

Trinity Academy

Annual Report and Financial Statements

31 August 2014

Company registration number
(England and Wales)
04916397

**Trinity Academy
Annual Report and Financial Statements
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Trinity Academy
Reference and Administrative Details

Member	The Emmanuel Schools Foundation
Governors	Geoffrey Davies (resigned July 2014) Ian Brew ♦ (principal and accounting officer - resigned April 2014) Edward Gould (resigned July 2014) Mark Harvey Donald Hutton (appointed August 2014) Martin Oldknow (appointed August 2014) David Page ♦ (acting principal and accounting officer) Dr Mark Pike (appointed August 2014) Nigel Robson ♦ (chairman) ♦ <i>member of the finance and audit committee</i>
Local governing body	Ernest Bridgewater Sally Clifford John Hair Mark Harvey (parent governor) Pastor Graham Johnson Martin Oldknow Dr Mark Pike (parent governor) Nigel Robson ♦ (chairman)
Senior management team	John Bunce (vice-principal) Zahida Hammond (vice-principal) Andy Martin (vice-principal) Anna Martin (vice-principal) Dr Julie McGonigle (vice-principal) Patricia Rowland ♦ (director of finance)
Registered office	Trinity House, Bede Academy Sixth Avenue Blyth NE24 2SY
School address	Church Balk Thorne Doncaster DN8 5BY
Company number	04916397
Auditors	Kinnair and Company Aston House, Redburn Road Newcastle upon Tyne NE5 1NB
Bankers	Barclays Bank plc 71 Grey Street Newcastle upon Tyne NE99 1JA

The governors present their annual report and financial statements for the year ended 31 August 2014.

Structure, governance and management

Constitution

Trinity Academy (the company, the charitable company, the academy, the school) is a company limited by guarantee (registered number 04916397) and an exempt charity. The company's memorandum and articles of association dated September 2003 are its primary governing documents.

The academy is part of The Emmanuel Schools Foundation (company number 4464331), a network of academies and one city technology college. The Emmanuel Schools Foundation (ESF) is controlled by United Learning Trust which appoints the trustees and Board members the ESF. United Learning Trust is a subsidiary of the United Church Schools Trust which operates a number of independent schools across England. The ultimate controlling organisation is the United Church Schools Foundation Limited.

In January 2012 it was announced that the Emmanuel Schools Foundation and United Learning Trust would separate. Work has taken place during the year establishing a new Board for ESF and new governors have been appointed and a revised governance structure is now taking place. The directors of the United Learning Trust have resigned from the ESF board. The ethos and character of the Emmanuel Schools Foundation schools within the North East of England has been maintained and the updated corporate structure and governance reflects the current needs. The governance structure will be extended and strengthened in the forthcoming academic year as new appointments to the board and local governing boards take place.

The governing body of the charitable company is the board of governors who act as the trustees for the charitable activities of the school and are also the directors of the charitable company for the purposes of company law.

The governors who acted during the year and up to the date of this report are shown in the reference and administrative details on page 1.

Members' Liability

As a company limited by guarantee, the academy does not have share capital. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

Governors' Indemnities

The academy has purchased insurance to protect governors and officers from negligent acts, errors or omissions occurring whilst on academy business, as set out in note 12 to the financial statements.

Principal Activities

The principal activity of Trinity Academy is to provide education for pupils of different abilities between the ages of 11 and 19 in the Thorne and Moorends area of Doncaster, with a specialism of business and enterprise.

Method of Recruitment and Appointment or Election of Governors

Five directors were appointed by the board of The Emmanuel Schools Foundation and one was co-opted by the board. In accordance with the governing document, a parent member is also elected. Directors may serve for four years but are eligible for re-election at the meeting at which they retire.

Structure, Governance and Management (continued)

Policies and Procedures Adopted for the Induction and Training of Governors

Training and induction is provided for all new governors depending on their existing experience. All new governors are given a tour of the academy and the chance to meet with staff and students. All governors are provided with copies of any governing documents that are relevant to their role.

Organisational Structure

The governors are responsible for setting general policies, adopting the development plan and the annual budget, monitoring the school by the use of budgets and making major decisions about the direction of the school, capital expenditure and senior staff appointments. The management of the school is delegated to the Executive Principal and the school's leadership team which consists of an acting principal, four vice principals and four assistant vice principals. The senior management team controls the school at an executive level, ensuring policies agreed by the governors are followed correctly and reporting back to the board. This group are responsible for the authorisation of spending within agreed budget limits and for the appointment of staff. The role of the accounting officer is held by the acting principal.

Risk Management

The governors have ensured that the major risks to which the academy is exposed have been identified and that risk management strategies have been implemented.

The governors have developed systems to respond quickly to evolving risks arising from factors within the school and to changes in the external environment including procedures for reporting failings immediately to appropriate levels of management and the trustees, together with details of corrective action being undertaken. They have embedded the control system in the academy's operations so that it becomes part of the culture of the academy and communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.

Connected Organisations including Related Party Relationships

The school is part of the Emmanuel Schools Foundation (company number 4464331) network of academies and one city technology college. United Learning Trust appoints the trustees and board members to the Emmanuel Schools Foundation. United Learning Trust is a subsidiary of the United Church School Trust which operates a number of independent schools across England. The ultimate controlling organisation is the United Church Schools Foundation Limited.

Objectives and Activities

Objects and Aims

The main objectives of the academy are summarised below:

- to raise the standard of education achievement of all pupils;
- to ensure that every child enjoys the same high quality of education in terms of resourcing, tuition and care;
- to improve the effectiveness of the academy by keeping the curriculum and structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- to conduct our business in accordance with the highest standards of integrity, probity and openness.

Objectives and Activities (continued)

Objectives, Strategies and Activities

The school's objectives, strategies and activities are set to reflect the educational aims and the ethos of the school. The key objectives for the year included maintaining and enhancing the academic success and reputation of the school, promoting a two-way community involvement, and encouraging students to support a wide range of charitable projects. To ensure that standards are continually raised both in the short term and long term, the school operates a rigorous programme of monitoring and self evaluation, is visited by inspectors, inter-foundation departmental observations, departmental audits, teaching mentors and undertakes a comprehensive comparison of results from entry to assess student level of progress and added value.

Public Benefit

The governors confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission and they are satisfied that the school's public benefit has been considered when planning its activities for the year and is clearly demonstrated in the achievements for the year which are set out in this report.

Achievements and Performance

Achievements in the year

In summer 2013 Trinity Academy experienced a disappointing set of results at AS level, and in Maths at KS4. Elsewhere the data suggested that levels of progress in many areas were well below national average, especially with particular cohorts. A series of decisions were implemented to change the leadership in the 6th Form, and at subject head of department level. At the section 5 Ofsted Inspection in December 2013 Trinity Academy was judged to be 'inadequate', and was placed in Special Measures. In February 2014 the Principal, Ian Brew, retired and Vice-Principal David Page stepped up to Acting Principal. Chris Drew, Principal of The Kings Academy, Middlesbrough, was appointed Executive Principal of Trinity Academy, to take responsibility for progress and to support the Acting Principal. The senior leadership team was significantly reshaped, with a number of new appointments. As a result a new data tracking system has been introduced with a more rigorous approach to ensuring accurate predictions and benchmarking of progress. An effective programme of Teaching and Learning has been implemented and is on going. This will progressively improve teaching quality, and as a result learning on the part of the students. The former head of Maths has been recruited to return as Director of Maths together with an enhanced team. Ofsted have carried out monitoring inspections, and the Academy is deemed to be making progress towards exiting Special Measures.

The 2014 results were seen to be very much part of the journey back to its previous reputation for educational improvement. Although there was a slight dip in the KS4 results, Trinity Academy was ahead of the national results except in levels of progress for maths. The results at AS and A2 represented a significant improvement, and there were positive outcomes in many areas at KS4 in a year when many academies suffered unexpected outcomes. In the summer of 2013 the proportion of grades at A2, A* - C was 61% and 71 students secured a place at university. The proportion of grades A* - E at A-Level was 98.3%. Trinity Academy continues to have a positive impact in the community when we remember just 11 pupils applied in the year before it opened. At KS4 the figure of A* - C CHIME increased to 58%. There was significant improvement in English with 80% of pupils achieving 3 levels of progress. The English Baccalaureate measure was 24%, a 3% improvement. Y10 outcomes looked to be improved which will provide encouragement for 2015 results and moving out of special measures.

Trinity Academy has continued its improvement journey after the Special Measures judgement from Ofsted following their inspection in 2013. In the summer of 2014 the proportion of grades A* - B in Year 13 was 40% and 80% of students secured a place at university. The proportion of grades A* - E at A-Level was 95%. The Sixth Form overall was in line with National Averages according to L3VA and also secured an "outstanding" grading for Year 12 AS results according to ALPS. Trinity Academy continues to have a positive impact in the community when we remember just 11 pupils applied in the year before it opened.

Achievements and Performance (continued)

Achievements in the year (continued)

At GCSE the figure of A* - C CHIME was in line with National Average at 51%. There was significant improvement in English with 79% of pupils achieving 3 Levels of progress, 30% achieving 4 Levels of progress. Further development work has taken place to measure progress across all learner groups and ensure that gaps are closing between those different groups.

The academy promotes community involvement by making its facilities available to individuals, groups and businesses in the surrounding area for sports and conferencing activities. The academy has plans to further enhance this provision to ensure we are fully utilising facilities entrusted to us whilst involving the wider community.

Students are actively encouraged to support projects both at home and abroad and the fundraising activities this year included fun run, cross country, Christmas fair and Trinity's got Talent competition. The charities which benefited were Cambodia Action £1,000, Cancer Research £1,200 and Bluebell Wood £1,500. We also raised £185 Readathon, £577 National Three Peaks Challenge and £2,679 Three Peaks Challenge.

Going Concern

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

Key Financial Performance Indicators

The governors approved the budget for the period 1 September 2013 to 31 August 2014 and forecasted a revenue surplus of £253,190, before depreciation charges. Staffing costs were budgeted at 77% of total income and actual costs were 79% due to the cost of redundancies. Premises expenditure was budgeted at 5% and final expenditure totalled 6% as a result of increased utility costs. Other supplies and services were budgeted at 15% and final expenditure was 13% of total income.

Financial Review

Review of the Financial Position of the Academy

Most of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, or from Doncaster Local Education Authority (LEA), the use of which is restricted to particular purposes. The grants received during the year and the associated expenditure are shown as restricted funds in the statement of financial activities.

Expenditure for the year was mainly covered by grants from the EFA, LEA and other income. The revenue surplus for the year was £25,000 before transfers.

At 31 August 2014 the net book value of tangible fixed assets was £20,276,000 and movements in tangible fixed assets are shown in Note 13 to the accounts. The assets are used exclusively for providing education and associated support services to the pupils of the academy. The balance sheet restricted fixed asset fund is reduced by transfers of amounts equivalent to any depreciation charges over the expected useful life of the assets concerned to agree to the net book value.

The academy held fund balances at 31 August 2014 of £19,956,000 comprising £20,276,000 in the restricted fixed asset fund, a surplus of £255,000 for unrestricted income funds and a deficit of £575,000 for restricted income funds (which includes the pension scheme deficit of £592,000).

Financial Review (continued)

Review of the Financial Position of the Academy (continued)

The pension scheme liability relates to a non-cash provision for the academy's share of the Local Government Pension Scheme and under the funding agreement the academy must show this pension liability on the balance sheet. However should operations cease this pension liability would be funded by the Department for Education.

Financial and Risk Management Objectives and Policies

The school's financial objectives, policies and risk management objectives are set and monitored by the central finance team of the companies immediate parent.

Principal Risks and Uncertainties

The principal risk areas for the academy are the protection of pupils, employees and assets; and systems and procedures to minimise these are constantly being reviewed and updated. In educational terms the inadequate Ofsted judgement exposes the Academy to a range of additional uncertainties, especially around student numbers. Trinity Academy remains over subscribed at Y7, but saw a small fall off in numbers entering the 6th Form. Some of this was attributable to factors such as course options.

The charitable company has Safeguarding and Child Protection policies in place which focus on the need to ensure that its pupils are safe, feel safe and are fully supported in this respect by their school. These policies also provide a framework for the academy to develop secure processes for identifying and supporting pupils at risk of abuse. The implementation and effectiveness of these policies and procedures, which adhere to DfE guidelines on safeguarding and child protection, are regularly monitored and reviewed.

Reserves Policy

The governors review the reserve levels annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. Historically the governors proposed that the academy should hold an appropriate level of reserves which was initially equivalent of 12 weeks expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and the receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The current level of free reserves (total funds less the amount held in pension reserve and fixed asset restricted funds) is £272,000 which represents 1½ weeks average expenditure. The aim is to build up reserves to a level closer to the original policy.

Investments Policy

The governors have the power to invest monies of the charitable company, not immediately required for the furtherance of its objects, as they see fit.

Plans for Future Periods

As the academy enters its eleventh year, a significant improvement in educational outcomes will be the major challenge. The change at Principal level, the recruitment of new leaders and a more rigorous approach to data analysis and self evaluation will impact beneficially upon results as KS4 and KS5. The drive for an accelerated pace of educational improvement has been led by the Executive Principal, the School Improvement Board, with four LGB members, specialist support from a variety of sources within and outwith the Emmanuel Schools Foundation. Curriculum development is geared to enhance the academy's ability to offer courses increasingly suited to students' individual aptitudes and interests, particularly post-14 years. The academy intends to build upon its impressive sixth form results enabling more of its students to go to top universities. The academy intends to focus on its gifted and most talented students to enhance their outcomes. The academy has opened an impressive 6th Form extension to its existing building in order to improve its offer to 6th Form students.

Disclosure of Information to Auditors

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the governors have taken all the steps they ought to have taken as company directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approval

This report was approved by the governing body on 12 December 2014 and signed on its behalf by.



.....
Nigel Robson
Governor

Trinity Academy Governance Statement

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Trinity 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 governing body has delegated the day-to-day responsibility to the principal, 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 Trinity Academy and the Secretary of State for Education. He is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities. The governing body has formally met 3 times during the year. Attendance at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Geoffrey Davies	1	2
Ian Brew	-	2
Edward Gould	1	2
Mark Harvey	-	3
Donald Hutton	1	1
Martin Oldknow	1	1
David Page	2	2
Dr Mark Pike	1	1
Nigel Robson	3	3
Canon Rev Stephen Taylor	1	2

The local governing body met three times during the year. Attendance was as follows:

Local governor	Meetings attended	Out of a possible
Ernest Bridgewater	3	4
Sally Clifford	2	3
John Hair	3	4
Mark Harvey (parent governor)	4	4
Pastor Graham Johnson	2	4
Martin Oldknow	4	4
David Page	4	4
Dr Mark Pike (parent governor)	2	3
Nigel Robson	4	4

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 on-going process designed to identify and prioritise the risks to the achievement of the academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for Trinity Academy for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Trinity Academy Governance Statement

Capacity to Handle Risk

The governing body 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 governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy's significant risks that has been in place for the year to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

The academy'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 annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews of reports which indicate financial performance against 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 governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governors have appointed Kinnair and Company, the external auditor, to perform additional checks.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis the auditors report to the accounting officer on the operation of the systems of control and provide information to assist the governing body discharge their financial responsibilities.

The governors confirm that the external auditors have delivered their schedule of work as planned. The work performed revealed no material control weaknesses.

Review of Effectiveness

As accounting officer, the principal 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 external auditor;
- the financial management and governance self-assessment process;
- 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 and a plan to address weaknesses and ensure continuous improvement of the system is in place.

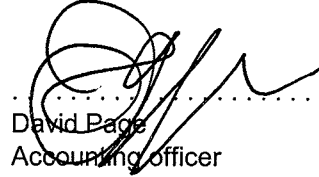
**Trinity Academy
Governance Statement**

Approval

This report was approved by the governing body on 12 December 2014 and signed by its order.



.....
Nigel Robson
Governor



.....
David Page
Accounting officer

Trinity Academy
Statement on Regularity, Propriety and Compliance

As accounting officer of Trinity Academy I have considered my responsibility to notify the academy governing body 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's governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety of 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 governors and the EFA.



David Page
Accounting officer

12 December 2014

Trinity Academy Statement of Governors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 company will continue in business.

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

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

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

Approved by order of the members of the governing body on 12 December 2014 and signed on its behalf by:



.....
Nigel Robson
Chairman

**Trinity Academy
Independent auditors' report
to the governors of Trinity Academy**

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Governors' Responsibilities (set out on page 12), the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the accounts

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the accounts

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2104 issued by the EFA; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

**Trinity Academy
Independent auditors' report
to the governors of Trinity Academy (continued)**

Matters on which we are required to report by exception

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

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



Mai Mak BSc FCA
Senior Statutory Auditor

for and on behalf of
Kinnair and Company
Accountants and Statutory Auditors

Aston House
Redburn Road
Newcastle upon Tyne
NE5 1NB

18 DEC 2014

Trinity Academy
Independent reporting auditors' assurance report on regularity to Trinity Academy
and the Education Funding Agency

In accordance with the terms of our engagement letter dated 30 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Trinity Academy during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Trinity Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Trinity Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Trinity Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Trinity Academy accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Trinity Academy funding agreement with the Secretary of State for Education dated May 2002 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- Documentation, evaluation and testing of internal controls;
- Establishing the intended purpose of grant funding;
- Performing substantive tests on relevant expenditure;

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mai Mak BSc FCA
Senior Statutory Auditor
for and on behalf of Kinnair and Company
Statutory Auditors, Newcastle upon Tyne

18 DEC 2014

Trinity Academy
Statement of Financial Activities for the year ended 31 August 2014 (incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted funds £000	Restricted income funds £000	Restricted fixed asset funds £000	2014 Total £000	2013 Total £000
Incoming resources						
Incoming resources from generated funds:						
- Voluntary income		-	-	-	-	-
- Activities for generating funds	3	283	-	-	283	277
- Investment income	4	12	-	-	12	15
Incoming resources from charitable activities:						
- Funding for the academy's educational operations	5	-	8,628	52	8,680	8,557
Total incoming resources		295	8,628	52	8,975	8,849
Resourced expended						
Charitable activities:						
- Academy's educational operations	7	234	8,627	635	9,496	9,040
Governance costs	8	-	37	3	40	28
Total resources expended		234	8,664	638	9,536	9,068
Net incoming resources before transfers		61	(36)	(586)	(561)	(219)
Gross transfers between funds	9	(377)	(1,099)	1,476	-	-
Net incoming resources before other recognised gains and losses		(316)	(1,135)	890	(561)	(219)
Other recognised gains or losses						
Actuarial gains or losses on defined benefit pension schemes	23	-	124	-	124	141
Net movement in funds		(316)	(1,011)	890	(437)	(78)
Balances brought forward at September		571	436	19,386	20,393	20,471
Funds carried forward at 31 August		255	(575)	20,276	19,956	20,393

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

**Trinity Academy
Balance Sheet
as at 31 August 2014**

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	13	20,276	19,386
Current assets			
Debtors	14	445	207
Cash at bank and in hand		649	1,885
		<u>1,094</u>	<u>2,092</u>
Creditors: amounts falling due within one year	15	(822)	(445)
Net current assets		<u>272</u>	<u>1,647</u>
Net assets excluding pension liability		<u>20,548</u>	<u>21,033</u>
Defined benefit pension scheme liability	23	(592)	(640)
Net assets including pension liability		<u>19,956</u>	<u>20,393</u>
The funds of the academy			
Restricted funds:			
- Fixed asset fund	16	20,276	19,386
- General annual grant fund	16	-	252
- General reserve	16	17	824
- Pension reserve	16	(592)	(640)
		<u>19,701</u>	<u>19,822</u>
Unrestricted funds:			
- General reserve	16	255	571
		<u>255</u>	<u>571</u>
Total funds		<u>19,956</u>	<u>20,393</u>

The financial statements on pages 17 to 37 were approved by the governors and authorised for issue on 12 December 2014 and signed on their behalf by:



.....
Nigel Robson
Governor

**Trinity Academy
Cash Flow Statement
for the year ended 31 August 2014**

	Notes	2014 £000	2013 £000
Net cash inflow from operating activities	18	254	443
Returns on investments and servicing of finance	19	12	15
Capital expenditure	19	(1,502)	(227)
(Decrease)/increase in cash in the year		<u>(1,236)</u>	<u>231</u>
 Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the year		(1,236)	231
Change in net debt	20	<u>(1,236)</u>	<u>231</u>
Net funds at 1 September		1,885	1,654
Net funds at 31 August		<u>649</u>	<u>1,885</u>

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

1 Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the recommendations of Statement of Recommended Practice: Accounting and Reporting by Charities issued by the Charity Commission (SORP 2005), the Academies Accounts Direction issued by the Education Funding Agency (EFA), and the Companies Act 2006. The current accounting period covers 12 months to 31 August 2014. The corresponding amounts are for the 12 month period to 31 August 2013.

A summary of the principal accounting policies, which have been consistently applied, is set out below.

Going Concern

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

Incoming Resources

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

Grants 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 within restricted funds. Capital grants are recognised when they are receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are carried forward within the restricted fixed asset fund.

Donations and sponsorship income are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and receivable by the balance sheet date.

Other income is recognised in the period that the service or supply is completed or provided.

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 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.

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

1 Statement of Accounting Policies (continued)

Resources Expended

Expenditure is charged on an accruals basis inclusive of irrecoverable VAT. Where costs cannot be directly attributable to particular headings they have been allocated on a basis consistent with the use of resources or on the basis of staff headcount.

Costs of generating funds are those costs incurred in trading activities that raise funds.

The cost of charitable activities are those costs incurred on the academy's educational operations.

Governance costs includes expenditure on the academy's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses.

Tangible Fixed Assets

All fixed assets are initially recorded at cost and depreciated over their useful economic life. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, the related grants are credited to a specific restricted fixed asset fund which is reduced over time on a basis consistent with the depreciation policy. The de minimis level for the capitalisation of assets is £500.

All assets are reviewed on an on-going basis to ensure that the net book value of fixed assets is reasonable and gives a true representation of the value in use.

All assets under construction are capitalised within the balance sheet and depreciated when these are considered fit for purpose.

Freehold land and buildings	over 50 years
Fixtures and fittings	over 5 years
Computer equipment	over 5 years
Motor vehicles	over 5 years

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

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, it 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.

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

1 Statement of Accounting Policies (continued)

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 which 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. 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 costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of the other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses. 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.

Fund accounting

The academy operates restricted and unrestricted funds. Restricted funds relate to amounts received which have been specified for a particular use by the donor. All other funds are unrestricted funds which the charitable company may use for its charitable purposes at its discretion. Within unrestricted funds, the academy may designate certain funds for specific purposes.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2014.

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

3 Activities for Generating Funds

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Facilities hire	17	-	17	23
Catering income	260	-	260	254
Recharged expenses	6	-	6	-
	<u>283</u>	<u>-</u>	<u>283</u>	<u>277</u>

4 Investment Income

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Interest on cash deposits	12	-	12	15
	<u>12</u>	<u>-</u>	<u>12</u>	<u>15</u>

5 Funding for the Academy's Educational Operations

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
DfE / EFA grants				
General annual grant GAG	-	8,078	8,078	8,080
Capital grants	-	52	52	-
Other DfE / EFA grants	-	436	436	342
	<u>-</u>	<u>8,566</u>	<u>8,566</u>	<u>8,422</u>
Other government grants				
Local authority revenue grants	-	84	84	76
	<u>-</u>	<u>84</u>	<u>84</u>	<u>76</u>
Other income				
Government sources (non-grant)	-	10	10	-
Non-government sources - revenue	-	20	20	59
	<u>-</u>	<u>30</u>	<u>30</u>	<u>59</u>
	<u>-</u>	<u>8,680</u>	<u>8,680</u>	<u>8,557</u>

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

6 Resources expended

	Staff costs £000	Non-pay expenditure Premises £000	Other costs £000	Total 2014 £000	Total 2013 £000
Costs of the academy's educational operations:					
- Direct costs	6,370	554	538	7,462	7,046
- Allocated support costs	822	532	680	2,034	1,994
	<u>7,192</u>	<u>1,086</u>	<u>1,218</u>	<u>9,496</u>	<u>9,040</u>
Governance costs including allocated support costs	-	-	40	40	28
	<u>7,192</u>	<u>1,086</u>	<u>1,258</u>	<u>9,536</u>	<u>9,068</u>

Incoming/outgoing resources for the year include:

	2014 £000	2013 £000
Depreciation of owned fixed assets	631	601
Loss/(profit) on disposal of fixed assets	<u>7</u>	<u>-</u>

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

7 Costs of the academy's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Direct costs				
Teaching and educational support staff	-	6,370	6,370	5,977
Depreciation	-	554	554	522
Technology costs	-	15	15	17
Educational supplies	-	200	200	204
Examination fees	-	133	133	156
Staff development	-	31	31	30
Other direct costs	-	159	159	140
	<u>-</u>	<u>7,462</u>	<u>7,462</u>	<u>7,046</u>
Allocated support costs				
Support staff costs	133	689	822	814
Depreciation	-	81	81	77
Technology costs	-	107	107	92
Recruitment and support	-	42	42	49
Maintenance of premises and equipment	-	97	97	85
Cleaning	-	21	21	19
Rent and rates	-	65	65	63
Energy costs	-	208	208	193
Insurance	-	49	49	49
Security	-	60	60	63
Transport	-	1	1	5
Catering	101	65	166	175
Other occupancy costs	-	20	20	23
Bank interest and charges	-	4	4	5
Other support costs	-	291	291	282
	<u>234</u>	<u>1,800</u>	<u>2,034</u>	<u>1,994</u>
Total costs of educational operations	<u>234</u>	<u>9,262</u>	<u>9,496</u>	<u>9,040</u>

8 Governance costs

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Legal and professional fees	-	26	26	16
Auditors remuneration:				
- Audit of financial statements	-	7	7	7
- Other services	-	4	4	3
Depreciation	-	3	3	2
	<u>-</u>	<u>40</u>	<u>40</u>	<u>28</u>

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

9 Transfers between funds

The gross transfer to the restricted fixed asset fund from unrestricted funds represents capital expenditure of £1,502,000 financed from general funds, less the amount spent out of the Devolved Formula Capital Grant on capital repairs.

10 Staff costs	2014	2013
	£000	£000
Wages and salaries	5,599	5,471
Social security costs	405	405
Pension costs	788	765
Other staff costs	1	1
	<hr/>	<hr/>
	6,793	6,642
Supply teacher costs	228	149
Staff restructuring costs	171	-
	<hr/>	<hr/>
	<u>7,192</u>	<u>6,791</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £170,916. This included 5 payments of more than £5,000, being £47,229, £32,893, £30,043, £26,500 and £22,634.

Average number of employees during the year:	2014	2013
	Number	Number
Teaching	117	113
Educational support	64	61
Administration	26	25
	<hr/>	<hr/>
	207	199
	<hr/>	<hr/>
Number of staff whose emoluments fell with the following bands:	2014	2013
	Number	Number
£60,000 to £70,000	4	2
£70,001 to £80,000	1	-
£100,001 to £110,000	1	-
£110,001 to £120,000	-	1
	<hr/>	<hr/>

All of the above staff participated in the teachers' pension scheme. During the year ended 31 August 2014 employers contributions for these staff amounted to £52,679 (2013 - £52,472).

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

11 Related party transactions - governors remuneration, expenses and indemnities

The principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as governors. Other governors did not receive payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration was as follows:

D Page	£75,001 to £80,000
I Brew	£110,001 to £115,000

Travelling, subsistence or other expenses totalling £2,308 (2013 - £2,039) were reimbursed to governors during the year.

12 Governors' and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m on any one claim and the cost for the current year was £1,458 (2013 - £1,458). The cost of this insurance is included in the total insurance cost.

13 Tangible fixed assets

	Freehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 September	22,372	2,183	2,118	57	26,730
Additions	1,159	74	295	-	1,528
Disposals	-	(6)	(632)	-	(638)
At 31 August 2014	<u>23,531</u>	<u>2,251</u>	<u>1,781</u>	<u>57</u>	<u>27,620</u>
Depreciation					
At 1 September	3,453	2,024	1,812	55	7,344
Charge for the year	452	63	115	1	631
On disposals	-	(5)	(626)	-	(631)
At 31 August 2014	<u>3,905</u>	<u>2,082</u>	<u>1,301</u>	<u>56</u>	<u>7,344</u>
Net book value					
At 31 August 2014	<u>19,626</u>	<u>169</u>	<u>480</u>	<u>1</u>	<u>20,276</u>
At 31 August 2013	<u>18,919</u>	<u>159</u>	<u>306</u>	<u>2</u>	<u>19,386</u>

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

14 Debtors	2014	2013
	£000	£000
Trade debtors	6	1
VAT recoverable	237	35
Prepayments and accrued income	202	171
	<u>445</u>	<u>207</u>

15 Creditors: amounts falling due within one year	2014	2013
	£000	£000
Trade creditors	501	128
Taxation and social security costs	123	121
Other creditors	98	95
Accruals and deferred income	100	101
	<u>822</u>	<u>445</u>

Deferred income included above:

Deferred income at 1 September 2013	53	37
Resources deferred in the year	20	53
Amounts released from previous years	(53)	(37)
	<u>20</u>	<u>53</u>

Deferred income comprises grants received specifically for use in the next financial period.

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

16 Funds

	At 1 Sep 2013 £000	Incoming resources £000	Resources expended £000	Gains, losses & transfers £000	At 31 Aug 2014 £000
Restricted general funds					
General annual grant (GAG)	252	8,078	(8,029)	(301)	-
Other DfE/EFA grants	-	436	(445)	26	17
Other government grants	-	84	(84)	-	-
Restricted general reserve	824	30	(30)	(824)	-
Pension reserve	(640)	-	(76)	124	(592)
	436	8,628	(8,664)	(975)	(575)
Restricted fixed asset funds					
DfE/EFA capital grants	16,307	52	(516)	(26)	15,817
Capital expenditure from GAG	908	-	(30)	301	1,179
Private sector sponsorship	1,776	-	(56)	-	1,720
Transfers from general funds	395	-	(36)	1,201	1,560
	19,386	52	(638)	1,476	20,276
Total restricted funds	19,822	8,680	(9,302)	501	19,701
Unrestricted income funds					
Unrestricted general reserve	571	295	(234)	(377)	255
Total unrestricted funds	571	295	(234)	(377)	255
Total funds	20,393	8,975	(9,536)	124	19,956

The General Annual Grant (GAG) fund must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG it could carry forward at 31 August 2014. Note 2 discloses whether the limit was exceeded.

The other funds within restricted general funds are used for government and non-government revenues received for specific purposes, except for the pension reserve which reflects the movements and closing deficit relating to the school's share of the local government pension scheme.

The restricted fixed assets funds represent capital grants, sponsorship and other funding received to finance the capital costs of the academy.

The academy is carrying a net deficit on restricted revenue funds of £575,000 - representing a deficit of £592,000 on the restricted pension reserve and a surplus of £17,000 on the Other DfE/EFA grants fund.

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

17 Analysis of net assets between funds

	Unrestricted funds £000	Restricted income funds £000	Restricted fixed asset funds £000	Total funds £000
Fund balances are represented by:				
Tangible fixed assets	-	-	20,276	20,276
Current assets	255	839	-	1,094
Current liabilities	-	(822)	-	(822)
Pension scheme liability	-	(592)	-	(592)
Total net assets	<u>255</u>	<u>(575)</u>	<u>20,276</u>	<u>19,956</u>

18 Reconciliation of operating surplus/(deficit) to net cash inflow from operating activities

	2014 £000	2013 £000
Net incoming resources	(561)	(219)
Depreciation charges and loss on disposal of assets	638	601
Capital grants from DfE and other capital income	(26)	-
Interest receivable	(12)	(15)
Actuarial gain/(loss) on pension scheme	124	141
Increase in debtors	(238)	(22)
Increase/(decrease) in creditors	329	(43)
Net cash inflow from operating activities	<u>254</u>	<u>443</u>

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

19 Gross cash flows	2014	2013
	£000	£000
Returns on investments and servicing of finance		
Interest received	12	15
Capital expenditure		
Payments to acquire tangible fixed assets	(1,528)	(228)
Receipts from sales of tangible fixed assets	-	1
Capital grants from DfE/EFA	26	-
	<u>(1,502)</u>	<u>(227)</u>

20 Analysis of changes in net funds

	At 1 Sep	Cash	Non-cash	At 31 Aug
	2013	flows	changes	2014
	£000	£000	£000	£000
Cash at bank and in hand	1,885	(1,236)	-	649
	<u>1,885</u>	<u>(1,236)</u>	<u>-</u>	<u>649</u>

21 Members' liability

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

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

22 Related party transactions

Owing to the nature of the academy's operations and the composition of the board of governors, being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor has an interest. All transactions involving such organisations are conducted at arms length and in accordance with the academy's financial regulations and normal procurements procedures. No such transactions took place in the year.

23 Pension and similar obligations

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

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

Contributions amounting to £96,000 (2013 £95,000) were payable to the schemes at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme

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

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

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

**Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014**

23 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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

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

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

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

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

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

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

Trinity Academy
Notes to the Financial Statements
for the year ended 31 August 2014

23 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £221,563 (2013 - £220,000), of which employer's contributions totalled £143,644 and employees' contributions totalled £77,919. The agreed contribution rates for future years are 13.4% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in any event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. This guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	At 31 Aug 2014	At 31 Aug 2013
<i>Financial assumptions</i>		
Salary increases	3.4%	4.2%
Pension increases	2.2%	2.4%
Discount rate for scheme liabilities	4.0%	4.5%
Inflation increases (CPI)	2.2%	2.4%
<i>Life expectancy assumptions on retirement age 65</i>		
Retiring today:		
Males	22.9	21.8
Females	25.5	24.7
Retiring in 20 years:		
Males	25.2	23.7
Females	28.3	26.6

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23 Pension and similar obligations (continued)

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

	Expected returns		Fair values	
	2014 %	2013 %	2014 £ 000	2013 £ 000
Equities	7.0%	7.9%	1,736	1,457
Property	6.2%	7.4%	306	331
Gilts	2.9%	3.4%	372	158
Other bonds	3.8%	4.1%	187	228
Cash	0.5%	0.9%	51	48
Other	7.0%	7.9%	184	175
Total fair value of assets			<u>2,836</u>	<u>2,397</u>
Present value of scheme liabilities			(3,428)	(3,037)
Net pension asset/(liability)			<u>(592)</u>	<u>(640)</u>

The school employs a building block approach in determining the rate of return for fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed date of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset over the actual asset allocation for the fund at 31 August 2014.

The actual return on scheme assets was £289,000 (2013 - £255,000).

Amounts recognised in the statement of financial activities:

	2014 £ 000	2013 £ 000
Current service cost	(226)	(213)
Total operating charge	<u>(226)</u>	<u>(213)</u>

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23 Pension and similar obligations (continued)

Analysis of pension finance return / (charge):

	2014	2013
	£ 000	£ 000
Expected return on employers share of scheme assets	146	114
Interest on pension liabilities	(142)	(120)
Pension finance return / (charge)	<u>4</u>	<u>(6)</u>

Actuarial gain or loss recognised in the statement of financial activities:

	2014	2013
	£ 000	£ 000
Actuarial (loss)/gain for the year	<u>124</u>	<u>141</u>

The cumulative amount of actuarial losses recognised since the adoption of FRS 17 is £573,000 (2013 - £697,000)

Movements in the present value of defined benefit obligations:

	2014	2013
	£ 000	£ 000
Opening defined benefit obligation	3,037	2,660
Service cost	226	213
Interest cost	142	120
Actuarial loss/(gain) on liabilities	(28)	-
Employee contributions	68	64
Benefits paid	(17)	(20)
Closing defined benefit obligation	<u>3,428</u>	<u>3,037</u>

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23 Pension and similar obligations (continued)

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

	2014	2013
	£ 000	£ 000
Opening fair value of scheme assets	2,397	1,947
Expected return on scheme assets	146	114
Actuarial (loss)/gain on assets	96	141
Employer contributions	146	151
Employee contributions	68	64
Benefits paid	(17)	(20)
Closing fair value of scheme assets	<u>2,836</u>	<u>2,397</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £162,000.

The five year history of experience adjustments is as follows:

	2014	2013	2012	2011	2010
	£ 000	£ 000	£ 000	£ 000	£ 000
Present value of obligations	(3,428)	(3,037)	(2,660)	(1,942)	(1,941)
Fair value of scheme assets	2,836	2,397	1,947	1,620	1,456
	<u>(592)</u>	<u>(640)</u>	<u>(713)</u>	<u>(322)</u>	<u>(485)</u>
Adjustments on share of assets	<u>96</u>	<u>141</u>	<u>(55)</u>	<u>(67)</u>	<u>73</u>
Adjustments on liabilities	<u>202</u>	<u>-</u>	<u>-</u>	<u>77</u>	<u>-</u>

24 Ultimate controlling party

The governors consider that the ultimate controlling party of the charitable company is United Church Schools Foundation Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by United Church Schools Foundation Limited.