

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

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

Members

The members of the Company are: Sir Kevin Satchwell, SR Towe and M McGregor (resigned 30 September 2015).

Governors

SR Towe CBE, Chairman
CG Allen
NOF Aston TD
PWS Brewis
HM Fenwick
EL Griffiths
RJ Harrison OBE
J Harvey
MJ Jenkins
AC Shackleton
AC Smith
AC Tripney
S Turton FCA

Senior Management Team

S Topper
K Bladen
C Drummond
A Gill
K Hull
H Jones
D Kangh
A Lally
C Mills
M Povey
M Pugh
G Smith

Company registered number

04798185

Registered office

Thomas Telford School
Old Park
Telford
Shropshire
TF3 4NW

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

Administrative details (continued)

Principal operating office

Sandwell Academy
Halfords Lane
West Bromwich
West Midlands
B71 4LG

Independent auditor

Crowe Clark Whitehill LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

HSBC Bank PLC
Town Centre
Telford
Shropshire
TF3 4AN

Solicitors

Wragge Lawrence Graham & Co LLP
55 Colmore Row
Birmingham
B3 2AS

Investment manager

Brewin Dolphin Limited
4th Floor
9 Colmore Row
Birmingham
B2 2BJ

SANDWELL ACADEMY TRUST LIMITED
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Sandwell Academy Trust Limited (the "academy" or the "Charitable Company") for the year ended 31 August 2015. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice ("SORP") "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The academy is a company limited by guarantee and was set up and is constituted by a Memorandum of Association. It is an exempt charity regulated by the Department for Education.

The principal object of the Charitable Company is to maintain an academy in Sandwell known as Sandwell Academy.

MEMBERS' LIABILITY

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

GOVERNORS' INDEMNITIES

In accordance with normal commercial practice the Charitable Company has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The management of the academy is the responsibility of the Governors who are appointed or co-opted under the terms of the Articles of Association.

The Governors who served during the year and subsequently, to the date of this report except where indicated, were:

SR Towe CBE - Chairman
CG Allen
NOF Aston TD
PWS Brewis
K Elson-Whittaker (Resigned 4 November 2015)
HM Fenwick
EL Griffiths
RJ Harrison OBE
J Harvey
MJ Jenkins
AC Shackleton
AC Smith
AC Tripney
S Turton FCA

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

The Governors are either nominated by the Sponsors ("Sponsor Governors") or are appointed by the Sponsor Governors themselves ("Community Governors"). One Governor is elected by the parents or guardians of students attending the academy ("Parent Governor").

The day-to-day running of the Charitable Company is carried out by the Headteacher, Mr S Topper, and the senior management team.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The Charitable Company is controlled by the governing board ("the board"). As described above, the board is formed primarily from nominees provided by the Sponsors and from appointees selected by the Sponsor Governors themselves.

Other than the elected Parent Governor, Governors retire by rotation in accordance with the Articles of Association, which provide that at each Annual General Meeting one-third of the Governors must retire, being the longest in office since their last election, such Governors being eligible for re-election.

The induction and training provided for new Governors will depend on their existing experience. Several of the Governors have many years of experience on other school governing boards and in the sphere of education generally. Where necessary, training will be provided on charity, educational, legal and financial matters. It is expected that the turnover in the composition of the board will be low which will enable induction to be carried out informally and tailored specifically to each individual. All new Governors will be encouraged and assisted to familiarise themselves with the academy and will meet with staff, students and parents of students. All Governors are provided with copies of the academy's constitutional and policy documents. In addition, they are routinely involved with meetings, accounts, reports, budgets, plans and other information necessary to enable them to carry out their roles effectively.

The Sponsors are primarily responsible for ensuring that Sponsor Governors are appointed to the governing board. The Sponsor Governors collectively are responsible for the recruitment of other suitable candidates for governorship. The representation of local industry and commerce on the board is a key aim.

ORGANISATIONAL STRUCTURE

The management structure is on two levels: the Governors and the Senior Managers. The Senior Managers comprise persons who are qualified and experienced in their individual fields. 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 annual plans, budgets and targets, and monitoring the performance of the academy against the aims established. They make all major decisions about the direction and policies of the academy, including capital expenditure.

The senior management team consists of the Headteacher and the Deputy Heads. These managers control the academy at an executive level, implementing the policies established by the Governors and reporting back to them at board meetings.

KEY MATTERS AND RESPONSES FOR THE ACADEMIC YEAR 2014-15

Amongst the key matters considered by the governing board during the academic year has been the consequences of further educational reform and, in particular, the changing landscape surrounding vocational course equivalence and accreditation. The Governors' long-held view that through a broad and balanced curriculum, students of all levels of ability can be provided with optimum conditions under which their full potential can be realised is maintained. Accordingly, they have resolved to support the continuance of such a model, irrespective of the adverse consequences which vocational qualification non-equivalence might have on

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

the external perception of the academy's overall performance. The existing curriculum model is also potentially impacted by the new formalities of supporting and re-testing previously under-achieving students joining the academy at Year 7. This matter will require further assessment, in due course, once the effects have been assessed.

Detailed scrutiny of the use of Pupil Premium funding has satisfied Governors that income allocated to support disadvantaged students to make progress at least at levels comparable to their peers, has been resourcefully applied to a range of intervention strategies. Governors have also reviewed how the academy has modelled a range of pathways for dealing with both low level disruption and more serious incidents of unacceptable behaviour. The success of an initial pilot scheme established to manage some of the academy's more challenging students, who might otherwise have faced fixed term or permanent exclusion, has led Governors to approve the establishment of a permanent facility as a capital project. The purpose-built Behavioural Support Centre will open in the 2015-2016 autumn term.

The recruitment of suitably qualified and experienced teachers, particularly in core subjects, has continued to present challenges and Governors have supported the Head-teacher's efforts to maintain a full complement of staff through the continuation of professional development opportunities, the effective use of a performance management system, and anticipatory succession planning. Nevertheless, with employment costs forming the most significant element of the academy's annual expenditure, economies have been necessary to address the reduced funding allocation in 2014-2015 to ensure that a financial deficit was not realised at the year end and, moreover, to prepare for further funding constraints in 2015-2016. As part of this process, Governors have reviewed the coach transport arrangements for students and supported proposals formulated by stakeholders to reduce the level of provision from September 2015. Cognisant that such measures might, possibly, affect applicant numbers in future years, particularly from those districts in the Sandwell borough which are furthest from the academy, Governors have endorsed a further proposal to increase the number of places in Year 7 by 20 from 2016. This increase will also provide additional scope for applicants from the West Bromwich and Smethwick areas, from where previously the majority of applications have been made.

Governors have maintained a close oversight of academy policies and procedural arrangements, particularly in the light of the most recent statutory guidance relating to safeguarding, radicalisation and the promotion of British values. Compliance with responsibilities set out in the Equality Act is reported on below, providing fuller details of how the governing board has reviewed and endorsed the academy's endeavours to positively prepare students for life in modern Britain and to promote the fundamental principles of democracy and mutual respect.

The membership of the governing board encompasses wide experience in the fields of education, commerce and industry. These attributes have contributed to effective control, strong challenge and positive ambition of and for the academy, its staff, its students and the community which it serves.

EQUALITY ACT COMPLIANCE AND OBJECTIVES

As an educational establishment, the academy is in a strong position to effectively perform its statutory duties under the Equality Act 2010 in relation to both its staff and its students. Sandwell Academy is committed to advancing equality of opportunity, fostering good relations and tackling discrimination against individuals and groups irrespective of gender, disability and ethnicity.

Governors have adopted well-considered Spiritual, Moral, Social and Cultural Development and Equal Opportunities and Diversity Policies which inculcate high standards in these areas as part of the general academy ethos. Procedures are in place to deal with any incidences of harassment or victimisation, especially amongst the student body, and those affected are encouraged to make their problems known to achieve resolution. Academy resources are effectively directed to ensure equality of opportunity for staff and students alike so as to ensure that those who might otherwise be at a disadvantage, or considered to be at a disadvantage, compared with their peers are placed as nearly as possible on the same footing. Through its educational, sporting and cultural activities the academy endeavours to create a strong sense of belonging and

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

common aspiration within its own community and thereby fosters continuing good relations throughout the organisation. Sandwell Academy strives to ensure that its students leave with the strongest foundation of values upon which to build a successful life and to make a positive contribution to society.

In March 2015 Sandwell Academy became the first school in Sandwell to achieve the prestigious EQualities Award. The EQualities Award pays tribute to those schools and academies that go the extra mile to become equalities champions. To gain the award, which is recognised by Ofsted, staff and Governors undertook a thorough review of the academy's policies and practice and supplied a wide range of evidence for external assessment.

Director of the EQualities Award, Dr Chris Derrington said: The staff and Governors at Sandwell Academy conducted a rigorous self-evaluation and have produced an excellent portfolio of compelling evidence of which they should be justifiably proud. The academy actively promotes positive attitudes towards disability, ethnicity and gender equality which help to challenge stereotypes and raise aspirations for all students. Everyone is valued and concerted efforts are made to challenge inequality wherever it might surface. This achievement underlines a genuine commitment and determination to uphold important core values, extend opportunities for all and ensure that every student makes excellent progress, regardless of their circumstances.

EQUALITY OBJECTIVES

In accordance with the Equality Act 2010, the academy publishes equality objectives that are specific and measurable, accessible to all and updated annually.

The objectives for 2014 - 2015 were:

1. To close the gap in the performance of boys and girls
2. To close the gap in performance for Academy Support / Academy Support Extra
3. To identify early students who may become NEET (not in education, employment or training) and ensure appropriate intervention is in place
4. To increase students' understanding of sexual orientation and gender/sexual identities, including homophobia.

EVALUATION OF OBJECTIVES

The academy has conducted detailed analysis on the performance of its boys and girls at GCSE over the last three years. The headline figure of 5 A* - C grades including English and Maths over the last 2 years shows that there has been a differential of circa 25% in performance of girls achieving better than boys. Equalising results will remain a priority objective for the next academic year.

The performance of students with special educational needs (SEN) in the 2014 – 2015 cohort was encouraging, as the average Levels of Progress for SEN students was 2.96, only marginally behind the figure of 3.07 for the entire cohort.

The academy Careers Team continues to work tirelessly with students at risk of becoming NEET. Processes and procedures are in place to identify those at risk, and bespoke programmes of support are put in place for the most vulnerable students.

The Director of Careers attends all formal annual reviews for all year groups and ensures that the independent careers advisor and the external Connexions Advisor are working to provide a positive destination for all students.

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

The academy prides itself on the fact that no young person is allowed to leave Sandwell Academy without a positive destination. This objective will continue in the forthcoming academic year.

The academy continues to tackle issues of gender and has worked hard particularly to combat any use of homophobic language. Discussion on these topics is delivered as part of the Personal Tutorial Citizenship programme to complement work on values, moral compass and peer pressure. Staff have also received additional guidance about how to address any use of homophobic language via staff briefing sessions

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Charitable Company was established by its Principal Sponsors. These are The Mercers' Company, Telford City Technology College Trust Limited (known as Thomas Telford School), Tarmac Group Limited and West Bromwich Albion Football Club (together "the Sponsors").

RISK MANAGEMENT

The Governors manage the major strategic, business and operational risks which the academy faces. They are reviewed on a termly basis to ensure that the major risks identified have been investigated as far as practicable. The principal risks to which the academy is exposed are reputational risks, which may lead to loss of student numbers, and physical business interruption risks which might impede the education processes and lead to poor student performance.

OBJECTIVES AND ACTIVITIES

OBJECTIVES, STRATEGIES, ACTIVITIES AND PUBLIC BENEFIT

The Charitable Company's objects are generally to advance for the public benefit education in Sandwell by establishing, maintaining, managing and developing an academy offering a broad curriculum with a strong emphasis on, but in no way limited to, business enterprise and sport.

The main objectives of the Charitable Company are to:

- raise the standard of educational achievement of all students;
- ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- improve the effectiveness of the Charitable Company by keeping the curriculum and organizational structure under continuous review;
- provide value for money for the funds expended;
- comply with all statutory and national curriculum requirements; and to
- maintain close links with industry and commerce.

In setting the objectives and planning activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

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GOVERNORS' REPORT (continued)
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STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

At the academy it is recognised that Key Stage 3 SATs are no longer obligatory, but the academy is keen to ensure that students are appropriately assessed in order to monitor performance and to make sure that parents have valid information about their child's progress. As SAT papers are still available, the academy continues to use them in conjunction with internal marking. The results achieved demonstrate that collectively, students are making accelerated progress in their first two years at the academy, and this can only give students an improved chance of achieving in Key Stages 4 and 5, this is evident from the current results outlined in the key performance indicators.

Careers education and guidance is vitally important to ensure students make the most of the opportunities available to them. Students across the academy use the careers resource area on a regular basis seeking help and support on a broad range of issues including employment search and university entry. The academy and Governors share a view that it is their responsibility to secure employment or further education for all of the students.

Strong budgetary controls are exercised as part of a culture of disciplined financial management, achieving optimum value for money. The annual programme of repairs together with the refurbishment of several areas during the summer holidays have resulted in the fabric of the building being maintained to a high standard.

GOING CONCERN

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

KEY PERFORMANCE INDICATORS

The academy provides education for a total of 1259 students, comprising 919 students under 16 years of age and 340 Sixth Form students.

Examination results for 2015 were very pleasing. At A level, candidates achieved an average UCAS points score of 409 points per candidate (2014 average 411). The results for students taking GCSE examinations showed that 67% of students secured 5 or more passes A* to C, including English and Mathematics at that level.

Regular internal and external monitoring of students' performances is taking place, in addition to formal examinations, and the board is satisfied that the academy is developing well, in line with the targets established. An inspection carried out by Ofsted during 2014 judged the academy to be "Outstanding" overall. Of the categories of activity rated by Ofsted, all were accredited as outstanding.

PRINCIPAL RISKS AND UNCERTAINTIES

The Governors have a comprehensive risk management process to identify and monitor the risks faced by the academy. The principal risks identified include governance, statutory compliance, finance, insurance,

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GOVERNORS' REPORT (continued)
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attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards those that are identified as being higher risk.

The Governors consider a significant source of financial risk to be that of the funding requirements of the Local Government Pension Scheme ("LGPS"). In order to mitigate this risk, the current and foreseeable service cost is monitored and periodic actuarial valuations are reviewed to assess the impact of external factors on the scheme liability.

RESERVES POLICY

The Governors continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and reserves. The Governors have determined that the level of reserves, which are not invested in fixed assets at the year end, of £3,203,583 (2014: £3,565,924), is adequate for its immediate needs. The currently perceived needs of the academy are considered to be around 100% of grant income in order to cover operating expenditure to complete an academic year. Operating expenditure for this purpose is defined as total resources expended excluding depreciation.

It is the board's general policy to continue to build reserves which can be used for future educational purposes. The investment funds retained by the academy are intended to ensure its ability to maintain and develop the fabric of the academy buildings and to continue to provide students with state of the art facilities in the longer term.

PRINCIPAL FUNDING AND FINANCIAL REVIEW

Most of the academy's income is obtained from the Department for Education ("DfE") in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE. 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 lives of the assets concerned.

During the year ended 31 August 2015, total expenditure of £9,057,067 (2014: £9,505,881) was not fully covered by recurrent grant funding from the DfE together with other incoming resources. Before taking into account the movement on the pension provision the excess of expenditure over income for the year was £335,893 (2014: £481,645).

At 31 August 2015 the net book value of fixed assets was £24,299,632 (2014: £24,709,470) and movements in tangible fixed assets are shown in note 20 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

INVESTMENT POLICY

Excess funds are invested in a manner commensurate with the perceived need. Short term investments are made in interest bearing cash accounts. Funds set aside to meet longer term needs are invested in a portfolio managed by Brewin Dolphin Limited.

The investments have generally performed in line with the Governors' expectations.

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

PLANS FOR THE FUTURE

The academy will continue to strive to encourage high levels of performance by all its students at all levels and will work to ensure that students find employment or a place in higher education once they leave.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The academy trust acts as an agent in distributing bursary funds and grants from the EFA. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a proportion of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as that Governor is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the Charitable Company's auditor in connection with preparing its report and to establish that the Charitable Company's auditor is aware of that information.

AUDITOR

The appointment of the current auditors, Crowe Clark Whitehill LLP, will be continued in accordance with Section 487 (2) of the Companies Act 2006.

This report, incorporating the Strategic report, was approved by order of the Governors, in their capacity, as the company directors, on 19 November 2015 and signed on the board's behalf by:

SR Towe CBE
Chairman of Governors

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that Sandwell Academy Trust Limited 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 board has delegated the day-to-day responsibility to the Headteacher, Mr S Topper,, 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 Sandwell Academy Trust Limited and the Secretary of State for Education. They are also responsible for reporting to the governing board any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Governor	Meetings attended	Out of a possible
SR Towe CBE, Chairman	1	3
CG Allen	2	3
NOF Aston TD	2	3
PWS Brewis	3	3
K Elson-Whittaker (resigned 4 November 2015)	3	3
HM Fenwick	1	3
EL Griffiths	2	3
RJ Harrison OBE	3	3
J Harvey	3	3
MJ Jenkins	1	3
AC Shackleton	3	3
AC Smith	3	3
AC Tripney	3	3
S Turton FCA	3	3

GOVERNANCE REVIEW

At the July 2015 governing board meeting the results of a detailed review were discussed. The review was undertaken to ensure that the board was meeting its obligations as set out in the most recent edition of the DfE's Governors' Handbook. The board was satisfied that it was meeting its core obligations and had used educational performance and financial data as part of its process of exercising proper control, judgement and challenge. A number of fringe issues were also discussed, with required actions or agreements being made. Governors have an ongoing brief to identify and satisfy any specific areas for improvement in the normal course of their role.

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Improving educational results - The Governors believe that the most effective demonstration of value for money is in the educational achievements of the academy's students. Notwithstanding significant increases in grade boundaries in English and Mathematics, examination results for 2015 were pleasing and generally progressive. At A level, candidates achieved an average UCAS points score of 409 points per candidate. The results for students taking GCSE examinations showed that more than 67% of the students secured 5 or more passes A* to C, including English and Mathematics at that level.

To ensure that standards of teaching and learning are continually improved, the academy operates a programme of observation of lessons, is visited by inspectors, and undertakes a comparison of results from entry to Key Stage 3 and from there to GCSE, to assess the added value. In its most recent inspection Ofsted rated the academy as "Outstanding".

- Governance and oversight of Academy Trust finances - The academy benefits from the provision of a suitably qualified and independent Responsible Officer ("RO"). The RO reviews key financial policies, systems and procedures, including the use of tenders and presents reports on compliance to the governing board termly.

The governing board reviews and challenges the budget each year and is mindful of the need to balance expenditure against income to ensure that the academy remains a 'going concern', when assessed by reference to strict accounting standards. The governing board reviews the Annual Accounts and the External Auditors' Management Report in detail each year.

The governing board also receives termly budget monitoring reports and investigates deviations from the plan.

- Ensuring that the academy demonstrates good value for money and efficient and effective use of resources - The academy takes a prudent approach to expenditure generally. As some 70% of the academy's income is expended on staffing, the staffing structure and composition is reviewed regularly by the governing board to ensure that it is fit for purpose and can adapt and respond to support the successful attainment of the objectives agreed in the academy's Development Plan.

The senior management team monitor and review as necessary expenditure within each budget category and make adjustments based on the effectiveness of strategies introduced in previous years, changes in the curriculum offer and any new strategies identified in the academy Development Plan.

The academy regularly benchmarks its financial performance against other schools and academy trusts to demonstrate comparatively that the academy provides good value for money.

Tender exercises are periodically undertaken to ensure that high value contracts in particular are assessed against the marketplace on a regular basis to ensure that long term contracts remain competitive.

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GOVERNANCE STATEMENT (continued)

The academy collaborates with a number of other schools and academy trusts to achieve best value, notably by way of bulk purchasing economies. Departmental budget holders are continuously looking for the most competitive deals using various procurement tools such as internet shopping, advice from other academies and economies of scale. They ensure that suppliers compete on grounds of cost, quality, suitability, product and after-sales support.

The Governors and senior management team apply principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the academy;
- the targeting of resources to best improve standards and the quality of education provision;
- the use of resources to best support the various educational needs of all students; and
- long-term planning for future maintenance and capital spend requirements.

The academy has developed procedures for assessing need, and obtaining goods and services which provide “best value” in terms of suitability, efficiency, time, and cost. Measures in place include:

- competitive tendering procedures;
 - procedures for accepting “best value” quotes, which may not necessarily be the cheapest (e.g. suitability for purpose and quality and durability of product); and
 - internal project management of major new buildings and equipment installations.
- Reviewing controls and managing risks - The academy’s system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

Monthly budget monitoring reports are produced and reviewed by the Director of Finance and the accounting officer and any necessary remedial actions taken to address any significant variances that may have an impact on the financial performance for the year or in the longer term.

The academy ensures that all surplus cash balances are invested in interest bearing accounts to maximise interest-earning potential.

A separate investment fund for longer term needs is managed by specialist advisors at Brewin Dolphin. Targets are set for capital growth and income generation and performance is regularly reviewed by the Governors, including through meetings with the managers.

Insurance levels are reviewed annually and used cost-effectively to manage risks.

The Governors continually monitor the reserves of the academy as detailed in the Governors’ Report above.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sandwell Academy Trust Limited for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing board;
- regular reviews by the governing board 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; and
- identification and management of risks.

The governing board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed an independent chartered accountant, as Responsible Officer ("RO").

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

On a termly basis, the RO reports to the governing board on the operation of the systems of control and on the discharge of the governing board's financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The Governors can report that the RO's function has been fully exercised during the year under review. No material control deficiencies were found and therefore no remedial action has been required.

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher, Mr S Topper, 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 financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework; and
- the oversight of governing board, a number of the members of which are drawn from private sector industrial, commercial and financial backgrounds.

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

Approved by order of the members of the governing board on 19 November 2015 and signed on its behalf, by:

SR Towe CBE
Chairman of Governors

S Topper
Accounting Officer

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

S Topper
Accounting Officer

Date: 19 November 2015

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the 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 adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the governing board on 19 November 2015 and signed on its behalf by:

SR Towe CBE
Chairman of Governors

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDWELL ACADEMY TRUST LIMITED

We have audited the financial statements of Sandwell Academy Trust Limited for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDWELL ACADEMY TRUST LIMITED

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Helen Drew (Senior statutory auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
Date:

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 1 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sandwell Academy Trust Limited during the year 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF SANDWELL ACADEMY TRUST LIMITED'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Sandwell Academy Trust Limited's funding agreement with the Secretary of State for Education dated February 2004, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

The work undertaken to draw our conclusion includes a review of the design and implementation of the Charitable Company's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Charitable Company and specific transactions identified from our review.

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

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

CONCLUSION

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

Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date:

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

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

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	3	-	10,200	-	10,200	200
Activities for generating funds	4	-	-	-	-	57,522
Investment income	5	111,255	-	-	111,255	130,333
Incoming resources from charitable activities	6	881,681	7,690,818	27,220	8,599,719	8,836,181
TOTAL INCOMING RESOURCES		992,936	7,701,018	27,220	8,721,174	9,024,236
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising trading	7	-	-	-	-	60,032
Investment management expenses	8	3,053	-	-	3,053	29,935
Charitable activities	11	430,977	7,809,917	778,136	9,019,030	9,382,280
Governance costs	14	-	34,984	-	34,984	33,634
TOTAL RESOURCES EXPENDED	9	434,030	7,844,901	778,136	9,057,067	9,505,881
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		558,906	(143,883)	(750,916)	(335,893)	(481,645)

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

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

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfers between Funds	25	-	(341,078)	341,078	-	-
NET RESOURCES EXPENDED BEFORE REVALUATIONS		558,906	(484,961)	(409,838)	(335,893)	(481,645)
Gains and losses on revaluations of investment assets	21	(167,286)	-	-	(167,286)	157,763
Actuarial gains and losses on defined benefit pension schemes	30	-	(269,000)	-	(269,000)	34,000
NET MOVEMENT IN FUNDS FOR THE YEAR		391,620	(753,961)	(409,838)	(772,179)	(289,882)
<i>Total funds at 1 September 2014</i>		<i>3,565,924</i>	-	<i>24,709,470</i>	<i>28,275,394</i>	<i>28,565,276</i>
TOTAL FUNDS AT 31 AUGUST 2015		3,957,544	(753,961)	24,299,632	27,503,215	<i>28,275,394</i>

All activities relate to continuing operations.

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

The notes on pages 26 to 45 form part of these financial statements.

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 04798185

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	2015		2014	
		£	£	£	£
FIXED ASSETS					
Tangible assets	20		24,299,632		24,709,470
Investments	21		4,452,861		4,514,456
			<u>28,752,493</u>		<u>29,223,926</u>
CURRENT ASSETS					
Debtors	22	182,916		218,422	
Cash at bank and in hand		603,876		365,613	
			<u>786,792</u>		<u>584,035</u>
CREDITORS: amounts falling due within one year	23	<u>(1,119,070)</u>		<u>(959,567)</u>	
NET CURRENT LIABILITIES			<u>(332,278)</u>		<u>(375,532)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>28,420,215</u>		<u>28,848,394</u>
Defined benefit pension scheme liability	30		<u>(917,000)</u>		<u>(573,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>27,503,215</u>		<u>28,275,394</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	25	163,039		573,000	
Pension Reserve	25	(917,000)		(573,000)	
Restricted fixed asset funds	25	24,299,632		24,709,470	
Total restricted funds			<u>23,545,671</u>		<u>24,709,470</u>
Unrestricted funds	25		<u>3,957,544</u>		<u>3,565,924</u>
TOTAL FUNDS			<u>27,503,215</u>		<u>28,275,394</u>

The financial statements were approved by the governing board, and authorised for issue, on 19 November 2015 and are signed on their behalf, by:

SR Towe CBE
Chairman of Governors

The notes on pages 26 to 45 form part of these financial statements.

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	27	525,705	(8,803)
Returns on investments and servicing of finance	28	111,255	130,333
Capital expenditure and financial investment	28	(318,172)	(1,293,990)
INCREASE/(DECREASE) IN CASH IN THE YEAR		318,788	(1,172,460)

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

	2015 £	2014 £
Increase/(Decrease) in cash in the year	318,788	(1,172,460)
MOVEMENT IN NET FUNDS IN THE YEAR	318,788	(1,172,460)
Net funds at 1 September 2014	471,143	1,643,603
NET FUNDS AT 31 AUGUST 2015	789,931	471,143

The notes on pages 26 to 45 form part of these financial statements.

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Company status

The academy is a company limited by guarantee. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.4 Incoming resources

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

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

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

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

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

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.5 Resources expended

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

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

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

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

1.6 Going concern

The Charitable Company has cash and other resources and has no requirement for external funding. The directors have a reasonable expectation that the Charitable Company will have adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting is appropriate in preparing the annual financial statements.

1.7 Tangible fixed assets and depreciation

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

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

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

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

L/Term Leasehold Property	-	50 years
Motor vehicles	-	4 years
Fixtures and fittings	-	7 years
Computer equipment	-	4 years

1.8 Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1.9 Operating leases

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

1.10 Taxation

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

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 30, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust 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.

1.12 Recognition of liabilities

Liabilities are recognised when either a constructive or legal obligation exists.

1.13 Agency arrangements

The academy trust acts as an agent in distributing bursary funds and grants from the EFA. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a proportion of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 24.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2015 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2015.

3. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
The Mercer's Company	-	10,200	10,200	200

SANDWELL ACADEMY TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Nursery Income	-	-	-	57,522
	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,522</u>

5. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Bank interest receivable	1,681	-	1,681	1,139
Investment income	109,574	-	109,574	129,194
	<u>111,255</u>	<u>-</u>	<u>111,255</u>	<u>130,333</u>

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Provision of Education	-	7,718,038	7,718,038	8,020,352
Catering income	364,158	-	364,158	324,273
Transport income	347,852	-	347,852	336,529
Other incoming resources	169,671	-	169,671	155,027
	<u>881,681</u>	<u>7,718,038</u>	<u>8,599,719</u>	<u>8,836,181</u>

SANDWELL ACADEMY TRUST LIMITED
(A company limited by guarantee)

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

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Incoming resources				
Capital grants	-	27,220	27,220	25,448
General Annual Grant (GAG)	-	7,249,045	7,249,045	7,568,763
Other EFA grants	-	359,151	359,151	259,234
Local Authority grants	-	82,622	82,622	144,407
Other	-	-	-	22,500
	<u>-</u>	<u>7,718,038</u>	<u>7,718,038</u>	<u>8,020,352</u>

7. COSTS OF GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Nursery costs	-	-	-	6,902
Nursery wages	-	-	-	53,130
	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,032</u>

8. INVESTMENT MANAGEMENT COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment management costs	<u>3,053</u>	<u>-</u>	<u>3,053</u>	<u>29,935</u>

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FOR THE YEAR ENDED 31 AUGUST 2015

9. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	Total
	2015 £	Depreciation 2015 £	Other costs 2015 £	2015 £	2014 £
Nursery	-	-	-	-	60,032
Investment management costs	-	-	3,053	3,053	29,935
Costs of generating funds	-	-	3,053	3,053	89,967
Provision of Education -					
Direct costs	3,986,454	532,563	1,621,388	6,140,405	6,046,996
Catering costs - Direct costs	174,964	-	256,013	430,977	421,834
Support costs	1,641,119	245,573	560,956	2,447,648	2,913,450
Charitable activities	5,802,537	778,136	2,438,357	9,019,030	9,382,280
Governance	22,134	-	12,850	34,984	33,634
	5,824,671	778,136	2,454,260	9,057,067	9,505,881

10. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Provision of education	-	8,588,053	8,588,053	8,960,446
Catering costs	430,977	-	430,977	421,834
	430,977	8,588,053	9,019,030	9,382,280

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11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Provision of education	6,140,405	2,447,648	8,588,053	8,960,446
Catering costs	430,977	-	430,977	421,834
Total	6,571,382	2,447,648	9,019,030	9,382,280

12. DIRECT COSTS

	Provision of education £	Catering £	Total 2015 £	As restated Total 2014 £
Educational Supplies & Services	1,244,995	-	1,244,995	1,520,498
Catering costs	-	256,013	256,013	259,661
Occupancy Costs	376,393	-	376,393	393,849
Wages and salaries	3,986,454	174,964	4,161,418	4,192,591
Depreciation	532,563	-	532,563	546,879
Total	6,140,405	430,977	6,571,382	6,913,478

13. SUPPORT COSTS

	Provision of education £	Total 2015 £	As restated Total 2014 £
Occupancy Costs	173,560	173,560	187,478
Supplies and services	387,396	387,396	441,325
Wages and salaries	1,641,119	1,641,119	1,579,723
Depreciation	245,573	245,573	260,276
Total	2,447,648	2,447,648	2,468,802

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14. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditor's remuneration	-	12,850	12,850	12,100
Staff costs	-	22,134	22,134	21,534
	<u>-</u>	<u>34,984</u>	<u>34,984</u>	<u>33,634</u>

15. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the charity	778,136	807,155
Operating lease costs - Plant & machinery	21,375	18,409
	<u>799,511</u>	<u>825,564</u>

16. AUDITOR'S REMUNERATION

	2015 £	2014 £
Fees payable to the academy's auditor for the audit of the academy's annual accounts	12,050	10,375
Fees payable to the academy's auditor in respect of: All other non-audit services not included above	800	1,300
	<u>12,850</u>	<u>11,675</u>

17. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	4,909,086	4,893,468
Social security costs	281,428	325,069
Other pension costs (Note 30)	634,157	628,441
	<u>5,824,671</u>	<u>5,846,978</u>

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17. STAFF (continued)

b. Staff numbers

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

	2015	2014
	No.	No.
Administration and support	63	64
Teachers	96	92
	<hr/> 159 <hr/>	<hr/> 156 <hr/>

c. Higher paid staff

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

	2015	2014
	No.	No.
In the band £60,001 - £70,000	4	3
In the band £70,001 - £80,000	1	1
In the band £140,000 - £150,000	1	1
	<hr/> 6 <hr/>	<hr/> 5 <hr/>

5 (2014: 5) employees above participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £53,694 (2014: £53,361). The other employee participated in the Local Government Pension Scheme, with contributions of £7,055.

18. RELATED PARTY TRANSACTIONS - GOVERNORS' REMUNERATION AND EXPENSES

During the year, no Governors received any remuneration (2014 - £NIL).
During the year, expenses totalling £54 (2014 - £18) were reimbursed to 1 Governor.

19. 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 cost for the year ended 31 August 2015 was £1,399 (2014 - £1,557). The cost of this insurance is included in the total insurance cost.

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20. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2014	28,282,875	1,311,523	1,023,804	41,089	30,659,291
Additions	349,885	16,153	2,260	-	368,298
Disposals	-	(2,950)	(16,201)	-	(19,151)
	<u>28,632,760</u>	<u>1,324,726</u>	<u>1,009,863</u>	<u>41,089</u>	<u>31,008,438</u>
Depreciation					
At 1 September 2014	4,186,691	953,590	768,451	41,089	5,949,821
Charge for the year	565,657	103,319	109,160	-	778,136
On disposals	-	(2,950)	(16,201)	-	(19,151)
	<u>4,752,348</u>	<u>1,053,959</u>	<u>861,410</u>	<u>41,089</u>	<u>6,708,806</u>
Net book value					
At 31 August 2015	<u>23,880,412</u>	<u>270,767</u>	<u>148,453</u>	<u>-</u>	<u>24,299,632</u>
<i>At 31 August 2014</i>	<u>24,096,184</u>	<u>357,933</u>	<u>255,353</u>	<u>-</u>	<u>24,709,470</u>

21. FIXED ASSET INVESTMENTS

	Investment Portfolio £	Cash awaiting reinvestment £	Total £
Market value			
At 1 September 2014	4,408,926	105,530	4,514,456
Additions	4,539,515	(4,539,515)	-
Disposals	(4,514,347)	4,514,347	-
Investment income received	-	109,574	109,574
Unrealised loss on revaluation	(548,829)	-	(548,829)
Investment manager's fees and other costs	-	(3,882)	(3,882)
Realised gain on disposal	381,542	-	381,542
	<u>4,266,807</u>	<u>186,054</u>	<u>4,452,861</u>

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21. FIXED ASSET INVESTMENTS (continued)

Investments at market value comprise:

	2015 £	2014 £
Listed investments on the London Stock Exchange and other managed funds	941,294	2,697,924
Fixed interest investments	3,325,513	1,711,002
Cash awaiting reinvestment	186,054	105,530
	4,452,861	4,514,456
	4,452,861	4,514,456

Title to all the fixed asset investments is held in the UK.

22. DEBTORS

	2015 £	2014 £
Trade debtors	35,349	32,004
VAT recoverable	65,085	95,915
Prepayments and accrued income	82,482	90,503
	182,916	218,422
	182,916	218,422

23. CREDITORS:
Amounts falling due within one year

	2015 £	2014 £
Trade creditors	212,170	169,266
Other taxation and social security	91,327	97,074
Capital creditors	14,343	117,586
Other creditors	73,723	74,759
Accruals and deferred income	727,507	500,882
	1,119,070	959,567
	1,119,070	959,567

Deferred income

Deferred income at 1 September 2014		235,477
Resources deferred during the year		295,398
Amounts released from previous years		(235,477)
		295,398
Deferred income at 31 August 2015		295,398

Deferred income relates to monies received for trips and other activities relating to the next academic year.

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NOTES TO THE FINANCIAL STATEMENTS
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24. AGENCY ARRANGEMENTS

The academy distributes bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2015 the trust received £56,330 and disbursed £54,011 from the fund. An amount of £12,999 is included in accruals and deferred income relating to undistributed funds.

25. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds	3,565,924	992,936	(434,030)	-	(167,286)	3,957,544
Restricted general funds						
General Annual Grant (GAG)	573,000	7,249,045	(7,317,928)	(341,078)	-	163,039
Other EFA grants	-	441,773	(441,773)	-	-	-
Other	-	10,200	(10,200)	-	-	-
Pension reserve	(573,000)	-	(75,000)	-	(269,000)	(917,000)
	-	7,701,018	(7,844,901)	(341,078)	(269,000)	(753,961)
Restricted fixed asset funds						
EFA capital grants	19,710,234	27,220	(600,542)	-	-	19,136,912
Capital expenditure from GAG	2,988,774	-	(107,480)	341,078	-	3,222,372
Private sector	2,010,462	-	(70,114)	-	-	1,940,348
	24,709,470	27,220	(778,136)	341,078	-	24,299,632
Total restricted funds	24,709,470	7,728,238	(8,623,037)	-	(269,000)	23,545,671
Total of funds	28,275,394	8,721,174	(9,057,067)	-	(436,286)	27,503,215

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

The Government capital grant funds are provided by the Government for specific capital projects. Such funds continue to be treated as restricted due to ongoing restrictions imposed by the DfE and sponsors over the use and disposal of the related assets.

Transfers represent the capital expenditure purchased from GAG. The unrestricted funds are available for use at the discretion of the Governors.

The restricted income fund relates to Government funding for the provision of education by the Charitable Company.

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NOTES TO THE FINANCIAL STATEMENTS
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25. STATEMENT OF FUNDS (continued)

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. Note 2 discloses whether the limit was exceeded.

26. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	24,299,632	24,299,632	24,709,470
Fixed asset investments	3,203,583	1,249,278	-	4,452,861	4,514,456
Current assets	753,961	32,831	-	786,792	584,035
Creditors due within one year	-	(1,119,070)	-	(1,119,070)	(959,567)
Provisions for liabilities and charges	-	(917,000)	-	(917,000)	(573,000)
	<u>3,957,544</u>	<u>(753,961)</u>	<u>24,299,632</u>	<u>27,503,215</u>	<u>28,275,394</u>

27. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net outgoing resources before revaluations	(335,893)	(481,645)
Returns on investments and servicing of finance	(111,255)	(130,333)
Depreciation of tangible fixed assets	778,136	807,155
Capital grants from EFA	(27,220)	(25,448)
Decrease/(Increase) in debtors	35,506	(46,834)
Increase/(Decrease) in creditors	111,431	(218,698)
FRS 17 pension cost less contributions	67,000	76,000
FRS 17 pension finance income	8,000	11,000
Net cash inflow/(outflow) from operations	<u>525,705</u>	<u>(8,803)</u>

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

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	1,681	1,139
Income from investments	109,574	129,194
	111,255	130,333
	111,255	130,333
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(320,224)	(240,404)
Purchase of investments	(4,539,515)	(1,079,034)
Sale of investments	4,514,347	-
Capital grants from EFA	27,220	25,448
	(318,172)	(1,293,990)
	(318,172)	(1,293,990)

29. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	365,613	238,263	-	603,876
Cash awaiting reinvestment	105,530	80,525	-	186,055
	471,143	318,788	-	789,931
	471,143	318,788	-	789,931

30. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands 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 related to the period ended 31 March 2012 and of the LGPS 31 July 2013.

Contributions amounting to £73,722 were payable to the schemes at 31 August 2015 (2014 - £74,759) and are included within creditors.

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30. PENSION COMMITMENTS (continued)

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.

Valuation of the Teachers' Pension Scheme

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

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £699,658 (2014: £690,715).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds.

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30. PENSION COMMITMENTS (continued)

The total contribution made for the year ended 31 August 2015 was £211,565, of which employer's contributions totalled £143,318 and employees' contributions totalled £68,247. The agreed contribution rates for future years are 12.7% for employers and between 5.5% and 12.5% for employees.

As the scheme is in a deficit position the academy is making additional contributions. The agreed rate for the year ended 31 August 2015 was £13,250. The academy has been advised of the contribution rates for the year tax years 15/16 and 16/17 which amount to £13,600 and £14,200 respectively, however the academy has not been advised of how many years, nor at what level, this contribution will continue at in future years.

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

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	<i>Expected return at 31 August 2014 %</i>	<i>Fair value at 31 August 2014 £</i>
Equities	6.50	999,000	7.00	606,000
Government bonds	2.50	128,000	3.20	108,000
Other bonds	3.60	176,000	4.10	139,000
Property	6.10	142,000	6.20	116,000
Cash/ Liquidity	0.50	81,000	0.50	61,000
Other	6.50	164,000	7.00	323,000
Total market value of assets		<u>1,690,000</u>		<u>1,353,000</u>
Present value of scheme liabilities		<u>(2,607,000)</u>		<u>(1,926,000)</u>
Deficit in the scheme		<u><u>(917,000)</u></u>		<u><u>(573,000)</u></u>

To develop the expected long term rate of return on assets assumption, the employer considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio.

On that basis the amounts recognised in the Balance Sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(2,607,000)	(1,926,000)
Fair value of scheme assets	1,690,000	1,353,000
Net liability	<u><u>(917,000)</u></u>	<u><u>(573,000)</u></u>

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30. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2015 £	2014 £
Current service cost	210,000	185,000
Interest on obligation	91,000	91,000
Expected return on scheme assets	(83,000)	(80,000)
	<u>218,000</u>	<u>196,000</u>
Total	<u>218,000</u>	<u>196,000</u>
Actuarial (gains)/losses	<u>269,000</u>	<u>(34,000)</u>

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

	2015 £	2014 £
Opening defined benefit obligation	1,926,000	1,844,000
Contributions by scheme participants	67,000	59,000
Actuarial Losses/(gains)	332,000	(159,000)
Benefits paid	(19,000)	(94,000)
Current service cost	210,000	185,000
Interest cost	91,000	91,000
	<u>2,607,000</u>	<u>1,926,000</u>
Closing defined benefit obligation	<u>2,607,000</u>	<u>1,926,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	1,353,000	1,324,000
Actuarial gains and (losses)	63,000	(125,000)
Contributions by employer	143,000	109,000
Contributions by employees	67,000	59,000
Benefits paid	(19,000)	(94,000)
Expected return on assets	83,000	80,000
	<u>1,690,000</u>	<u>1,353,000</u>
	<u>1,690,000</u>	<u>1,353,000</u>

The actuarial 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 adoption of FRS 17 is a £385,000 loss (2014: £116,000 loss).

The academy expects to contribute £145,000 to the LGPS in 2016.

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30. PENSION COMMITMENTS (continued)

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

	2015	2014
Equities	59.10 %	44.70 %
Government bonds	7.60 %	8.00 %
Other bonds	10.40 %	10.30 %
Property	8.40 %	8.60 %
Cash/liquidity	4.80 %	4.50 %
Other	9.70 %	23.90 %

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

	2015	2014
Discount rate for scheme liabilities	3.90 %	4.40 %
Rate of compensation increase	4.05 %	4.05 %
Rate of increase for pensions in payment / inflation	2.30 %	2.30 %
Inflation assumption (CPI)	2.30 %	2.30 %

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

	2015	2014
Retiring today		
Males	23.0	22.9
Females	25.6	25.5
Retiring in 20 years		
Males	25.2	25.1
Females	28.0	27.8

Key figures for the current and previous four periods are as follows:

	2015	2014	2013	2012	2011
	£	£	£	£	£
Defined benefit obligation	(2,607,000)	(1,926,000)	(1,844,000)	(1,484,000)	(1,179,000)
Scheme assets	1,690,000	1,353,000	1,324,000	992,000	776,000
Deficit	(917,000)	(573,000)	(520,000)	(492,000)	(403,000)
Experience adjustments on scheme liabilities	-	195,000	(47,000)	20,000	(270,000)
Experience adjustments on scheme assets	63,000	(125,000)	91,000	(31,000)	158,000

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31. OPERATING LEASE COMMITMENTS

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

	2015 £	2014 £
Expiry date:		
Within 1 year	4,749	-
Between 2 and 5 years	15,843	9,705
	<u>15,843</u>	<u>9,705</u>

32. RELATED PARTY TRANSACTIONS

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

The following related party transactions took place in the period of account:

NOF Aston, PWS Brewis and HM Fenwick are members of The Mercers' Company which provided sponsorship of £10,200 (2014: £200) to the Charitable Company in the year. There were no amounts outstanding at the balance sheet date.

During the year the Charitable Company recharged £17,500 of security costs and received £63,000 relating to EPPP student fees from West Bromwich Albion Football Club.

The Charitable Company held its Sixth Form Prom and Year 11 Prom at West Bromwich Albion Football Club at a cost of £5,567.

A balance of £17,975 was outstanding at the balance sheet date and is included in trade debtors. There were no other amounts outstanding at the balance sheet date.

West Bromwich Albion Football Club is a sponsor of the academy.

During the year, the Charitable Company paid £54,091 of invoiced payroll recharges to Telford City Technology College Trust Limited.

During the year the Charitable Company received £36,800 from Telford City Technology College Trust Limited in respect of teacher training services. There were no amounts outstanding at the balance sheet date.

Telford City Technology College Trust Limited is a sponsor of the academy.

In entering into the above transactions the academy complied with the requirements of the EFA's Academies Financial Handbook.

The Charitable Company has ensured that none of the related parties participated in any decision making when deciding on whether to enter into the above transactions.