

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2015**

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**CONTENTS**

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	Page
<b>Reference and administrative details of the academy, its trustees and advisers</b>	1 - 2
<b>Trustees' report</b>	3 - 10
<b>Governance statement</b>	11 - 15
<b>Statement on regularity, propriety and compliance</b>	16
<b>Trustees' responsibilities statement</b>	17
<b>Independent auditors' report</b>	18 - 19
<b>Independent reporting accountant's assurance report on regularity</b>	20 - 21
<b>Statement of financial activities</b>	22
<b>Balance sheet</b>	23
<b>Cash flow statement</b>	24
<b>Notes to the financial statements</b>	25 - 42

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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<b>Members</b>	Mr R Breeze (resigned 31 December 2014) Mr M Key Miss C Reader Mrs L Phillips
<b>Trustees</b>	Mr M Key, Chairman <sup>2,3</sup> Mr R Breeze, Head Teacher (resigned 31 December 2014) <sup>1,2,3</sup> Mr J Dickson (appointed 13 October 2014) <sup>2,3</sup> Mrs H Gowers <sup>1</sup> Mr R Hill <sup>1,2,3</sup> Mrs B McPhail <sup>2,3</sup> Mrs L Phillips <sup>1</sup> Mrs S Pike, Staff Governor (appointed 13 October 2014) <sup>1,2,3</sup> Miss C Reader <sup>2</sup> Mrs S Stell, Head Teacher <sup>1,2,3</sup> Mrs J Stoneman, Staff Governor <sup>1</sup> Mrs N Turner, Staff Governor (appointed 21 January 2015) <sup>1</sup> Ms G Wilkes, Staff Governor (resigned 24 September 2014) <sup>1</sup> Mr I Wright (resigned 2 October 2014) <sup>1,2,3</sup>
	1 Environmental/Curriculum committee 2 Staffing committee 3 Finance committee

**Company registered  
number** 07566505

**Principal and Registered  
office** St Margaret's Academy  
Barewell Road  
Torquay  
Devon  
TQ1 4PA

**Company secretary** Mrs N Rogers

**Accounting officer** Mrs S Stell

**Senior management  
team** Mrs S Stell, Headteacher  
Mrs S Pike, Deputy Headteacher  
Mr J Shelling, Assistant Headteacher  
Miss C Wooldridge, Assistant Headteacher  
Mrs N Turner, Assistant Headteacher  
Mrs V Rourke, Head of Foundation Stage  
Mrs N Rogers, School Business Manager

**Independent auditors** Bishop Fleming LLP  
Chartered Accountants  
Statutory Auditors  
50 The Terrace  
Torquay  
Devon  
TQ1 1DD

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**Administrative details (continued)**

**Bankers**

Lloyds Bank plc  
2 Palace Avenue  
Paignton  
Devon  
TQ3 3ER

Nationwide Building Society  
PO Box 3  
5-11 Se Georges Street  
Douglas  
Isle of Man  
IM86 1BR

**Solicitors**

Kitsons  
Minerva House  
Orchard Way  
Edginswell Park  
Torquay  
Devon  
TQ2 7FA

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2015**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 4 to 11 in Torquay. It has a pupil capacity of 420 and had a roll of 411 in the school census on 1 October 2015.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

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 Trustees of St Margaret's Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as St. Margaret's Academy.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

**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 they cease to be a member.

**Trustees' Indemnities**

Trustees benefit from indemnity insurance purchased at the academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the academy. The limit of this indemnity is £10 million.

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim.

**TRUSTEES**

**Method of recruitment and appointment or election of Trustees**

The Academy's Governing Body comprises the Headteacher, a minimum of 2 Parent Trustees, up to 3 Staff Trustees (providing that the total number of Trustees, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 6 other Trustees.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 2 Parent Trustees who are elected by Parents of registered pupils at the Academy.
- up to 3 staff Trustees elected by Staff of the Academy.
- up to 6 Community Trustees who are appointed by the Governing Body.
- the Headteacher who is treated for all purposes as being an ex officio Governor.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

**Policies and Procedures adopted for the Induction and Training of Trustees**

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

**Organisational Structure**

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for approval. It monitors the activities of the Committees through the minutes and reports of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 2 committees as follows;

**Resources Committee (Finance & Staffing Sub-committees)** - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.

**Curriculum & Environment Committee** - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteacher, three Assistant Headteachers, the Academy Business Manager and the Foundation Stage Leader. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Academy has a leadership structure which consists of the Trustees and the Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Headteacher, Academy Business Manager and Finance Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Governor.

The Head Teacher is the Accounting Officer.

**Connected Organisations, including Related Party Relationships**

There are no related parties which either control or significantly influence the decisions and operations of St Margaret's Academy.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal object and activity of the Academy is to advance, for the public benefit, education in the school, offering a broad range of curriculum for pupils of different abilities.

The principal object and activity of the Charitable Company is the operation of St Margaret's Academy to provide free education and care for pupils of different abilities between the ages of 4 and 11.

The aims of the Academy during the year ended 31 August 2015 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra curricular activities.
- to develop students as more effective learners.
- to develop the Academy site so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At St Margaret's Academy we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

**Objectives, Strategies and Activities**

Key priorities for the year are contained in our Academy Development Plan which is available from the Academy Office. Improvement focuses identified for this year include:

- Ensure that attainment and progress in the core subjects is consistently high across the school
- Foundation stage attainment
- Continue to modify our curriculum and adopt those relevant parts of the new National Curriculum
- Continue to develop and refine assessment procedures across the school
- Continue to maintain THRIVE provision
- Provision for Hearing Impaired Children
- Seek to improve resources and the learning environment
- Continue to promote community involvement
- Ensure that staff professional development reflects the needs of the curriculum and pupils

**Public Benefit**

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

The Academy aims to advance for the public benefit, education in Torbay and the surrounding area. In particular, but without prejudice to the generality of the forgoing by estimating, maintaining, managing and development schools, offering a broad curriculum.

## **STRATEGIC REPORT**

### **Achievements and Performance**

- The Academy was last inspected by OFSTED in May 2013 and was judged to be Good.
- To ensure that standards are continually assessed the Academy operates a monitoring programme which includes lesson observations, works scrutiny and pupil progress meetings which are undertaken by the Senior Leadership Team.
- The Academy has used Pupil Premium money to retain an experienced Special Needs Teacher, an Intervention Teacher and Teaching Assistants to deliver intervention strategies to pupils. It has also supported extra-curricular activities, music lessons, fun cookery and science workshops.
- Continued Professional Development has enabled Teachers and Teaching Assistants to keep up to date with constant educational changes and gain qualifications in British Sign Language.
- The ICT Curriculum Server has been upgraded and 10 Notebooks and 14 Learnpads purchased – this will improve performance and reliability and give teachers more resources.
- The main school wiring has been replaced and upgraded
- The Foundation Block has had fascias and the roof to its shelter replaced
- The wooden steps from the playground have been replaced with concrete steps.
- 4 classrooms have been refurbished
- To allow more classroom wall space, cavity walls have replaced a window and door in two classrooms
- The Infant Block has had wooden fire doors and the entrance replaced with aluminium doors.
- 10 interior doors have been replaced
- The wooden kitchen shutter has been replaced with a smart steel rollershutter.
- The main school building has been smartened up replacing old wooden gables with new Cedral cladding gables
- £1,014 has been spent on various charities from fundraising
- £1,050 interest has been earned on investment of the Unrestricted Fund Reserves.

The school has worked hard to raise standards and the impact of this is seen in the results achieved throughout Foundation Stage, Key Stage 1 and within aspects of performance at KS2.

### **Foundation Stage**

64% of pupils achieved a Good Level of Development (60% national 2014). This is an increase of 37% since 2013 and 12% since 2014.

### **Phonic Screening Check in Year 1**

The phonic screening check resulted in 80% of the Y1 children passing (school and national data was 74% in 2014)

### **End of KS1**

There have been significant gains in attainment with school data now being closely matched to national and a significant increase in children achieving higher levels.

- 88% of pupils achieved L2 in reading (90% national 2014), 79% L2b+ (81% national 2014) and 31% L3 (31% national 2014)
- 88% of pupils achieved L2 in writing (86% national 2014), 69% L2b+ (70% national 2014) and 22% L3 (16% national 2014)
- 95% of pupils achieved L2 in maths (92% national 2014), 86% L2b+ (80% national 2014) and 33% L3 (24% national 2014)

### **End of KS2**

The school has maintained its high level of achievement in reading and increased the percentage of children achieving Level 4 in the Grammar test. Attainment in writing is slightly lower than the national but an improvement on last year's data and progress is good. However, the maths results are significantly lower than the national data and this must now be a key priority for the school.

- 92% of pupils achieved L4 in reading (national 89% 2015) with 95% (91% national 2015) making expected progress and 32% (35% national 2014) better than expected progress. 40% achieved Level 5. (49% national 2014)
- 80% of pupils achieved L4 in Grammar (national 80% 2015) and 40% achieved Level 5 (52% national 2014)



**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2015**

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- 80% of pupils achieved L4 in writing (85% national 2014) with 93% making expected progress (94% national 2015) and 18% making better than expected progress (33% national 2014). 18% achieved Level 5. (33% national 2014)
- 73% of pupils achieved L4 in maths (national 87% 2015) with 78% making expected progress (90% national) and 23% making better than expected progress (35% national 2014). 30% achieved Level 5. (42% national 2014)

Expected progress measures have improved from 2014 to 2015 for reading and writing.

Better than expected progress has improved in the school from 2014 to 2015 for reading, writing and maths.

However, the poor maths attainment and progress has put the school below floor standards at 63% for the first time. Teacher Assessment for maths was 82% at Level 4. This would have given us a floor standard of 72%.

Attainment at higher levels continues to be a challenge as 13% of children achieved L5 in Reading, Writing and Maths compared to 24% nationally.

Priorities for raising standards are identified as:

- Attainment in maths at KS2
- Attainment of more able children in KS2

#### **Key Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention - the restriction on the amount of carry forward has been removed in the year. In period under review, £317,906 was carried forward representing 19% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for the October 2015 Census count are 413, against the October 2014 Census count of 412 – an increase of 1. However it is anticipated that this number will rise in 2015/16.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2014/15 this was 82.5%, compared to 83% in 2013/14.

#### **Going Concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

#### **FINANCIAL REVIEW**

##### **Financial Review**

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2015 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2015, total expenditure of £1,959,269 was covered by recurrent grant funding from the DfE, together with other incoming resources of £121,549. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £135,086.

At the year end there was a bank balance of £540,628 which represents unrestricted reserves carried forward, £250,000 of funds carried forward for capital expenditure and funds received in advanced relating to the year end 31 August 2016.

**ST MARGARET'S ACADEMY  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2015**

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At 31 August 2015 the net book value of fixed assets was £3,114,041 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 31 August 2012 at £2,897,664. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 22 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

**Reserves Policy**

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Governors have determined that the appropriate target for free reserves should be approximately £200,000, currently the balance is £183,729. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or to maintain staffing levels in the event of a reduction in funding.

The Academy's other reserves are £2,912,632 which are made up of £3,114,042 of fixed assets and £373,590 of GAG and pupil premium, less the pension deficit of £575,000. Of the GAG and pupil premium carried forward, £250,000 has been earmarked for the building of the new classrooms.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year the majority of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2015**

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Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer and Internal Audit to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy is over-subscribed, risks to revenue funding from a falling roll are small. However, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 22 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**PLANS FOR FUTURE PERIODS**

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with other schools to improve the educational opportunities for students in the wider community.

A two classroom modular build is planned for 2015/16 to give additional after school, breakfast club and classroom space.

Discussions are ongoing with various trusts regarding collaboration and potential MAT formation for the future, and advice is being sought on this matter.

**ST MARGARET'S ACADEMY  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

**AUDITORS**

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 25.11.15..... and signed on the board's behalf by:



**Mr M Key, Chairman  
Chair of Trustees**



**Mrs S Stell, Head Teacher  
Accounting Officer**

**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Margaret's Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Key, Chairman	4	4
Mr R Breeze, Head Teacher	1	1
Mr J Dickson	3	3
Mrs H Gowers	1	4
Mr R Hill	3	4
Mrs B McPhail	2	4
Mrs L Phillips	3	4
Mrs S Pike, Staff Governor	3	3
Miss C Reader	1	4
Mrs S Stell, Head Teacher	4	4
Mrs J Stoneman, Staff Governor	4	4
Mrs N Turner, Staff Governor	2	2
Ms G Wilkes, Staff Governor	0	0
Mr I Wright	1	1

Mr Dickson and Mrs Pike were appointed on the Board of Trustees on 13 October 2014 and Mrs Turner was appointed on 21 January 2015.

Miss Wilkes resigned from her position on the Board of Trustees on 24 September 2014 and Mr Wright resigned on 2 October 2014. Mr Breeze retired from the Academy and Board of Trustees on 31 December 2014.

**Governance reviews:**

The Trustees annually review the Governing Body Committee structure, terms of reference, Membership and the Management of Risk Register which cover all aspects of the academies function. The Governing Body are in the process of self-evaluation in 2015/16, which will include a skills assessment of the trustees.

The Resources Committee is a sub-committee of the main Governing Body. It is a combination of the Finance Committee and the Staffing Committee. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.

To make appropriate comments and recommendations on such matters to the governing body on a regular basis. Major issues will be referred to the full governing body for ratification. Subject to the requirements of the Companies Act 2006 and DfE guidance, the committee is authorised:

**GOVERNANCE STATEMENT (continued)**

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1. To consider the academy's indicative funding, notified annually by the DfE, and to assess its implications for the academy, in consultation with the Headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body.
2. To consider and recommend acceptance/non-acceptance of the academy's budget, at the start of each financial year.
3. To contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the Headteacher, with the stated and agreed aims and objectives of the academy.
4. To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
5. To liaise with and receive reports from the Staffing/Remuneration, Environment and Curriculum committees, as appropriate, and to make recommendations to those committees about the financial aspects of matters being considered by them.
6. To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan of the academy, and with the financial regulations of the DfE, drawing any matters of concern to the attention of the governing body.
7. To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account agreements and, where appropriate to make recommendations for improvement.
8. To receive and scrutinize the reports, from the School Leadership Team, regarding Pupil Premium as outlined in the Pupil Premium Policy.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr R Breeze, Head Teacher	1	1
Mr M Key, Chairman	1	3
Mrs S Stell, Head Teacher	3	3
Mrs B McPhail	2	3
Mr J Dickson	2	2
Mrs S Pike, Staff Governor	1	1
Mr R Hill	3	3

The **Audit Review Committee** is also a sub-committee of the main Board of Trustees and meetings are combined with the Finance Committee.

The Audit Review Committee is an advisory body with no executive powers. However, it is authorised by the Board to investigate any activity within its terms of reference and to seek any information it requires from staff who are requested to co-operate with the Committee in the conduct of its enquiries.

The Audit Committee is authorised to obtain independent professional advice if it considers this necessary. The Committee is authorised to:

1. Consider the risks to internal financial control at the Academy and agree a programme of work that will address these risks.
2. Oversee the appointment of both internal and external auditors and ensure the external auditor's Independence.
3. Receive the audit reports and ensure the auditor's recommendations are followed up.
4. Ensure due compliance with public accountability.
5. Examine and review the risk management process.
6. Review Anti-fraud procedures.

**GOVERNANCE STATEMENT (continued)**

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Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr R Breeze, Head Teacher	1	1
Mr M Key, Chairman	1	3
Mrs S Stell, Head Teacher	3	3
Mrs B McPhail	2	3
Mr J Dickson	2	2
Mrs S Pike, Staff Governor	1	1
Mr R Hill	3	3

**REVIEW OF VALUE FOR MONEY**

As accounting officer, the Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

**Improving Education Results**

- Foundation Stage data is in line with National data.
- KS1 data remains in line, or better, with National data.
- By the end of KS2 the gap between disadvantaged children and others had closed.
- Targeted improvement has meant staffing structure is constantly under review and staff are deployed efficiently to support English and Maths, in particular, across the school.
- The focus on individual pupils has continued, with Pupil Premium children and those on the SEN and G&T list supported/stretched as required.
- Collaboration with other educational providers is being developed, to enable good practice to be shared and standards raised.

**Financial Governance and Oversight**

The Trustees have ensured that sound systems of financial control are in place which includes two visits by the Responsible Officer, who provides an independent oversight of the Academy's financial affairs, and visits from internal and external Auditors. There is a clear separation of duties to support prudent financial management. The Resources/Audit Committee meet Termly to receive, consider and monitor the reports received from the Responsible Officer, Auditors and the School Business Manager.

**Better Purchasing**

Contracts and services are reviewed and renegotiated regularly to ensure best value (which need not necessarily be the lowest cost option). The Trustees consider competitive quotations on purchases over £5,000 and agree the best option for expenditure. Quotations are regularly sought for lesser amounts of expenditure to enable best value for money. For 2014/15 the Trustees have considered competitive quotations and agreed the best option for expenditure on the following:

- Replacement of Gables on both ends of the main school building
- Upgrade and repair work to electrical wiring
- Replacement to external fire doors for the Infant Block

**Better Income Generation**

When opportunities arise the Academy will bid for additional funding for major projects through the DfE and Charitable Trusts.

**GOVERNANCE STATEMENT (continued)**

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**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 St Margaret's Academy for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Devon Audit as internal auditor alongside Miss Reader, a Trustee, as Responsible Officer.

The Internal Auditors' and Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The Audit reports (termly) & Responsible Officer reports (twice a year) will be issued to the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The internal audit function has delivered their schedule of work as planned and no material control issues were identified from this work.

**REVIEW OF EFFECTIVENESS**

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

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

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



**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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Approved by order of the members of the board of trustees on 25.11.15 and signed on its behalf, by:



**Mr M Key, Chairman  
Chair of Trustees**



**Mrs S Stell, Head Teacher  
Accounting Officer**

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of St Margaret's Academy I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



**Mrs S Stell, Head Teacher  
Accounting Officer**

Date: 25 November 2015

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2015**

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

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

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

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

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

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

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



**Mr M Key, Chairman  
Chair of Trustees**



**Mrs S Stell, Head Teacher  
Accounting Officer**

Date: 25/11/15

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST MARGARET'S ACADEMY**

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We have audited the financial statements of St Margaret's Academy for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST MARGARET'S ACADEMY

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MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



William Hanbury FCA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

50 The Terrace

Torquay

Devon

TQ1 1DD

Date: 10/12/15

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST  
MARGARET'S ACADEMY AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 7 April 2011 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Margaret's Academy during the year 1 September 2014 to 31 August 2015 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 St Margaret's Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St Margaret's Academy and 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 St Margaret's Academy and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF ST MARGARET'S ACADEMY'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of St Margaret's Academy's funding agreement with the Secretary of State for Education dated 31 March 2011, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST  
MARGARET'S ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

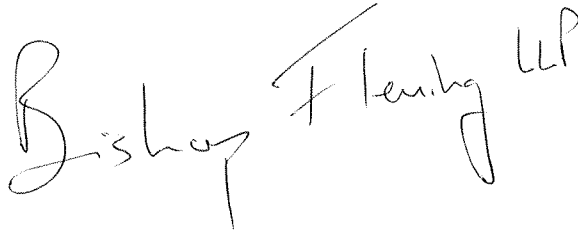
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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

William Hanbury FCA (Reporting Accountant)

**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
50 The Terrace  
Torquay  
Devon  
TQ1 1DD

A handwritten signature in black ink that reads "Bishop Fleming LLP". The signature is written in a cursive, flowing style.

Date: 10/12/15

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	1,049	13,553	-	14,602	36,488
Activities for generating funds	3	37,045	-	-	37,045	50,958
Investment income	4	330	-	-	330	1,855
Incoming resources from charitable activities	5	33,261	2,009,504	8,613	2,051,378	1,861,375
<b>TOTAL INCOMING RESOURCES</b>		<b>71,685</b>	<b>2,023,057</b>	<b>8,613</b>	<b>2,103,355</b>	<b>1,950,676</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Fundraising expenses and other costs		24,692	-	-	24,692	27,414
Charitable activities		39,435	1,805,743	79,989	1,925,167	1,830,712
Governance costs	6	-	9,410	-	9,410	11,047
<b>TOTAL RESOURCES EXPENDED</b>	9	<b>64,127</b>	<b>1,815,153</b>	<b>79,989</b>	<b>1,959,269</b>	<b>1,869,173</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>7,558</b>	<b>207,904</b>	<b>(71,376)</b>	<b>144,086</b>	<b>81,503</b>
Transfers between Funds	17	-	(86,804)	86,804	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>7,558</b>	<b>121,100</b>	<b>15,428</b>	<b>144,086</b>	<b>81,503</b>
Actuarial gains and losses on defined benefit pension schemes		-	(9,000)	-	(9,000)	(122,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>7,558</b>	<b>112,100</b>	<b>15,428</b>	<b>135,086</b>	<b>(40,497)</b>
Total funds at 1 September		176,171	(313,510)	3,098,614	2,961,275	3,001,772
<b>TOTAL FUNDS AT 31 AUGUST</b>		<b>183,729</b>	<b>(201,410)</b>	<b>3,114,042</b>	<b>3,096,361</b>	<b>2,961,275</b>

All activities relate to continuing operations.

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

The notes on pages 25 to 42 form part of these financial statements.



**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 07566505**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	14		<b>3,114,041</b>		3,098,614
<b>CURRENT ASSETS</b>					
Stocks		<b>8,849</b>		8,052	
Debtors	15	<b>95,198</b>		92,872	
Cash at bank and in hand		<b>540,628</b>		373,022	
			<u><b>644,675</b></u>	<u>473,946</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	<b>(87,355)</b>		(114,285)	
			<u><b>557,320</b></u>		359,661
<b>NET CURRENT ASSETS</b>					
			<u><b>3,671,361</b></u>		3,458,275
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Defined benefit pension scheme liability	22	<b>(575,000)</b>		(497,000)	
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u><b>3,096,361</b></u></u>		<u><u>2,961,275</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
General funds	17	<b>373,590</b>		183,490	
Fixed asset funds	17	<b>3,114,042</b>		3,098,614	
			<u><b>3,487,632</b></u>	<u>3,282,104</u>	
Restricted funds excluding pension liability					
Pension reserve		<b>(575,000)</b>		(497,000)	
			<u><b>2,912,632</b></u>	<u>2,785,104</u>	
Total restricted funds					
Unrestricted funds	17		<u><b>183,729</b></u>	<u>176,171</u>	
<b>TOTAL FUNDS</b>			<u><u><b>3,096,361</b></u></u>		<u><u>2,961,275</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 25 November 2015 and are signed on their behalf, by:



**Mr M Key, Chairman**  
**Chair of Trustees**



**Mrs S Stell, Head Teacher**  
**Accounting Officer**

The notes on pages 25 to 42 form part of these financial statements.

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2015**

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	Note	2015 £	2014 £
Net cash flow from operating activities	19	254,079	258,245
Returns on investments and servicing of finance	20	330	-
Capital expenditure and financial investment	20	(86,803)	(83,319)
<b>INCREASE IN CASH IN THE YEAR</b>		<u>167,606</u>	<u>174,926</u>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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	2015 £	2014 £
Increase in cash in the year	<u>167,606</u>	<u>174,926</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>167,606</b>	174,926
Net funds at 1 September 2014	<u>373,022</u>	<u>198,096</u>
<b>NET FUNDS AT 31 AUGUST 2015</b>	<u><b>540,628</b></u>	<u>373,022</u>

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The notes on pages 25 to 42 form part of these financial statements.

## **1. ACCOUNTING POLICIES**

### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

### **1.2 FUND ACCOUNTING**

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

### **1.3 INCOMING RESOURCES**

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

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

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

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

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

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

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

**1. ACCOUNTING POLICIES (continued)**

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

**1.4 RESOURCES EXPENDED**

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 GOING CONCERN**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2015.

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

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

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

Leasehold land	-	Term of the lease
Long term leasehold property	-	2% straight line
Fixtures and fittings	-	15% straight line
Computer equipment	-	20% straight line

**1. ACCOUNTING POLICIES (continued)**

**1.7 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

**1.8 STOCKS**

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

**1.9 TAXATION**

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

**1.10 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	1,049	13,553	14,602	28,100
Government grants	-	-	-	8,388
	<u>1,049</u>	<u>13,553</u>	<u>14,602</u>	<u>36,488</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings	150	-	150	-
External Catering	2,078	-	2,078	-
Consultancy	-	-	-	21,575
Fees received	27,398	-	27,398	26,615
Other	7,419	-	7,419	2,768
	<u>37,045</u>	<u>-</u>	<u>37,045</u>	<u>50,958</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest	330	-	330	1,855
	<u>330</u>	<u>-</u>	<u>330</u>	<u>1,855</u>

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA grants</b>				
Capital Grants	-	8,613	8,613	-
General Annual Grant	-	1,695,642	1,695,642	1,649,741
Other DfE/EFA grants	-	277,551	277,551	187,811
	<u>-</u>	<u>1,981,806</u>	<u>1,981,806</u>	<u>1,837,552</u>
<b>Other government grants</b>				
High Needs	-	21,745	21,745	18,546
Other government grants non capital	-	14,566	14,566	-
	<u>-</u>	<u>36,311</u>	<u>36,311</u>	<u>18,546</u>
<b>Other funding</b>				
Internal catering income	29,364	-	29,364	-
Sales to students	2,777	-	2,777	5,277
Other	1,120	-	1,120	-
	<u>33,261</u>	<u>-</u>	<u>33,261</u>	<u>5,277</u>
	<u><u>33,261</u></u>	<u><u>2,018,117</u></u>	<u><u>2,051,378</u></u>	<u><u>1,861,375</u></u>

**6. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	4,130	4,130	4,170
Auditors' non audit costs	-	2,000	2,000	3,995
Legal and Professional	-	1,564	1,564	1,172
Wages and salaries	-	1,400	1,400	1,372
National insurance	-	110	110	112
Pension costs	-	206	206	226
	<u>-</u>	<u>9,410</u>	<u>9,410</u>	<u>11,047</u>
	<u><u>-</u></u>	<u><u>9,410</u></u>	<u><u>9,410</u></u>	<u><u>11,047</u></u>

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**7. DIRECT COSTS**

	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Interest on pension	<b>6,000</b>	10,000
Educational supplies	<b>156,984</b>	162,093
Staff development	<b>12,267</b>	16,608
Other costs	<b>8,589</b>	22,912
Supply teachers	<b>45,535</b>	22,360
Wages and salaries	<b>942,551</b>	956,914
National insurance	<b>55,007</b>	60,793
Pension cost	<b>177,119</b>	130,971
Depreciation	<b>10,615</b>	14,337
	<b><u>1,414,667</u></b>	<b><u>1,396,988</u></b>

**8. SUPPORT COSTS**

	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Pension finance costs	<b>3,000</b>	-
Recruitment and support	<b>378</b>	3,793
Maintenance of premises and equipment	<b>40,159</b>	43,233
Cleaning	<b>7,706</b>	6,019
Rent and rates	<b>10,527</b>	17,355
Energy costs	<b>19,116</b>	17,610
Insurance	<b>10,173</b>	10,613
Security and transport	<b>421</b>	970
Catering	<b>45,538</b>	7,709
Office overheads	<b>39,352</b>	51,712
Legal and professional	<b>4,411</b>	4,073
Bank interest and charges	<b>185</b>	121
Wages and salaries	<b>201,713</b>	143,594
National insurance	<b>8,898</b>	7,098
Pension cost	<b>49,549</b>	59,696
Depreciation	<b>69,374</b>	60,128
	<b><u>510,500</u></b>	<b><u>433,724</u></b>



**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**9. RESOURCES EXPENDED**

	Staff costs	Non Pay Expenditure		Total	Total
	2015	Premises	Other	2015	2014
	£	2015	2015	£	£
		£	£		
Fundraising expenses	20,328	-	4,364	24,692	27,414
<b>COSTS OF GENERATING FUNDS</b>	<b>20,328</b>	<b>-</b>	<b>4,364</b>	<b>24,692</b>	<b>27,414</b>
Direct costs	1,220,209	77,482	116,976	1,414,667	1,396,988
Support costs	260,160	69,374	180,966	510,500	433,724
<b>CHARITABLE ACTIVITIES</b>	<b>1,480,369</b>	<b>146,856</b>	<b>297,942</b>	<b>1,925,167</b>	<b>1,830,712</b>
<b>GOVERNANCE</b>	<b>1,716</b>	<b>-</b>	<b>7,694</b>	<b>9,410</b>	<b>11,047</b>
	<b>1,502,413</b>	<b>146,856</b>	<b>310,000</b>	<b>1,959,269</b>	<b>1,869,173</b>

**10. NET INCOMING RESOURCES**

This is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	79,989	74,465
Auditors' remuneration	4,130	4,170
Auditors' remuneration - non-audit	2,000	3,995
Operating lease rentals:		
- plant and machinery	2,880	2,880

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**11. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	1,163,425	1,118,537
Social security costs	64,014	68,003
Other pension costs (Note 22)	229,440	193,579
	<u>1,456,879</u>	<u>1,380,119</u>
Supply teacher costs	40,293	23,677
Agency supply costs	5,241	7,586
	<u>1,502,413</u>	<u>1,411,382</u>

**b. Staff numbers**

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

	2015 No.	2014 No.
Teachers	18	19
Administration and support	30	31
Management	1	1
	<u>49</u>	<u>51</u>

**c. Higher paid staff**

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

	2015 No.	2014 No.
In the band £60,001 - £70,000	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions amounted to £8,756 (2014: 7,724)

**12. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 6 Trustees (2014: 4) in respect of defined benefit pension schemes.

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

During the year ended 31 August 2015, expenses totalling £45 (2014: £172) were reimbursed to 2 Trustees (2014: 1).

The Head teacher and staff Trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments from the academy in respect of their role as Trustees. The value of Trustees' remuneration in the year was as follows; R Breeze between fifteen and twenty thousand pounds (2014: between sixty five and seventy thousand pounds), S Stell between sixty and sixty five thousand pounds (2014: fifty and fifty five thousand pounds), G Wilkes between five and ten thousand pounds (2014: between ten and fifteen thousand pounds), J Stoneman between ten and fifteen thousand pounds (2014: ten and fifteen thousand pounds), S Pike between forty five and fifty thousand pounds, N Turner between forty five and fifty thousand pounds. The value of Trustees' pension contributions in respect of defined benefit schemes made in the year was as follows; R Breeze between five and ten thousand pounds (2014: five and ten thousand pounds), S Stell between five and ten thousand pounds (2014: five and ten thousand pounds), G Wilkes between nil and five thousand pounds (2014: nil and five thousand pounds), J Stoneman between nil and five thousand pounds (2014: nil and five thousand pounds), S Pike between five and ten thousand pounds, N Turner between five and ten thousand pounds.

**13. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £838 (2014: £838). The cost of this insurance is included in the total insurance cost.

**14. TANGIBLE FIXED ASSETS**

	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 1 September 2014	3,045,852	261,172	103,423	3,410,447
Additions	59,139	19,365	16,912	95,416
At 31 August 2015	<u>3,104,991</u>	<u>280,537</u>	<u>120,335</u>	<u>3,505,863</u>
<b>DEPRECIATION</b>				
At 1 September 2014	140,971	120,646	50,216	311,833
Charge for the year	13,841	42,081	24,067	79,989
At 31 August 2015	<u>154,812</u>	<u>162,727</u>	<u>74,283</u>	<u>391,822</u>
<b>NET BOOK VALUE</b>				
At 31 August 2015	<u>2,950,179</u>	<u>117,810</u>	<u>46,052</u>	<u>3,114,041</u>
At 31 August 2014	<u>2,904,881</u>	<u>140,526</u>	<u>53,207</u>	<u>3,098,614</u>

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**15. DEBTORS**

	2015	2014
	£	£
VAT repayable	34,879	41,347
Prepayments and accrued income	60,319	51,525
	<u>95,198</u>	<u>92,872</u>

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

	2015	2014
	£	£
Other taxation and social security	20,184	21,223
Accruals and deferred income	67,171	93,062
	<u>87,355</u>	<u>114,285</u>

**DEFERRED INCOME**

Deferred income at 1 September 2014	31,715
Resources deferred during the year	30,463
Amounts released from previous years	(31,715)
	<u>30,463</u>

At the year end income relating to Universal Infant Free School Meals was deferred as it relates to the 2015/16 financial year.

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**17. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>DESIGNATED FUNDS</b>						
Capital projects	30,000	-	-	(30,000)	-	-
<b>GENERAL FUNDS</b>						
General funds	146,171	71,685	(64,127)	30,000	-	183,729
Total Unrestricted funds	176,171	71,685	(64,127)	-	-	183,729
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	170,821	1,695,642	(1,449,152)	(96,769)	-	320,542
High Needs	-	21,745	(21,745)	-	-	-
Donations	-	13,553	(13,553)	-	-	-
Pupil premium	12,669	215,574	(175,195)	-	-	53,048
PE and sports grant	-	9,755	(9,755)	-	-	-
UIFSM	-	52,222	(62,187)	9,965	-	-
Other restricted grants	-	14,566	(14,566)	-	-	-
Pension reserve	(497,000)	-	(69,000)	-	(9,000)	(575,000)
	(313,510)	2,023,057	(1,815,153)	(86,804)	(9,000)	(201,410)
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	2,878,138	-	(49,589)	-	-	2,828,549
Fixed assets purchased from GAG and other restricted funds	181,092	-	(27,838)	86,804	-	240,058
DfE/EFA Capital grants	28,813	8,613	(2,341)	-	-	35,085
Capital grants transferred on conversion	10,571	-	(221)	-	-	10,350
	3,098,614	8,613	(79,989)	86,804	-	3,114,042
Total restricted funds	2,785,104	2,031,670	(1,895,142)	-	(9,000)	2,912,632
Total of funds	2,961,275	2,103,355	(1,959,269)	-	(9,000)	3,096,361

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**17. STATEMENT OF FUNDS (continued)**

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

**RESTRICTED FUNDS**

General Annual Grant (GAG) - This funds includes income from the EFA which is to be used for the running costs of the academy, including education and support costs.

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

Restricted donations - This fund represents other small restricted donations for the Academy.

Pupil Premium - Pupil premium represents funding received from the EFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

PE & sports grant - This funding was received towards the support of Physical Education for pupils.

UIFSM - This funding was received in order to ensure children that meet the criteria have access to free school meals.

Other restricted grants - This fund represents other small Dfe/EFA grants/income.

Pension reserve - This fund represents the pension deficit for the Local Government Pension Scheme.

**RESTRICTED FIXED ASSET FUNDS**

Fixed assets transferred on conversion - This represents the fixed assets transferred from the Local Authority on conversion.

Fixed assets purchased from GAG and other restricted funds - This fund includes transfers from the GAG restricted fund for capital related expenditure. The balance at the year end represents the net book value of assets transferred from the GAG fund, net of associated finance and borrowing.

DfE/EFA Capital grants - Grants recieved to be spent on capital related expenditure.

Capital grants transferred on conversion - This represents capital grants transferred from the Local Authority on conversion, to be spent on capital related expenditure.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	30,000	-	-	(30,000)	-	-
General funds	146,171	71,685	(64,127)	30,000	-	183,729
	<u>176,171</u>	<u>71,685</u>	<u>(64,127)</u>	<u>-</u>	<u>-</u>	<u>183,729</u>
Restricted funds	(313,510)	2,023,057	(1,815,153)	(86,804)	(9,000)	(201,410)
Restricted fixed asset funds	3,098,614	8,613	(79,989)	86,804	-	3,114,042
	<u>2,961,275</u>	<u>2,103,355</u>	<u>(1,959,269)</u>	<u>-</u>	<u>(9,000)</u>	<u>3,096,361</u>

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	3,114,042	3,114,042	3,098,614
Current assets	240,621	404,053	-	644,674	473,946
Creditors due within one year	(56,892)	(30,463)	-	(87,355)	(114,285)
Pension scheme liability	-	(575,000)	-	(575,000)	(497,000)
	<u>183,729</u>	<u>(201,410)</u>	<u>3,114,042</u>	<u>3,096,361</u>	<u>2,961,275</u>

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Net incoming resources before revaluations	144,086	81,503
Returns on investments and servicing of finance	(330)	-
Depreciation of tangible fixed assets	79,989	74,465
Capital grants from DfE	(8,613)	(8,388)
(Increase)/decrease in stocks	(797)	2,076
Increase in debtors	(2,326)	(1,563)
(Decrease)/increase in creditors	(26,930)	60,152
Defined benefit pension scheme adjustments	69,000	50,000
<b>NET CASH INFLOW FROM OPERATIONS</b>	<u>254,079</u>	<u>258,245</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015

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

	2015 £	2014 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	330	-
	<u>330</u>	<u>-</u>
	2015 £	2014 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(95,416)	(91,707)
Capital grants from DfE	8,613	8,388
	<u>(86,803)</u>	<u>(83,319)</u>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<b>(86,803)</b>	<b>(83,319)</b>

21. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	373,022	167,606	-	540,628
<b>NET FUNDS</b>	<b>373,022</b>	<b>167,606</b>	<b>-</b>	<b>540,628</b>

22. PENSION COMMITMENTS

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

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

Contributions amounting to £21,853 were payable to the scheme at 31 August 2015 (2014: £15,318) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions



**22. PENSION COMMITMENTS (continued)**

along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £90,427 (2014: £96,675).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £107,000, of which employer's contributions totalled £79,000 and employees' contributions totalled £28,000. The agreed contribution rates for future years are 17.1% for employers and will range between 5.5% and 7.5% for employees.

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

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**22. PENSION COMMITMENTS (continued)**

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(1,215,000)	(1,038,000)
Fair value of scheme assets	640,000	541,000
	<u>(575,000)</u>	<u>(497,000)</u>
Net liability	<u>(575,000)</u>	<u>(497,000)</u>

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

	2015 £	2014 £
Current service cost	(139,000)	(95,000)
Interest on obligation	(44,000)	(39,000)
Expected return on scheme assets	35,000	29,000
	<u>(148,000)</u>	<u>(105,000)</u>
Total	<u>(148,000)</u>	<u>(105,000)</u>

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

	2015 £	2014 £
Opening defined benefit obligation	1,038,000	784,000
Current service cost	139,000	95,000
Interest cost	44,000	39,000
Contributions by scheme participants	28,000	20,000
Actuarial (Gains)/losses	(27,000)	106,000
Benefits paid	(7,000)	(6,000)
Liability transferred on conversion	-	-
	<u>1,215,000</u>	<u>1,038,000</u>
Closing defined benefit obligation	<u>1,215,000</u>	<u>1,038,000</u>

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**22. PENSION COMMITMENTS (continued)**

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

	<b>2015</b>	2014
	£	£
Opening fair value of scheme assets	<b>541,000</b>	459,000
Expected return on assets	<b>35,000</b>	29,000
Actuarial gains and (losses)	<b>(36,000)</b>	(16,000)
Contributions by employer	<b>79,000</b>	55,000
Contributions by employees	<b>28,000</b>	20,000
Benefits paid	<b>(7,000)</b>	(6,000)
	<b>640,000</b>	541,000

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £264,000 (2014: £255,000).

The academy expects to contribute £79,000 to its defined benefit pension scheme in 2016.

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

	<b>2015</b>	2014
Equities	<b>57.00 %</b>	59.00 %
Bonds	<b>10.00 %</b>	10.00 %
Property	<b>11.00 %</b>	10.00 %
Cash	<b>2.00 %</b>	2.00 %
Target return portfolio	<b>15.00 %</b>	14.00 %
Infrastructure	<b>3.00 %</b>	3.00 %
Alternative assets	<b>2.00 %</b>	2.00 %

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

	<b>2015</b>	2014
Discount rate for scheme liabilities	<b>4.00 %</b>	3.90 %
Expected return on scheme assets at 31 August	<b>6.00 %</b>	6.00 %
Rate of increase in salaries	<b>4.40 %</b>	4.40 %
Rate of increase for pensions in payment / inflation	<b>2.60 %</b>	2.60 %
Inflation assumption (CPI)	<b>2.60 %</b>	2.60 %

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

	<b>2015</b>	2014
Retiring today		
Males	<b>22.8</b>	22.7
Females	<b>26.1</b>	26
Retiring in 20 years		
Males	<b>25.1</b>	24.9
Females	<b>28.4</b>	28.3

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**22. PENSION COMMITMENTS (continued)**

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

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(1,215,000)	(1,038,000)	(784,000)	(634,000)
Scheme assets	640,000	541,000	459,000	355,000
Deficit	<u>(575,000)</u>	<u>(497,000)</u>	<u>(325,000)</u>	<u>(279,000)</u>
Experience adjustments on scheme liabilities	27,000	(106,000)	(48,000)	(124,000)
Experience adjustments on scheme assets	<u>(36,000)</u>	<u>(16,000)</u>	<u>32,000</u>	<u>7,000</u>

**23. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
<b>EXPIRY DATE:</b>		
Within 1 year	2,160	-
Between 2 and 5 years	-	2,879
	<u>2,160</u>	<u>2,879</u>

**24. RELATED PARTY TRANSACTIONS**

No related party transactions took place in the period of account.