000

During the period ended 31 August 2013, travel and subsistence expenses totalling £nil were reimbursed to governors. Related party transactions involving the governors are set out in note 28.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

12 Governors' and officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

13 Tangible fixed assets

	Leasehold land and buildings £	Total £
Cost		
At 9 March 2012	-	-
Transfer on conversion	3,472,000	3,472,000
Additions	-	-
Disposals	-	-
At 31 August 2013	3,472,000	3,472,000
Depreciation		
At 9 March 2012	-	-
Charged in period	36,561	36,561
Disposals	-	-
At 31 August 2013	36,561	36,561
Net book values		
At 31 August 2013	3,435,439	3,435,439

Leasehold land and buildings includes land at a value of £338,000 which is not depreciated.

14 Stock

	2013 £
Clothing	4,215
	4,215

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

15	Debtors	2013
		£
	VAT recoverable	11,773
	Other debtors	8,518
	Prepayments and accrued income	47,552
		67,843
16	Creditors: amounts falling due within one year	2013
		£
	Trade creditors	60,959
	Other taxes and social security	43,060
	EFA creditor: abatement of GAG	43,065
	Accruals and deferred income	53,282
		200,366
	Deferred income	2013
		£
	Deferred income at 15 January 2013	-
	Resources deferred in the period	10,769
	Amounts released from previous periods	-
	Deferred income at 31 August 2013	10,769

At the balance sheet date the academy trust was holding funds received in advance for the insurance grant of £10,769, which covers the period from September 2013 to January 2014.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

17 **Funds**

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 Aug 2013 £
Restricted general funds				
General Annual Grant (GAG)	946,185	(939,717)	-	6,468
Capital grants	8,793	-	-	8,793
Other DfE/EFA grants	116,842	(116,842)	-	-
Other government grants	59,972	(59,972)	-	-
Other income	8,625	(7,328)	-	1,297
	1,140,417	(1,123,859)	-	16,558
Pension reserve	(476,000)	(15,000)	4,000	(487,000)
	664,417	(1,138,859)	4,000	(470,442)
Restricted fixed asset funds				
Capital expenditure	3,472,000	(36,561)	-	3,435,439
	3,472,000	(36,561)	-	3,435,439
Total restricted funds	4,136,417	(1,175,420)	4,000	2,964,997
Unrestricted funds	213,344	(19,653)	-	193,691
Total funds	4,349,761	(1,195,073)	4,000	3,158,688

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

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

General Annual Grant must be used for the normal running expenses of the School and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement.

Other DfE/EFA grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant.

Other government grants includes LEA funding for Special Educational Needs of £59,972, which was fully expended in the period.

Other restricted funds include contributions received for school trips and non public donations and the related expenditure.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

18 Funds (continued)

The pension reserve represents the value of the School's share of the deficit in the Local Government Pension Scheme. The value of the deficit inherited in conversion was £476,000, and had risen to £487,000 at 31 August 2013.

Restricted fixed asset funds include assets inherited on conversion and expenditure out of GAG and other capital grants during the period. Depreciation is charged against the fund.

18 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	3,435,439	3,435,439
Current assets	193,691	216,924	-	410,615
Current liabilities	-	(200,366)	-	(200,366)
Pension scheme liability	-	(487,000)	-	(487,000)
Total net assets	193,691	(470,442)	3,435,439	3,158,688

19 Capital commitments

**2013
£**

Contracted for but not provided in the financial statements

-

20 Financial commitments

Operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

**2013
£**

Other

Expiring within one year

18,293

Expiring within two and five years inclusive

20,280

Expiring in over five years

-

38,573

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

21	Reconciliation of net income to net cash inflow from operating activities	7 months 2013 £	
	Net incoming resources	3,154,688	
	Depreciation (note 13)	36,561	
	Capital grants from DfE/EFA and other capital income	(8,793)	
	Interest receivable (note 4)	(159)	
	FRS 17 pension cost less contributions payable (note 27)	3,000	
	FRS 17 pension finance income (note 27)	12,000	
	Net assets inherited on conversion (note 29)	(3,185,748)	
	(Increase)/decrease in stocks	(4,215)	
	(Increase)/decrease in debtors	(67,843)	
	(Increase)/decrease in creditors	200,366	
	Net cash inflow from operating activities	139,857	
22	Returns on investments and servicing of finance	7 months 2013 £	
	Interest received	159	
	Net cash inflow from returns on investment and servicing of finance	159	
23	Capital income and expenditure	7 months 2013 £	
	Capital grants from DfE/EFA and other capital income	8,793	
	Net cash inflow from capital expenditure and financial investment	8,793	
24	Analysis of changes in net funds	<div>At 15</div> <div>January</div> <div>2013</div> <div>Cash flows</div> <div>£</div> <div>At 31</div> <div>August</div> <div>2013</div> <div>£</div>	
	Cash in hand and at bank	-	338,557
		338,557	

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

25 Contingent liabilities

There were no contingent liabilities at 31 August 2013.

26 Members' liability

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

27 Pension and similar obligations

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

27 **Pension and similar obligations (continued)**

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate 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 investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 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 the 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 is assumed to be 1.5%. The assumed gross rate of return is 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

27 Pension and similar obligations (continued)

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of $1/57^{\text{th}}$; 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 School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School 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 School has set out above the information available on the scheme and the implications for the School in terms of the anticipated contribution rates.

Local government pension scheme

The academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the period ended 31 August 2013 was £25,531, of which employer's contributions totalled £19,392 and employees' contributions totalled £6,139. The agreed contribution rates for future years are 19.1% for employers and 6.0% for employees.

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

27 **Pension and similar obligations (continued)**

Local government pension scheme (continued)

Principal actuarial assumptions	2013 %
Rate of increase in salaries	4.4
Rate of increase in pensions	2.4
Discount for scheme liabilities	4.6
Inflation assumption (CPI)	2.4
Commutation of pensions to lump sums (maximum cash)	50.0
Commutation of pensions to lump sums (3/80ths cash)	50.0

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

	2013
<i>Retiring today</i>	
Males	22.1
Females	24.8
<i>Retiring in 20 years</i>	
Males	23.9
Females	26.7

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

	Expected 2013 %	Fair value 2013 £000
Equities	7.0	114
Government bonds	3.4	15
Other bonds	4.4	46
Property	5.7	18
Cash	0.5	10
Other	7.0	18
Total market value of assets		221
Present value of scheme liabilities funded		(708)
Surplus/(deficit) in the scheme		(487)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

27 **Pension and similar obligations (continued)**

Local government pension scheme (continued)

The expected rate of return on plan assets is based on market expectations. The assumptions used to determine the expected rate are an average of the assumed market expectations appropriate to the individual asset classes weighted by the proportion of the assets in a particular class.

The actual return on scheme assets was £10,000.

Amounts recognised in the statement of financial activities	7 months 2013 £000
Current service cost (net of employee contributions)	37
Past service cost	-
Total operating charge	37
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	6
Interest on pension liabilities	(18)
Pension finance income/(costs)	(12)

The actual gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £4,000 gain.

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

	2013 £000
At 15 January	-
On conversion	642
Current service cost	37
Past service cost	-
Interest cost	18
Employee contributions	11
Actuarial (gain)/loss	-
Curtailments and settlements	-
Benefits paid	-
At 31 August	708

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

28 Pension and similar obligations (continued)

Local government pension scheme (continued)

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

	2013 £000
At 15 January	-
On conversion	166
Expected return on assets	6
Actuarial gain/(loss)	4
Employer contributions	34
Employee contributions	11
Assets distributed on settlements	-
Transfer in of new members	-
Benefits paid	-
At 31 August	221

The estimated value of employer contributions for the year ended 31 August 2014 is £33,937.

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

	7 months 2013 £000
Present value of defined benefit obligations	(708)
Fair value of share of scheme assets	221
Surplus/(deficit) in the scheme	(487)
Experience adjustments on share of scheme assets	4
Experience adjustments on scheme liabilities	-

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

28 Related party transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

There were no transactions with related parties in the period.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

29 Conversion to an Academy Trust

On 15 January 2013 Worden High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Academy from Lancashire County Council for £nil consideration.

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

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/Leasehold land and buildings	-	-	3,472,000	3,472,000
Budget surplus/(deficit) on LA funds	176,522	-	-	176,522
Budget surplus/(deficit) on other school funds	13,226	-	-	13,226
LGPS pension surplus/(deficit)	-	(476,000)	-	(476,000)
Net assets/(liabilities)	189,748	(476,000)	3,472,000	3,185,748

The above net assets include £189,748 that were transferred as cash.

Land and buildings were acquired from the Local Authority on conversion under a 125 year lease and have been incorporated into the accounts as a donated asset, based on a depreciated replacement cost valuation carried out as at 31 March 2013 on behalf of the Department for Education by Mouchel. This valuation has been adjusted to take account of depreciation in the period since conversion to arrive at an estimate for the value of land and buildings acquired on conversion.

Other tangible assets acquired on conversion relate to computer equipment recently purchased and other assets which had been held for a significant period of time and were fully depreciated. An estimate of the current fair value was not readily available for these assets and the cost of obtaining a valuation was considered to be disproportionate to the value of including such a valuation in the accounts. No value has therefore been included in the accounts for these assets. The insurance value of fixtures and fittings and other assets inherited on conversion was £1,889,945.