

**ARCHBISHOP HOLGATE'S SCHOOL
A CHURCH OF ENGLAND ACADEMY
(A Company Limited by Guarantee)**

Annual Report and Consolidated Financial Statements

Year ended 31 August 2014

**Company Registration Number:
07559610 (England and Wales)**

Archbishop Holgate's School - A Church of England Academy

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Archbishop Holgate's School - A Church of England Academy

Reference and Administrative Details

Members

Mr John Hattam Chairman of Governors
The Very Reverend Vivienne Faull
Canon Dr Ann Lees
The Most Reverend & Right Honourable Dr John Sentamu – Archbishop of York

Governors

Mr John Hattam Chairman
Dr Andrew Clarke Vice Chairman
Mrs Dawn Avey Staff Governor
Prof Pauline Aldous
Revd Richard Battersby *
Prof Yvonne Birks *
Mrs Caroline Capper Staff Governor
Mrs Kay Christian Staff Governor
Revd Richard Carew
Revd Paul Deo
Mrs Claire Graham-Brown Appointed 1 September 2014
Mr Masud Hoghughi Appointed 29 September 2013
Mrs Carolyn Pinckney
Mr Simon Quartermaine * Resigned 31 August 2014
Mr Alan Rowlinson *
Mrs Carys Smith
Revd Canon Michael Smith Appointed 1 September 2014
Mrs Jacqui Wilson
Mrs Frances Woodcock
Mr Andrew Daly * Headteacher and Accounting Officer

- Persons marked * are also members of the Finance Committee
- All governors are directors of the company.

Company Secretary

Dickinson Dees

Senior Management

Mr A Daly Headteacher
Mrs H Dowds Deputy Headteacher
Mrs A Lawes Deputy Headteacher – Retired 31 August 2014
Mr J Britton Deputy Headteacher
Mr M Halifax Assistant Headteacher
Mrs V Sylph Assistant Headteacher
Mr D Furniss Assistant Headteacher
Mr G Duxbury Director of Finance

Principal and registered Office

Hull Road
York
North Yorkshire
YO10 5ZA

Company registration number

07559610

Archbishop Holgate's School - A Church of England Academy

Reference and Administrative Details (continued)

Independent Auditor

Mazars LLP
Mazars House
Gelderd Road
Gildersome
LEEDS
LS27 7NJ

Bankers

NatWest
York City Centre Branch
1 Market Street
YORK
YO1 8SR

Solicitors

Ware and Kay LLP
Sentinel House
Peasholme Green
YORK
YO1 7PP

Archbishop Holgate's School - A Church of England Academy

Report of the Governors

(a) Introduction

The Governors present their annual report together with the consolidated financial statements of the charitable company for the year ended 31 August 2014. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The consolidated financial statements have been prepared in accordance with the accounting policies on pages 26 to 29 of the attached consolidated financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005').

The Academy opened as a school on 1 April 2011 replacing Archbishop Holgate's School which ceased to be maintained by the Local Authority on that date.

The Academy's principal activities are to advance for the public benefit education, to children between the ages of 11 and 19, in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

(b) Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee and an exempt charity incorporated on 10 March 2011. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy.

The Governor's act as the trustees for the charitable activities of Archbishop Holgate's School - Church of England Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Archbishop Holgate's School, A Church of England Academy ("Archbishop Holgate's" "Academy").

Details of the Governors who served from 1 September 2013 to 31 August 2014 are included in the Reference and Administrative Details on pages 2 and 3.

Members' Liability

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

Governors

The Governors are directors of the Charitable Company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

Governors' Indemnities

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 £1,000,000.

Method of Recruitment and Appointment or Election of Governors

The term of office for any Governor shall be 4 years, subject to remaining eligible to be a particular type of governor, any governor may be re-appointed or re-elected.

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Report of the Governors (continued)

The Governing Body comprises 20 individuals: 11 Foundation Governors, 3 staff Governors, 3 parent Governors 2 Governors nominated by the Local Authority and the Headteacher/accounting officer. The Governing Body works closely with the Headteacher and Senior Leadership Team to provide strategic direction and both challenges and supports the school in pursuing this. Responsibilities include setting the budget for the school, deciding on the number of staff, reviewing and setting the Headteacher's performance and remuneration, helping to decide the priorities for improving the school when the school development plan is being drawn up, ensuring the appropriate curriculum is taught to all pupils, setting targets for pupil achievement, comparing the performance of their school to similar schools, receiving information about the quality of teaching in the school and ensuring that the school complies with a wide range of statutory legislation.

During the past year, Governors have worked hard, both on committees and in full governing body meetings, to fulfil these responsibilities. Governors have made regular visits to school to experience normal school life as part of the 'Governor of the month' initiative; have instituted an annual cycle to ensure compliance with all statutory legislation as well as reviewing best practice from elsewhere; and attended many development and training sessions to further hone their expertise and knowledge.

Policies and Procedures Adopted for the Induction and Training of Governors.

During the financial year under review, the governors held six full Governors meetings and six meetings of the Finance Committee. In addition, the Curriculum Committee met five times, the Facilities Committee met three times, the Pastoral Committee met three times, the Personnel Committee met six times and the Admissions Committee met three times. The training and induction provided for new Governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. The Local Authority also provides training for new governors, and they have availed themselves of these opportunities.

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Governing Body has established a number of sub committees to review policies and performance of the school in all areas. Reports from each of the sub-committees are received and discussed at every meeting of the full governing body.

All Governors are members of the full governing body. In addition Governors are members of committees who report to the full governing body.

The organisational structure consists of two levels: the Governors and the Senior Leadership Team (SLT). The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Leadership Team consists of the Head teacher, three Deputy Head teachers and two Assistant Head teachers and since 1 September 2013, two associate members on a rolling CPD programme. Full details of the roles of each individual can be found below but these managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for any teaching post will always contain a Governor. Some spending control is devolved to Heads of Department, with limits above which a Senior Leadership Team member must sign.

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Report of the Governors (continued)

The work of the Senior Leadership Team encompasses both day-to-day leadership and management of the school, and strategic leadership through development planning and action planning – including monitoring and evaluating progress on the school development plan, forward planning, and associated strategic issues. All members of the Senior Leadership Team will lead by example in all they do. This includes working in a spirit of openness and collegiality, 'living into being' the Christian Values that underpin our school. In terms of teaching and learning there is an expectation that all lessons will be 'good or better'. The descriptions below are not intended to be exclusive or complete, but are given as a guide to key areas of responsibility;

Andrew Daly, Headteacher

Andrew has particular responsibility for the leadership and management of the school (including strategic planning, co-ordination of school policy, the school development plan, school self-review, and chair of school leadership team); staff, including appointments and contracts, roles and responsibilities and all aspects of attendance. In addition he has oversight of the Staff Handbook, representation and communication (including Newsletters to Parents, Governors, Foundation Governors, Governors' Personnel Committee, Archbishop Holgate's Association and Society, and links at Headteacher level with our partners in education and the community) as well as overseeing the work of the Finance Director and reporting to the Finance Committee. He oversees SLT and is responsible to Governors for all aspects of the school. He is also heavily involved in driving forward teaching and learning, delivers History at GCSE and A-Level and makes a significant contribution to Academy Support work.

Anne Lawes, Deputy Headteacher, Pastoral Care

Anne has particular responsibility for all aspects of pastoral care in both main school and Sixth Form. This includes being the chair of the Pastoral Leadership Group and the SLT representative at the Governors Pastoral Committee as well as coordinating the work of the school attendance team. She has specific responsibility for the development of pastoral policies and procedures and oversight of the coordination of other school policies. She is also the designated Child Protection Officer and oversees the approval of trips and visits. She has responsibility for staff wellbeing including; induction, welfare and guidance, staff support; ethos and values including development of the Church School dimension and oversight of the internal CPD programme. She represents the school within the local primary cluster, and has responsibility for coordinating the day to day partnership work with other schools. Anne teaches RE and Guidance across KS3 and KS4 and makes a significant contribution to Academy Support work.

Helen Dowds, Deputy Headteacher, Curriculum and Achievement

Helen has particular responsibility for all aspects of the curriculum in both main school and Sixth Form. This includes planning and co-ordination; review and development; oversight of all aspects of the work of departments including development planning, documentation and reports; chair of Curriculum Leadership Group; represents SLT on the Governors' Curriculum Committee; options, sets and groups; and the school timetable. She is responsible for supply and demand, curriculum costings and departmental budget analysis as well as the school calendar. Helen also has responsibility for raising achievement (including co-ordinating the raising of achievement, assessment and reporting, and target setting); and responsibility for locality curriculum co-ordination and timetabling. Helen teaches Maths across the Key Stages and Further Maths at A-Level and plays a significant part in Academy Support work.

Jonathan Britton, Deputy Headteacher: Quality Assurance, Staff and Academy Lead

Jonathan has particular responsibility for all aspects of the new Staff Appraisal processes including implementation, oversight and quality assurance of the system. As part of this he has oversight of all external CPD opportunities for staff. He works alongside the Headteacher on all HR issues. He also has responsibility for new whole school departmental and pastoral quality assurance and improvement procedures as well as being the School Academy lead with responsibility for all new opportunities through strategic partnership in the Teaching School Alliance, school to school support and partnership work with the Diocese and other Church schools. Working alongside the Headteacher he also has responsibility for the further development of school self-evaluation in line with Ofsted and SIAMS. He also has responsibility for school Public Relations including being the initial point of contact for the media and responsibility for website, prospectus and marketing and communication. Jonathan teaches Design and Technology and Engineering and makes a significant contribution to Academy Support work.

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Report of the Governors (continued)

Matt Halifax, Assistant Headteacher, Learning and Progress

Matt has particular responsibility for the overall leadership and co-ordination of improving learning and progress across the school. This includes working with Heads of Year in monitoring progress, data analysis and target setting, identification of individuals and cohorts, GCSE intervention and support programme, form tutor academic guidance, academic mentoring, and the raising of achievement. Matt is also responsible for driving forward teaching and learning in the school through the leadership of the schools Teaching and Learning team, and ensuring that outstanding teaching facilitates rapid progress within lessons and over time. As part of this Matt also monitors and evaluates the standards of teaching across the school putting in place relevant individual support as required and tailoring internal CPD training. Matt also works to improve learning and progress through his leadership of the schools Standards Groups. Matt makes significant contributions to the Academy Support work and teaches PE across the Key Stages.

Virginia Sylph, Assistant Headteacher, Inclusion and Transition

Virginia provides leadership and co-ordination of all aspects of Learning Support. This includes the work of the Learning Support Centre as well as oversight of the SENCO, HLTA's, Cover Supervisors and School Assistants. Virginia is also responsible for all the transition work with our primary partners, including the programme of visits for Year 5 and 6 students, the Year 6 Evening and all induction sessions (both in term and during holidays) provided to individual and groups of students. As part of this role she is also the Head of Year 7. She also has oversight of all existing primary liaison work and responsibility for broadening this further. She also has responsibility for the Student Premium and Year 7 Catch up Fund and ensuring that it is effectively used to break down barriers and raise achievement. Virginia teaches SEN.

Dan Furniss, Assistant Headteacher, Pastoral Care and Student Support

SLT Project - Dan will continue to work alongside Anne Lawes to develop and implement enhanced technological systems to track and analyse behaviour across the school. In particular developing 'How' the data is used and producing a student dashboard that brings together pastoral and academic data and further enhances the quality of support we provide for students. He will also further embed the homework procedures that have been introduced as well as working on the key question of 'what meaningful homework' looks like. He will continue to develop the rewards system introduced over the past two years.

Glen Duxbury, Finance Director

Glen has responsibility for all aspects of Finances within the School, working very closely with the Headteacher. This includes preparation and management of the Schools annual budget and its monthly monitoring (both whole school and departmental), management of the Schools Banking arrangements, Liaison with Auditors (External, Internal and EFA), ensuring the school correctly accounts for VAT, preparation of the Annual Consolidated Financial Statements, oversight of the School Funds and ensuring the School tries to achieve best value for money, i.e. through effective procurement and ensuring the New Capital Building will be completed within the funds available. Glen also reports to the Governors Finance Committee and acts as Clerk to the Foundation Governors.

The above senior leadership team was in place during the 2013-14 year; however through a combination of one of the Deputy Headteacher's retiring (Mrs A Lawes) and the school continuing to grow, the senior leadership team has been revised with effect from 1 September 2014. The structure now has only two Deputy Headteachers (reduction of one) and five Assistant Headteachers (growth of two) within the senior leadership team.

Risk Management

The Governors are undergoing an assessment of the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance.

They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls, in order to manage risk.

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Report of the Governors (continued)

The Governors assess the major risks to which the Academy is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to manage any exposure to major risks.

A formal review of the Academy's risk management process is normally undertaken on an annual basis, with a major review of the risks and their monitoring/reporting planned for the end of 2014; key controls in place include:-

Formal agenda for all committee activity

Terms of reference for all governing body and delegated committees under the direction of the governing body

Pecuniary interests of governors reviewed at each meeting

Comprehensive budgeting and management reporting

Established organisational structure and clear lines of reporting

Formal written policies

Clear authorisation and approval levels

Vetting procedures as required by law for the protection of the vulnerable

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Connected Organisations, including Related Party Relationships

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

(c) Objectives and Activities

Objectives and Aims

The principal object and activity of the charitable company is the operation of Archbishop Holgate's School, a Church of England Academy, to provide education for students of all abilities between the ages of 11 and 19, with emphasis on Science College and Applied Learning status.

In accordance with the articles of association the charitable company has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding agreement specifies, amongst other things, the basis for admitting students to the Academy.

The main objectives of the Academy during the year ended 31 August 2014 are summarised below:

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

Objectives, Strategies and Activities

The Academy's main strategy is encompassed in its mission statement which is included below:

They can be summarised as a commitment to 'Values, Care and Achievement', Christian values that underpin all we do; outstanding pastoral care that sees each student as an individual; and maximum achievement for all students, at all levels.

Values

An ethos, in which Christian values are lived into being; which is inclusive; in which the spiritual dimension, moral values and our Church foundation are of central importance, within which students can grow spiritually and develop in self-respect, in their care for others, in their contribution to society, and in their stewardship of God's continuing creation.

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Report of the Governors (continued)

Care

Responsive and supportive pastoral care in which each student: is secure; feels valued; is cared for and is developed as a whole person and within which each student can fulfil his or her potential as he or she grows towards adulthood and prepares for its responsibilities and opportunities.

Achievement

Maximum achievement: for each student; at all levels, through a forward-looking, relevant, dynamic, inspirational curriculum within which students grow towards taking responsibility for their own learning within a culture of success.

Links

Strong links with: parents; our partners in education; the Church; partners in business; the community through positive working relationships which strengthen our partnership with the community we serve, which enrich our provision and which can inspire and support us through the challenges that the future will bring.

Facilities

Facilities which are: attractive, safe and well-maintained; well-resourced; up-to-date and forward-looking, so as to provide a first-class environment for learning, for recreation and for community use.

Staff

A staff team which: feels secure, valued and cared for; has effective support; is committed, motivated and inspiring; is itself a learning community, so as to foster high quality teaching, learning and support sustained by effective staff support and development.

Leadership

Leadership at all levels – classroom teaching, middle leadership, senior leadership, governance – to provide the: vision and conviction; structure and spaces; development and support; teamwork and accountability, to ensure that the school fulfils its mission and that all students achieve and succeed, making the most of their individual gifts and talents.

To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- secondments and placing of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- a system of after school clubs to allow students to explore science and engineering in a practical and project oriented way;
- a careers advisory service to help students obtain employment or move on to higher education.

Equal opportunities policy

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

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Report of the Governors (continued)

Public Benefit

The charity's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the Charity's charitable purposes for the public benefit. The Governors have complied with their duty, under Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities

Commission and the trustees have paid due regard to this guidance in deciding what activities the charity should undertake.

Strategic Report

(a) Achievements and Performance

The Academy is in its third full year of operation but has existed as a school since 1546. Student numbers stand at almost 1,100 and will grow to 1,300 by 2017. The school is popular, successful and expanding.

Achievement

Archbishop Holgate's adds considerable value to all students, and achievement over the three year trend is high with almost all subjects well above the national average during this period. Indeed our VA figures for 2010/11 stood at 1012.7 rising to 1017.7 in 2011/2012, with 1013.2 in 2012/13; we await this figure for 2013/2014. Although changes in Department for Education methodology will undoubtedly impact upon this we remain confident that this has been another strong year. In 2013 the school matched its' best ever result of 2010 of 72% A*-C including English and Maths. Under first entry methodology we attained 71% in 2014, with 73% upon final entry, another record. 71% places the school second within the City of York.

Both English and Maths have exceed national expected progress every year over the last 3 years for all pupils. In Maths in each of the 3 years 2011-2013 and for English in 2012-2013 both subjects have significant plus performance in RAISE for A*-C headlines. Performance in English this year has been exceptional with 86% of pupils attaining A*-C and 91% making at least 3LP progress. Pupil premium pupils in English have consistently exceeded national measures for this cohort and English have narrowed the gap year on year

The best 8 capped points score of 371.6 in comparison to the national figure of 341.6 in 2013 is especially pleasing as Archbishop's has worked hard to ensure a quality curriculum fit for the future, one that adheres to the principles set down by government, however new methodology makes it unclear as to the position relative to this year's data set. Indeed the increase of the EBACC success rate increase to 35.8% in 2013 and then 45% this year is an indication of this commitment Archbishop's has to a broad and balanced curriculum model.

KS5 outcomes are outstanding and have built on the strong foundation of 2012, the QCA points per pupil of 1033.9 and average points per entry of 234.5 in 2013 places the school top in the country for vocational outcomes, an accolade not many institutions can share. The school is justifiably confident in the outcomes at KS5 in 2014, this is ratified by ALPS who place student performance for A level as ALPS 2 (top 10% nationally) for the second year in a row, with over two thirds of subjects at ALPS 3 or better and Year 12 performance for AS level as ALPS 1 (top 1% nationally) again for the second year in a row.

Subsidiary Undertaking

The Academy has a wholly owned subsidiary company, Archbishop Holgate's School Services Limited; with the Academy holding a £1 Ordinary share in this company.

It was incorporated on 9 December 2011 and has prepared financial statements for the year 1 September 2013 to 31 August 2014. Its principal activity is the lettings of the Academy's sports and other facilities.

During the year ending 31 August 2014, the company generated sales of £102,020 (2013 £106,928) incurring re-charged costs of £82,580 (2013 £86,368) and gift aided £19,440 (2013 £20,560) to the Academy. The company had net assets of £1 as at 31 August 2014.

The financial statements of Archbishop Holgate's School Services Limited have been consolidated into the Academy's financial statements.

Archbishop Holgate's School - A Church of England Academy

Report of the Governors (continued)

School Funds

The transactions of the majority of the Academy's school trips used to pass through a separate registered charity (charity number 1120241) which was then consolidated into the Academy's group financial statements. As from 1 September 2013, these transactions are now embedded within the Academy's financial statements and are not within a separate charity.

During the year ending 31 August 2014, the transactions amounted to income of £313,000 and expenditure of £337,000. With the funds having a balance of £80,000 as at 31 August 2014.

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.

Key Performance Indicators

During the financial year to 31 August 2014, the Academy has controlled and managed its expenditure to ensure that it operated within the funding available through the General Annual Grant.

(b) Financial Review

Most of the Academy's income is funded by the EFA, in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 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 EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants 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 expected useful life of the assets concerned.

During the financial year ended 31 August 2014, total income (excluding restricted fixed asset funds) of £6,453,000 (2013 £5,876,000) spending £6,264,000 (2013 £5,843,000). This was another surplus and is the second year of the academy's three year plan to recover from its deficit position, which is going to plan and deficit should be cleared for the end of the following financial year.

At 31 August 2014, the net book value of fixed assets was £16,520,000 and movements in tangible fixed assets are shown in note 14 to the consolidated financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy, with the most significant addition during 2013 and 2014 being the completion of the new English Block in December 2013 at a cost of £2.1m.

Principal Risks and Uncertainties

The principal risks to the Academy are identified as reductions to funding through the GAG. A risk register has been completed, with significant Governor involvement, to quantify the likelihood and impact of the risks the Academy may face. The register is then reviewed by both Governors and senior leaders on an on-going basis.

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 amount of reserves that the Academy can hold in GAG funding is limited and shown in note 2. The Academy intends to building up free reserves to an appropriate level, once the restricted fund deficit has been cleared.

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Report of the Governors (continued)

One of the restricted funds, the 'Desmond Tutu Spiritual Garden', currently shows a deficit of £30,000; whilst the project is nearly complete further on-going income and donations for this project are being sought; however, should this income be insufficient to fund the funds deficit, the academy's 'Foundation Governors' (that run a separate charity) have stated that funding would be made available to fund the current deficit within this project.

Financial position

The Academy held a deficit fund balances at 31 August 2014, before the pension deficit, of £99,000 (2013: £197,000) comprising of a deficit of £103,000 (2013: £217,000) restricted general funds and £4,000 (2013: £20,000) balance on its unrestricted funds. The pension deficit of £1,316,000 (2013: £1,252,000) is included within restricted funds. There were restricted fixed asset funds of £16,520,000 (2013: £15,662,000) largely represented by the inherited value of the leasehold land, buildings and equipment and other asset additions. It also had restricted fund balances of £122,000 (2013: £87,000), with these mainly relating to School Trips and Visits.

The total net funds at 31 August 2014 were £15,227,000 (2013: £14,300,000).

Investment Policy

The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. The School does not consider the investment of funds as a primary activity, rather as a result of good stewardship as and when circumstances allow.

(c) Plans for Future Years

Moving forward the school will continuously strive for further improvement to help retain the school's outstanding reputation not only within the local community but also nationally. We know teaching colleagues will continue to work hard to maintain existing positive relationships with students, the calm and ordered learning environment that facilitates learning, and the excellent lessons that students deserve, all built around the distinctive Christian values that the school is renowned for.

Archbishop Holgate's will continue to strive to improve levels of performance of its students at all levels and will continue its efforts to ensure its students secure employment or a place in higher education once they leave. The Academy has increased its Year 7 intake to 216 (being 8 cohorts); with a further increase to 243 (9 cohorts) in the Academic year starting 1 September 2014. It will also consolidate the expanded Sixth Form, with numbers between 200 and 250 students. The Academy will also ensure recruitment to planned resource levels that reflect increased Sixth Form numbers.

The 2014/15 School Development Plan has been developed by the Senior Leadership Team and agreed by the Governing Body. It sets our clear strategic priorities across the seven strands of the Mission Statement and will be the basis for further improvement over the next twelve months. As ever Archbishop Holgate's School is at the forefront of change, our shift to Academy status giving us the opportunity to continue to shape the future for our students and the wider community. We are absolutely committed to continuous improvement; raising achievement and helping each student make the most of their individual gifts and talents. Indeed the Academy aims in the future to draw up a more detailed community development plan, based on an identification and analysis of need. The plans aim will be to deepen links with the wider community (including primary and secondary schools) and direct access to the Academy's specialist facilities, curricular materials and the expertise of Academy staff.

(g) Auditor

In so far as the Governors are aware:

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

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Report of the Governors (Continued)

The external Auditor, Mazars LLP, is willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

(h) Approval

Report of the Governors, incorporating a strategic report, approved by order of the board of Governors, as the company directors, on 11 November 2014 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'John Hattam', written in a cursive style.

John Hattam
Chairman of Governors

Archbishop Holgate's School - A Church of England Academy

Governance Statement

Statement on the system of internal finance control

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Archbishop Holgate's School – A Church of England 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 A Daly (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 Archbishop Holgate's School – A Church of England Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Governors and in the Statement of Governors' responsibilities. The governing body has formally met six times during the year. Attendance during the year at meetings of the governing body was 79% (2013 = 82%), as follows

Governor	Appointment/Resignation	Meetings attended	Out of a possible
J Hattam		5	6
A Clarke		5	6
P Aldous		3	6
P Avey		4	6
R Battersby		5	6
Y Birks		4	6
C Capper		6	6
R Carew		4	6
K Christian		5	6
P Deo		4	6
M Hoghugni	Appointed 29 September 2013	5	5
C Pinckney		5	6
S Quartermaine		4	6
A Rowlinson		4	6
C Smith		6	6
J Wilson		4	6
F Woodcock		5	6
A Daly		5	6

The Finance Committee is a committee of the main governing body. 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. There were a total of six meetings in the year, with overall attendance at these meetings being 69% (2013 = 70%), detailed as follows:

Governor	Meetings attended	Out of a possible
A Rowlinson (Chair)	6	6
D Avey	4	6
R Battersby	3	6
Y Birks	4	6
S Quartermaine	4	6
A Daly (Principal/Accounting Officer)	4	6

Archbishop Holgate's School - A Church of England Academy

Governance Statement (continued)

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 Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Archbishop Holgate's School - A Church of England Academy for the period ended 31 August 2014 and up to the date of approval of the annual report and consolidated financial statements.

Capacity to Handle Risk

The Governing Body is undergoing a review of the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, during the year, the Governors decided to appoint 'Veritau' as Responsible Officer ('RO'), instead of continuing to use the Local Authority as RO. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of Effectiveness

As Accounting Officer, A Daly (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 Responsible Officer;
- the work of the external auditor;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

Archbishop Holgate's School - A Church of England Academy

Governance Statement (continued)

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

Approved by order of the members of the Governing Body on 11 November 2014 and signed on its behalf by:



.....
John Hattam

Chairman of Governors



.....
Andrew Daly

Accounting Officer

Archbishop Holgate's School - A Church of England Academy

Statement on Regularity, Propriety and Compliance

As accounting officer of Archbishop Holgate's Academy I have considered my responsibility to notify the Academy trust 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 trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



.....
Andrew Daly

Accounting Officer

Archbishop Holgate's School - A Church of England Academy

Statement of Governors' Responsibilities

The Governors (who act as trustees for the charitable activities of Archbishop Holgate's School – A Church of England Academy and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Report of the Governors and the consolidated 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 consolidated financial statements for each financial year. Under company law the Governors must not approve the consolidated 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 year. In preparing these consolidated financial statements, the governors are required to:

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

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the consolidated 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the Governing Body on 11 November 2014 and signed on its behalf by:



.....
John Hattam

Chairman of Governors

Archbishop Holgate's School - A Church of England Academy

Independent Auditor's Report on the Consolidated Financial Statements to the Governing Body of Archbishop Holgate's School

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

Respective responsibilities of Governors and auditors

As explained more fully in the Statement of Governors' Responsibilities Statement, the Governors (who are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the consolidated 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 consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity's members as a body. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the consolidated financial statements

A description of the scope of an audit of consolidated financial statements is provided on the APB's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the consolidated financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the charitable company and the Group's affairs as at 31 August 2014 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on the other matter prescribed by the Companies Act 2006

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

Archbishop Holgate's School - A Church of England Academy

Independent Auditor's Report the Governing Body of Archbishop Holgate's School (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
- the consolidated 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.



Shaun Mullins (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Mazars House, Gelderd Road, LEEDS, LS27 7NJ

24 November 2014

Archbishop Holgate's School - A Church of England Academy

Independent Reporting Auditor's Assurance Report on Regularity to Archbishop Holgate's School - A Church of England Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 3 June 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the 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 Archbishop Holgate's School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the School and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Archbishop Holgate's School and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of Archbishop Holgate's Academy accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Archbishop Holgate's School's funding agreement with the Secretary of State for Education dated 28 March 2011 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

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

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

Archbishop Holgate's School - A Church of England Academy

Independent Reporting Auditor's Assurance Report on Regularity to the Governing Body of Archbishop Holgate's School - A Church of England Academy 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 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



Shaun Mullins (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Mazars House, Gelderd Road, LEEDS, LS27 7NJ

24 November 2014

Archbishop Holgate's School - A Church of England Academy

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

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Restated Total 2013 £000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	3	7	16	-	23	51
Activities for generating funds	4	269	350	-	619	541
Investment income	5	4	-	-	4	-
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	6	-	5,807	1,298	7,105	6,248
Total incoming resources		280	6,173	1,298	7,751	6,840
Resources expended						
<i>Charitable activities:</i>						
Academy's educational operations	7, 8	268	5,961	548	6,777	6,278
Governance costs	9	-	35	-	35	33
Total resources expended		268	5,996	548	6,812	6,311
Net incoming/(outgoing) resources before transfers		12	177	750	939	529
Gross transfers between funds	18	(28)	(80)	108	-	-
Net (expenditure)/income for the year		(16)	97	858	939	529
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	18, 27		(12)		(12)	67
Net movement in funds		(16)	85	858	927	596
Reconciliation of funds						
Funds brought forward at 1 September	18	20	(1,382)	15,662	14,300	13,704
Funds carried forward at 31 August		4	(1,297)	16,520	15,227	14,300

All of the Academy's activities derive from continuing operations during the above two financial periods.

A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Archbishop Holgate's School - A Church of England Academy

Balance Sheets as at 31 August 2014

	Notes	2014		2013	
		Group £000	Academy £000	Restated Group £000	Academy £000
Fixed assets					
Tangible assets	13	16,520	16,520	15,461	15,461
Investments	14	-	-	-	-
		<u>16,520</u>	<u>16,520</u>	<u>15,461</u>	<u>15,461</u>
Current assets					
Stock	15	3	3	3	3
Debtors	16	155	181	566	609
Cash at bank and in hand		544	516	810	642
		<u>702</u>	<u>700</u>	<u>1,379</u>	<u>1,254</u>
Creditors: Amounts falling due within one year	17	(679)	(677)	(1,288)	(1,268)
Net current assets/(liabilities)		<u>23</u>	<u>23</u>	<u>91</u>	<u>(14)</u>
Total assets less current assets/(liabilities)		<u>16,543</u>	<u>16,543</u>	<u>15,552</u>	<u>15,447</u>
Pension scheme liability	27	(1,316)	(1,316)	(1,252)	(1,252)
Net assets including pension liability		<u>15,227</u>	<u>15,227</u>	<u>14,300</u>	<u>14,195</u>
Funds of the academy:					
Restricted funds					
Fixed asset fund	18	16,520	16,520	15,662	15,662
General fund	18	(103)	(103)	(217)	(218)
Other restricted funds	18	122	122	87	3
Pension reserve	18	(1,316)	(1,316)	(1,252)	(1,252)
Total restricted funds		<u>15,223</u>	<u>15,223</u>	<u>14,280</u>	<u>14,195</u>
Unrestricted funds					
General fund	18	<u>4</u>	<u>4</u>	<u>20</u>	<u>-</u>
Total funds		<u>15,227</u>	<u>15,227</u>	<u>14,300</u>	<u>14,195</u>

The consolidated financial statements on pages 23 to 45 were approved by the Governors, and authorised for issue on 11 November 2014 and are signed on their behalf by:



.....
J Hattam
Chair

Company Limited by Guarantee
 Registration Number 07559610

Archbishop Holgate's School - A Church of England Academy

Consolidated Cash Flow Statement for the year ended 31 August 2014

	Notes	2014 £000	Restated 2013 £000
Net cash inflow from operating activities	22	39	537
Returns on investments and servicing of finance	23	4	-
Capital expenditure	24	(309)	49
(Decrease)/increase in cash in the year	25	<u>(266)</u>	<u>586</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September		810	224
Net funds at 31 August		<u>544</u>	<u>810</u>

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the year ended 31 August 2014

1 Accounting Policies

Basis of Preparation

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

Going Concern

The Governors assess whether the use of going concern is appropriate, that is, 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. The Governors have made this assessment and have determined that the Academy and the Group are both a going concern.

Consolidation

The financial statements of Archbishop Holgate's School Services Limited has been consolidated into the Academy's financial statements on a line by line basis.

Incoming Resources

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

- **Grants receivable**

Grants are included in the Consolidated Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year 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.

- **Donations**

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

- **Other income**

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

- **Donated Services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the year 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 Consolidated Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy's policies.

Upon becoming an Academy, the school building was leased from the Archbishop Holgate's Grammar School Foundation on a 125 year lease with a peppercorn rent being charged to the Academy. The playing fields are similarly leased on a 125 year lease from the Local Authority for £1 charge per annum.

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the year ended 31 August 2014 (continued)

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line over its expected useful lives, with a full years' depreciation being charged in the year of acquisition. The rates of depreciation are as follows:

Leasehold Land and Buildings	over useful life of the buildings
Freehold Land and Buildings	over useful life of the buildings
Fixtures, fittings and equipment	20% straight line basis
ICT equipment	33% straight line basis
Motor Vehicle	25% straight line basis

Inherited assets were based upon an asset valuation report, undertaken by the DVS on 29 November 2011. The basis of valuation was in accordance with the Charities SORP 2005 and RICS valuation Standards. Due to the specialised property, it had been valued on the basis of depreciated replacement cost (DRC).

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

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

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the year ended 31 August 2014 (continued)

Leased Assets

Rents applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Assets subject to finance leases where substantially all of the benefits and risks of ownership have been transferred to the lessee are capitalised and written off over the life of the asset.

Investments

The Academy's shareholding in the wholly owned subsidiary, Archbishop Holgate's School Services Limited at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Stock

Stocks of stationery are valued at the lower of cost or net realisable value.

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.

Pensions Benefits

Retirement benefits to employees of the Academy Trust 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 Trust.

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 Trust 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 29, the TPS is a multi-employer scheme and the Academy Trust 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 settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Non-teaching members of staff are offered membership of the Local Government Scheme (LPGS). The LPGS is a defined benefit scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS17, Retirement Benefits have been followed.

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the year ended 31 August 2014 (continued)

The Academy's share of the LPGS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset on the balance sheet. Any movement in the asset or liability between the balance sheet dates is reflected in the Consolidated Statement of Financial Activities.

Fund Accounting

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the governors.

Restricted funds comprise grants from the DfE and EFA and other donors which are to be used for specific purposes. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency where the asset acquired or created is held for a specific purpose.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust 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 trust has not exceeded these limits during the year ended 31 August 2014.

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Other donations	7	16	23	51
	<u>7</u>	<u>16</u>	<u>23</u>	<u>51</u>

4 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Restated Total 2013 £000
Hire of facilities	103	-	103	104
Catering income	125	-	125	126
Uniform sales/commission	2	-	2	1
Academy trips	2	310	312	234
Sundry income	37	42	79	76
	<u>269</u>	<u>352</u>	<u>621</u>	<u>541</u>

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the year ended 31 August 2014 (continued)

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Short term deposits	4	-	4	-
	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>

6 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
DfE/EFA capital grant				
Devolved formula capital grant	-	21	21	20
ACMF	-	1,278	1,278	581
	<u>-</u>	<u>1,299</u>	<u>1,299</u>	<u>601</u>
DfE/EFA revenue grants				
General Annual Grant (GAG) (note 2)	-	5,377	5,377	4,980
Other DfE/EFA grants	-	280	280	113
	<u>-</u>	<u>5,657</u>	<u>5,657</u>	<u>5,093</u>
Other Government grants				
Local authority grants	-	150	150	214
	<u>-</u>	<u>150</u>	<u>150</u>	<u>214</u>
Other capital grants				
Other capital grants	-	-	-	340
	<u>-</u>	<u>-</u>	<u>-</u>	<u>340</u>
	<u>-</u>	<u>7,106</u>	<u>7,106</u>	<u>6,248</u>

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the year ended 31 August 2014 (continued)

7 Resources Expended

	Staff Costs £000	Non Pay Premises £000	Expenditure Other Costs £000	Total 2014 £000	Restated Total 2013 £000
Academy's educational operations					
Direct costs	4,161	548	796	5,505	4,916
Allocated support costs	474	312	486	1,272	1,362
	<u>4,635</u>	<u>860</u>	<u>1,282</u>	<u>6,777</u>	<u>6,278</u>
Governance costs including allocated support costs	20	-	15	35	33
	<u>4,655</u>	<u>860</u>	<u>1,297</u>	<u>6,812</u>	<u>6,311</u>
				2014 £000	2013 £000
Incoming/outgoing resources for the year include:					
Operating leases				2	2
Fees payable to auditor				9	9
- Audit					
- Other services				1	1
				<u>1</u>	<u>1</u>

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

8 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Restated Total 2013 £000
Direct costs				
Teaching and educational support staff costs	-	4,161	4,161	3,991
Depreciation	-	548	548	464
Educational supplies	18	525	543	417
Examination fees	-	126	126	108
Staff development	-	28	28	19
Other direct costs	-	99	99	60
	18	5,487	5,505	5,059
Allocation supported costs				
Support staff costs	33	489	522	533
Recruitment and support	-	26	26	14
Maintenance of premises and equipment	6	158	164	109
Cleaning	-	13	13	12
Rent & rates	-	31	31	38
Gas and electricity	41	105	146	151
Insurance	-	49	49	47
Security and transport	-	6	6	9
Catering	170	-	170	175
Other support costs	-	145	145	131
	250	1,022	1,272	1,219
	268	6,509	6,777	6,278

9 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Legal and professional fees	-	6	6	3
Auditor's remuneration				
• Audit of financial statements	-	9	9	10
Support staff costs	-	20	20	20
	-	35	35	33

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

10 Staff Costs

	2014 £000	2013 £000 Restated
Staff costs during the period were:		
Wages and salaries	3,813	3,661
Social security costs	283	271
Pension costs	576	558
	<u>4,672</u>	<u>4,490</u>
Supply teacher costs	31	44
Compensation payments (non-statutory)	-	10
	<u>4,703</u>	<u>4,544</u>

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

	2014 Full-time equivalent	2014 Number	2013 Full-time equivalent
Charitable Activities			
Teachers	75	84	70
Administration and support	44	58	46
Management	2	2	2
	<u>121</u>	<u>144</u>	<u>118</u>

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

	2014 £000	2013 £000
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
	<u>4</u>	<u>4</u>

All four of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £39,559 (2013: four members £37,754).

11 Governors' Remuneration and Expenses

Principal and 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 any payments, from the Academy in respect of their role as Governors. The value of Governors' remuneration was as follows:

A Daly (Head and Governor)	£85,000-£90,000	(2013: £80,000-£85,000)
D Avery (Staff Governor)	£25,000-£30,000	(2013: £25,000-£30,000)
C Capper (Staff Governor)	£35,000-£40,000	(2013: £40,000-£45,000)
K Christian (Staff Governor)	£25,000-£30,000	(2013: £25,000-£30,000)

During the year ended 31 August 2014 there were no expenses reimbursed to the Board of Governors.

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

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 £1,000,000 on any one claim and the cost for the year ended 31 August 2014 was £900 (2013: £900).

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

13 Tangible Fixed Assets Group and Academy

	Freehold Land and Buildings £000	Assets under Construction £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost							
At 1 September 2013	125	687	15,480	80	149	2	16,523
Additions	1,365	-	-	110	132	-	1,607
Transfers	687	(687)	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 August 2014	2,177	-	15,480	190	281	2	18,130
Depreciation							
At 1 September 2013	13	-	931	23	93	2	1,062
Charged in year	40	-	385	37	86	-	548
Disposals	-	-	-	-	-	-	-
At 31 August 2014	53	-	1,316	60	179	2	1,610
Net book values							
At 31 August 2014	2,124	-	14,164	130	102	-	16,520
At 31 August 2013	112	687	14,549	57	56	-	15,461

The Academy's transactions relating to Land and Buildings include:

- The completion of a new building (English Block), in December 2013 at a cost of £2.1M, largely funded by the EFA.

15 Investments

The Academy holds a £1 Ordinary share in the wholly owned company 'Archbishop Holgate's School Services Limited'. The company was incorporated on 9 December 2011 and have prepared separate financial statements for the year to 31 August 2014 that have been consolidated into these financial statements, see Note 29.

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

15 Stock

	2014 £000	2013 £000
Stationery - Administration	2	2
Stationery – Curriculum	1	1
	<u>3</u>	<u>3</u>

16 Debtors

	2014		2013	
	Group £000	Academy £000	Restated Group £000	Academy £000
Trade debtors	18	5	384	358
Prepayments	73	73	117	117
Other debtors	43	43	21	21
VAT recoverable	21	21	44	44
Amount due from subsidiary undertaking	-	39	-	69
	<u>155</u>	<u>180</u>	<u>566</u>	<u>609</u>

17 Creditors: amounts falling due within one year

	2014		2013	
	Group £000	Academy £000	Restated Group £000	Academy £000
Trade creditors	175	175	830	824
Other taxation and social security	83	83	80	80
Other creditors	303	303	286	286
Accruals and deferred income	117	115	85	78
VAT payable	1	1	7	-
	<u>679</u>	<u>677</u>	<u>1,288</u>	<u>1,268</u>

Deferred income

	2014 £000	2013 £000
Deferred income at 1 September	52	29
Resources deferred in the year	30	52
Amounts released from the previous period	<u>(52)</u>	<u>(29)</u>
Deferred income at 31 August	<u>30</u>	<u>52</u>

Deferred income as at 31 August 2014 relates to:

- Rates grant received, part of which is for rates costs after 31 August 2014;
- A grant for hosting the local 'Sports Games Organiser', with the funding covering the period 1 April 2014 to 31 March 2015 and as such an element has been deferred.

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

18 Funds

	Restated Balance at 1 September 2013 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2014 £000
Restricted general funds					
General Annual Grant (GAG)	(217)	5,377	(5,183)	(80)	(103)
Other DfE/EFA grants	-	197	(197)	-	-
Other grants and donations	-	191	(191)	-	-
Pension reserve	(1,252)	-	(52)	(12)	(1,316)
	<u>(1,469)</u>	<u>5,765</u>	<u>(5,623)</u>	<u>(92)</u>	<u>(1,419)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	599	1,298	(76)	-	1,821
Inherited assets	14,551	-	(386)	-	14,165
Capital expenditure from GAG	82	-	(61)	108	129
Other capital funding	430	-	(25)	-	405
	<u>15,662</u>	<u>1,298</u>	<u>(548)</u>	<u>108</u>	<u>16,520</u>
Other Restricted Funds					
School funds	84	309	(313)	-	80
Discretionary Bursary Fund	-	23	(7)	-	16
Pathfinder Teaching School	-	60	(4)	-	56
Desmond Tutu Spiritual Garden	3	16	(49)	-	(30)
	<u>87</u>	<u>408</u>	<u>(373)</u>	<u>-</u>	<u>122</u>
Total restricted funds	<u>14,280</u>	<u>7,471</u>	<u>(6,544)</u>	<u>16</u>	<u>15,223</u>
Unrestricted funds					
Unrestricted funds	20	280	(268)	(28)	4
	<u>20</u>	<u>280</u>	<u>(268)</u>	<u>(28)</u>	<u>4</u>
Total funds	<u>14,300</u>	<u>7,751</u>	<u>(6,812)</u>	<u>(12)</u>	<u>15,227</u>

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

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward as at 31 August 2014. Note 2 discloses whether the limit was exceeded.

The academy is carrying a new deficit of £99,000 restricted general funds (excluding pension reserve) plus unrestricted funds because of a deficit generated in the year ending 31 August 2012. The academy has just completed the second year of a three year recovery plan to return these funds to surplus and is on track to achieve this by 31 August 2015.

The 'Desmond Tutu Spiritual Garden' fund, currently shows a deficit of £30,000; whilst the project is nearly complete further on-going income and donations for this project are being sought; however, should this income be insufficient to fund the funds deficit, the Academy's 'Foundation Governors' (that run a separate charity) have stated that funding would be made available to fund the current deficit within this project.

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

19 Analysis of Net Assets between Funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	16,520	16,520
Current assets	4	698	-	702
Current liabilities	-	(679)	-	(679)
Pension scheme liability	-	(1,316)	-	(1,316)
Total net assets	4	(1,297)	16,520	15,227

20 Capital Commitments

	2014 £000	2013 £000
Contracted for, but not provided in the financial statements	-	1,311

21 Financial Commitments

Operating leases

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £000	2013 £000
Other		
Expiring within one year	1	1
Expiring within two and five years inclusive	2	2
	<u>3</u>	<u>3</u>

22 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2014 £000	Restated 2013 £000
Net income	939	529
Depreciation (note 13)	548	464
Capital grants from DfE/EFA and other capital income	(1,298)	(941)
Interest receivable (note 5)	(4)	-
FRS 17 pension cost less contributions payable (note 28)	4	16
FRS 17 pension finance income (note 28)	48	49
Decrease/(increase) in debtors	411	(402)
(Decrease)/increase in creditors	(609)	822
Net cash inflow/(outflow) from operating activities	<u>39</u>	<u>537</u>

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

23 Returns on investments and servicing of finance

	2014 £000	2013 £000
Interest received	4	-
Net cash inflow from returns on investment and servicing of finance	<u>4</u>	<u>-</u>

24 Capital Expenditure and Financial Investment

	2014 £000	2013 £000
Purchase of tangible fixed assets	(1,607)	(892)
Capital grants from DfE/EFA	1,298	601
Capital funding received from sponsors and others	-	340
Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(309)</u>	<u>49</u>

25 Analysis of Changes in Net Funds

	At 1 September 2013 £000	Cash flows £000	At 31 August 2014 £000
Cash in hand and at bank	810	(266)	544
	<u>810</u>	<u>(266)</u>	<u>544</u>

26 Members' Liability

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

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

27 Pension and Similar Obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by North Yorkshire Pension Fund. 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 £73,000 (2013: £68,000) were payable to the schemes at 31 August 2014 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 along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

Valuation of the Teachers' Pension Scheme

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.

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

27 Pension and Similar Obligations (continued)

Teachers' Pension Scheme Changes

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

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

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

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

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

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

Local Government Pension Scheme

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

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the year ended 31 August 2014 was £198,000 (2013: £200,000), of which employer's contributions totalled £150,000 and employees' contributions totalled £48,000 (2013: £156,000 and £44,000). The agreed contribution rates for future years are 19.38% for employers and between 5.5% - 7.5% for employees (varying depending upon their salary).

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 effect on 18 July 2013.

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

27 Pension and Similar Obligations (continued)

Principal Actuarial Assumptions	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	3.7%	4.15%
Rate of increase for pensions in payment / inflation	2.2%	2.4%
Discount rate for scheme liabilities	4.0%	4.5%
Inflation assumption (CPI)	2.2%	2.4%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2014	At 31 August 2013
<i>Retiring today</i>		
Males	23.0	22.6
Females	25.5	25.3
<i>Retiring in 20 years</i>		
Males	25.3	24.4
Females	27.8	27.2

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £000	Expected return at 31 August 2013	Fair value at 31 August 2013 £000
Equities	7.0%	407	7.0%	392
Government bonds	2.9%	73	3.4%	55
Other bonds	3.8%	89	4.4%	68
Property	6.2%	38	5.7%	21
Cash	0.5%	3	0.5%	13
Other	7.0%	57	7.0%	50
Total market value of assets		667		599
Present value of scheme liabilities				
- Funded		(1,983)		(1,851)
Deficit in the scheme		(1,316)		(1,252)

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

27 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Equities represent the majority of the assets in the scheme 61% (2013 65%). The expected return of 7.0%, for equities, has been used based upon advice from the scheme's actuary's stating, "It is generally accepted that the yield on equity investments will contain an 'equity risk premium' in addition to the yield on Government bonds, which are perceived as the 'least-risk' investment class, in order to compensate investors for the additional risk of holding this type of investment. Historical excess equity returns over more than 100 years have been approximately 4% p.a. on average. However, the level of equity risk premiums can vary from time to time dependent on market levels and expectations for future returns. We have taken the overall expected return on equities as at 31 August 2014 as 7%, implying an equity risk premium of 4.5% over and above the gilt yield of 2.5% p.a."

The actual return on scheme assets was £89,000 (2013: £91,000).

Amounts recognised in the statement of financial activities

	2014 £000	2013 £000
Current service cost (net of employee contributions)	154	156
Total operating charge	<u>154</u>	<u>156</u>

Analysis of pension finance income

Expected return on pension scheme assets	(40)	(23)
Interest on pension liabilities	88	72
Pension finance income	<u>48</u>	<u>49</u>

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £49,000 gain (2013: £61,000 gain).

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

	2014 £000	2013 £000
At 1 September	1,851	1,595
Current service cost	154	156
Interest cost	88	72
Employee contributions	48	44
Actuarial (gain)/loss	(142)	-
Benefits paid	(16)	(16)
At 31 August	<u>1,983</u>	<u>1,851</u>

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

27 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

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

	2014 £000	2013 £000
At 1 September	599	341
Expected return on assets	40	23
Actuarial gain	(154)	67
Employer contributions	150	140
Employee contributions	48	44
Benefits paid	(16)	(16)
At 31 August	667	599

The estimated value of employer contributions for the year ended 31 August 2014 is £163,000 (2013 £141,000).

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

	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligations	(1,983)	(1,851)	(1,595)	(1,213)
Fair value of share of scheme assets	667	599	341	160
Deficit in the scheme	(1,316)	(1,252)	(1,254)	(1,053)
Experience adjustments on share of scheme assets gain/(loss)	(154)	67	8	(14)
Experience adjustments on scheme liabilities gain/(loss)	164	-	-	-

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

28 Related Party Transactions

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

One of the Academy's Governors, is also a Governor at a local Primary School Academy, Robert Wilkinson Primary School. The School has been supporting this Primary Academy and has earned income of £3,579 for the year (2013: £nil).

29 Subsidiary Companies and Consolidated Financial Statements

In the previous year the Academy prepared consolidated financial statements, in respect of:

- the Academy itself;
- its wholly owned trading subsidiary – Archbishop Holgate's School Services Ltd; and
- its controlled charity - Archbishop Holgate's School Fund (Charity Commission registration 1120241).

A Consolidated Financial Statements have therefore been prepared for the year ended 31 August 2014 with comparator information reported for the previous year; however all transactions that were previously recorded in Archbishop Holgate's School Fund have from 1 September 2013 been included within the Academy itself; as such the consolidation now only involves Archbishop Holgate's School Services Ltd.

The following organisation have been consolidated within the main school financial statements; Archbishop Holgate's School Services Limited and Archbishop Holgate's School Fund.

Archbishop Holgate's School Services Limited

The Academy created a wholly owned subsidiary company, Archbishop Holgate's School Services Limited; with the Academy holding a £1 Ordinary share in this company. Company number 07877524.

Its principal activity is the lettings of the Academy's sports and other facilities. A summary of Archbishop Holgate's School Services Limited are set out below.

<u>Profit and Loss Account</u>	Year	Year
	1 Sep 13 to 31 Aug 14	1 Sep 12 to 31 Aug 13
	£	£
Turnover	102,020	106,928
Administration Expenses	82,580	86,368
Operating Profit	19,440	20,560
Covenant	19,440	20,560
Profit for the financial period	Nil	Nil

Archbishop Holgate's School - A Church of England Academy

Notes to the Consolidated Financial Statements for the Year Ended 31 August 2014 (continued)

29 Subsidiary Companies and Consolidated Financial Statements (continued)

<u>Balance Sheet</u>	Year 1 Sep 13 to 31 Aug 14	Year 1 Sep 12 to 31 Aug 13
	£	£
Current Assets		
Debtors	13,407	23,993
Cash at Bank and in Hand	27,999	53,735
	41,396	77,728
Creditors: Amounts due within one year	41,395	77,727
Net Current Assets less liabilities	1	1
Capital and Reserves		
Called up equity and share capital	1	1
Shareholders' Funds	1	1

30 Prior Year Adjustment

Within the previous years, 2013 consolidated financial statements, the School fund accounts were consolidated with the Schools own consolidated financial statements to give the group position. However the most recent financial statements for the School Fund was the 2012 and not the 2013 financial statements. Consequently the 2013 balances have been restated to reflect the additional funds of £19,000 as at the end of the 2013 year.

The restatement impacted the following figures:

	Original 2012/13 £000	Restated 2012/13 £000	Change £000
Activities for generating Funds, Restricted Funds	518	541	23
Academy's educational operations, Restricted Funds	(6,225)	(6,229)	(4)
Increase in Net Funds			19
Debtors	564	566	2
Creditors	(1,282)	(1,288)	(6)
Cash	787	810	23
Net increase in Assets			19
Other Restricted Funds	67	87	20
Unrestricted General Fund	21	20	(1)
Net increase in Funds			19