

Value for Money Statement

Academy trust name: Severndale Specialist Academy

Academy trust company number: 08738846

Period ended 31 August 2014

I accept that as accounting officer of Severndale Specialist Academy I am responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. I am aware of the guide to academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

I set out below how I have ensured that the academy trust's use of its resources has provided good value for money during the academic year.

Improving educational outcomes

- Targeted improvement
- During the summer term, the Academy reviewed its staffing structure and has altered this to support the needs of Severndale now it is an Academy status. We have specific people who are working with the pupil premium, to ensure the children receive support in a way that will help them in the education setting.

- Focus on individual pupils

Quality of learning is assessed using B₂ and CASPA (Comparison and Analysis of Special Pupil Attainment). The CASPA data is analysed twice during the academic year and targets for pupils are set using this data. This ensures that the academy is managing the differing needs of pupils.

- Pupil Premium

The Academy carefully monitors pupil's progress to ensure resources are targeted appropriately and pupil premium expenditure is assessed to show effectiveness in improving the attainment of students on Free School Meals and Looked After Children.

- Collaboration

Our Academy seeks advice from experts to support us in a variety of areas, and we buy services from our Local Authority. We work in collaboration with Mary Webb Secondary School and Shrewsbury College Arts & Technology which enables our students to integrate in a mainstream setting and give them an opportunity to gain qualifications.

- New Initiatives

Over the years Our spend on consumables has significantly decreased item for item as a result of the work undertaken to beat down prices, this

has enabled us to direct funds into pupil related spend. This has given us an opportunity to contribute to our new venture called Futures, based at our local college SCAT. This is for 16 – 25 year olds to attend and to learn enterprise skills.

Financial governance and oversight

The trustees of the Academy receive Income and Expenditure reports at each Governors meeting. The trustees told us what information they required, and we had a report mapped out on our accounting software to meet their needs.

Better Purchasing

From time to time the Academy has to use specialist contractors because of the specialist nature of the goods/services we need to acquire, to meet the needs of our complex pupils. Best value is not always the lowest price and we take a number of factors into account when we look at prices and services for the Academy. We take into consideration:

- Price
- Quality of service
- Understanding of need
- Durability of product
- Suitability of company to work in the Academy environment
- Response to special conditions

Maximising income generation

The academy rents out the swimming pool and conference rooms to generate income.

The Academy will continue to monitor the impact of changes to Special Educational Needs funding and to maximise pupil numbers in order to secure annual funding.

Signed 

Academy Trust Accounting Officer

Name C Davies

Date 15/12/14

SEVERNDALE SPECIALIST ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

Company Registration No. 08738846 (England and Wales)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE PERIOD ENDED 31 AUGUST 2014

SEVERNDALE SPECIALIST ACADEMY

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SEVERNDALE SPECIALIST ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mrs Linda M Hough (Chair) (Appointed 18 October 2013) *#
Mrs Caroline J Trevor (Appointed 17 March 2014)
Mr Christopher Davies (Accounting Officer) (Appointed 18 October 2013)
Mrs Amelia L Harvey-Scholes (Appointed 18 October 2013) *#
Mr Clifford R C Howard (Vice Chair) (Appointed 18 October 2013) *#
Ms Christine Whitrick (Appointed 17 March 2014 and retired 31 August 2014) *#
Mrs Angela J O Lloyd (Appointed 17 March 2014) *#
Mrs Winifred J Humphreys (Appointed 3 March 2014) *#
Mr Jeremy M Lloyd (Appointed 1 January 2014)

* members of the finance and general purposes committee

members of the audit committee

Members

- Associate
- Associate

Andrew Turner
Tracey Mullinder

Senior management team

- Principal
- Assistant Principal
- Assistant Principal
- Business Manager

Christopher Davies
Sarah Llewellyn (Resigned 31/08/2014)
Andrew Turner
Tracey Mullinder

Company registration number

08738846 (England and Wales)

Independent auditor

Dyke Yaxley Limited
1 Brasseley Road
Old Potts Way
Shrewsbury
Shropshire
SY3 7FA

SEVERNDALE SPECIALIST ACADEMY

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2014

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 18 October 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The charitable company was incorporated on the 18 October 2013 and converted to an academy trust on 1 January 2014.

The academy trust operates an academy for pupils aged 2 - 19 with special needs in Shropshire. It has a pupil capacity of 325 and had a roll of 370 in the school census on 1 January 2014.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Severndale Specialist Academy are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

The trustees of Severndale Specialist Academy are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

Trustees benefit from indemnity insurance purchased at the academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the academy. The limit of this indemnity is £5,000,000.

SEVERNDALE SPECIALIST ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

Method of recruitment and appointment or election of trustees

On 1 January 2014 the trustees appointed all those trustees that served the predecessor school to be trustees of the newly formed academy. These trustees were appointed for a term of office commencing 1 January 2014 for four years.

The academy trust shall have the following trustees as set out in its Articles of Association and funding agreement:

- Up to 7 trustees who are appointed by the members.
- A minimum of 2 parent trustees who are elected by parents of registered pupils at the Academy.
- A number of staff governors who are elected by staff. The total number of staff governors must not exceed a third of the governing body.
- A maximum of 3 co-opted governors.
- The principal who is treated for all purposes as being an ex officio Governor.

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

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

Policies and procedures adopted for the induction and training of trustees

The academy has a trustee recruitment, induction and training procedure available from the clerk to the trustees.

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

SEVERNDALE SPECIALIST ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

Organisational structure

The board of trustees normally meets twice each term. The board establishes an overall framework for the governance of the academy and determines membership, terms of reference and procedures of committees and other groups. It receives reports including policies from its committees for ratification. It monitors the activities of the committees through the minute of their meetings. The board may from time to time establish working groups to perform specific tasks over a limited timescale.

There are 3 main committees as follows:-

- Finance and personal committee - this meets twice a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements, receiving reports from the responsible officer and drafting the annual budget. It considers and monitors the staffing establishment, appointment procedures, performance management, pay policies and staff salaries. In addition it undertakes the principal's performance management.
- Standards and curriculum committee - this meets twice a term to monitor, evaluate and review academy policy, practice and performance in relation to curriculum planning, communications, target setting, assessments and pastoral issues.
- Health and safety committee - this meets twice a term and is responsible for monitoring, evaluating and reviewing policies in relation to the health and safety of all those using the premises. It ensures health and safety legislation, codes of practice and guidance and school rules are implemented. It monitors and reviews the state of repair of the academy buildings and the establishment of reporting systems.

The following decisions are reserved to the board of trustees; to consider any proposals for changes to the status or constitution of the academy and its committee structure, to appoint or remove the chairman and/or vice chairman, to appoint the principal and clerk to the trustees, to approve the annual development plan and budget.

The trustees and board of trustees have devolved responsibility for day-to-day management of the academy to the principal and leadership group (LG). The LG comprises the principal, two vice principals, two assistant principals, 5 department leads and 2 pupil wellbeing officers.

The principal is the accounting officer.

Connected organisations including related party relationships

There are no related parties, which either control or significantly influence the decisions and operations of the Severndale Specialist Academy.

Objectives and activities

Objects and aims

The principal object and activity of the academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a special school, offering a broad and balanced curriculum.

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

SEVERNDALE SPECIALIST ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

Objectives, strategies and activities

Key activities and targets were identified in the academy development plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding, including the conversion to academy status. The activities included the following:

- Developing a new leadership structure in place for September 2014.
- Ensuring the new structure is fit for purpose.
- Monitoring pupil numbers to ensure there is adequate provision.
- Ensure communication and interaction are at the heart of the academy and that the academy is a happy and safe place to learn.

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

Strategic report

Achievements and performance

Severndale Specialist Academy is continuing to move forward as a learning community, it has maintained its excellence through the diligence and application of its students, the commitment and professionalism of its staff and the support of parents and guardians.

Students in KS1 - 4 continue to work hard to meet their targets in core subjects.

A demographic growth grant of one million pounds has enabled a project called Futures, this is being developed on the site of Shrewsbury College, it will offer provision for students aged 16-25 years. This will provide students with life skills including business opportunities.

To symbolise the school's conversion to an academy and signify the school's recent successes, a number of areas are undergoing a 'refresh'; including the website, signage, prospectus, stationery and uniform.

The academy pays close attention to student attendance and works hard to ensure that students maintain a good attendance record. Average attendance was 92.6% in the year 2013-2014.

Key performance indicators

The net operating income of government funding excluding inherited balance on conversion left at the end of the period is 13% after consideration of creditors and debtors owed and depreciation taken off.

Staffing costs against government funding is 69%, compared to total costs of 79%.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

The academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The added value activities are additional incomes that are shown as unrestricted funds.

SEVERNDALE SPECIALIST ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

Reserves policy

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

The trustees have determined that the appropriate level of free cash reserves should be approximately £200,000. The reason for this is to provide sufficient working capital to cover for funding of additional pupils the LA say we have to admit. On top of this, a further £200,000 would be sufficient for delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, replacement disability equipment. We also have designated £275,000 from reserves for the Futures project.

Investment policy and powers

The academy is enquiring, for the future, to be able to transfer surplus funds on a regular basis into a high interest account.

Principal risks and uncertainties

The principal risks and uncertainties facing the academy are as follows:-

- The academy relies on continued government funding through the EFA. We rely on 100% funding otherwise the academy will not exist. The academy's incoming resources were ultimately government funded and whilst this level is expected to continue, there is no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
- Safeguarding and child protection - the trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline. We have recently appointed welfare officers.
- Staffing - the success of the academy is reliant on the quality of its staff and so the trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Fraud and mismanagement of funds. The academy has appointed Tracey Mullinder to carry out checks on financial systems and records as required by the academy financial handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.
- The academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Financial and risk management objectives and policies

The trustees have assessed the major risks to which the academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover which is a policy to ensure we can fund supply staffing to ensure our children are cared for.

The trustees examine the financial health formally at least twice a term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full trustees' and finance and personnel committee meetings.

At the year end, the academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The board of trustees recognises that the defined benefit scheme deficit (local government pension scheme), which is set out in note 16 to the financial statements, represents a significant potential liability. However as the trustees consider that the academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

SEVERNDALE SPECIALIST ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

Plans for future periods

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

The academy will continue to work with Mary Webb School, Tickwood and Shrewsbury College to improve the educational opportunities for students in the wider community.

Following the notification of a successful capital funding bid, the academy will be refurbishing roofing and windows in parts of the academy.

The academy welcomed its first cohort of 19-25 year old students in September 2014 with an intake of around 12 students anticipated.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Clerk to the Trustees.

Funds held as custodian trustee on behalf of others

The academy and its trustees do not act as the custodian trustees of any other charity.

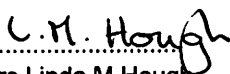
Auditor

In so far as the trustees are aware:

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

A resolution proposing that Dyke Yaxley Limited be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ~~4.12.14~~ 4.12.14 and signed on its behalf by:


.....
Mrs Linda M Hough
Chair

SEVERNDALE SPECIALIST ACADEMY

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2014

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mrs Linda M Hough (Chair) (Appointed 18 October 2013)	6	6
Mrs Caroline J Trevor (Appointed 17 March 2014)	3	3
Mr Christopher Davies (Accounting Officer) (Appointed 18 October 2013)	6	6
Mrs Amelia L Harvey-Scholes (Appointed 18 October 2013)	5	6
Mr Clifford R C Howard (Vice Chair) (Appointed 18 October 2013)	4	6
Ms Christine Whitrick (Appointed 17 March 2014 and retired 31 August 2014)	3	3
Mrs Angela J O Lloyd (Appointed 17 March 2014)	1	3
Mrs Winifred J Humphreys (Appointed 3 March 2014)	4	4
Mr Jeremy M Lloyd (Appointed 1 January 2014)	3	6

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Severndale Specialist Academy for the period 18 October 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 18 October 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

SEVERNDALE SPECIALIST ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint an internal audit committee with L. Harvey-Scholes as chair.

The audit committee's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the audit committee reports to the board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

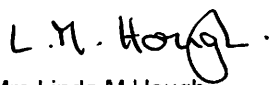
Review of effectiveness

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

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

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

Approved by order of the board of trustees on 4.12.14..... and signed on its behalf by:



Mrs Linda M Hough
Chair



Mr Christopher Davies
Accounting Officer

SEVERNDALE SPECIALIST ACADEMY

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE PERIOD ENDED 31 AUGUST 2014

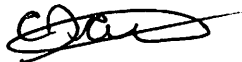
As accounting officer of Severndale Specialist Academy I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and EFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA:

- During the year the academy contracted to use the services of RMW Electrical Services Limited and had transactions totalling £6,681. RMW Electrical Services Limited is the wholly owned subsidiary of RMW Electrical Holdings Limited, a company in which C Whitrick (trustee of the academy until 31 August 2014) has a majority interest.

Approved on 4/12/14 and signed by:



Mr Christopher Davies
Accounting Officer

SEVERNDALE SPECIALIST ACADEMY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

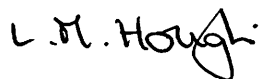
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the board of trustees on12/14... and signed on its behalf by:



Mrs Linda M Hough
Chair

SEVERNDALE SPECIALIST ACADEMY

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEVERNDALE SPECIALIST ACADEMY

We have audited the accounts of Severndale Specialist Academy for the period ended 31 August 2014 set out on pages 16 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees, who are also the directors of Severndale Specialist Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts 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 accounts

In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006

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

SEVERNDALE SPECIALIST ACADEMY

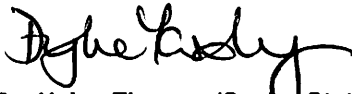
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SEVERNDALE SPECIALIST ACADEMY

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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mrs Helen Thomas (Senior Statutory Auditor)
Dyke Yaxley Limited

Chartered Accountants
Statutory Auditor
1 Brassey Road
Old Potts Way
Shrewsbury
Shropshire
SY3 7FA

Dated:12/12/14.....

SEVERNDALE SPECIALIST ACADEMY

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

In accordance with the terms of our engagement letter dated 12 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Severndale Specialist Academy during the period 18 October 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Severndale Specialist Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Severndale Specialist Academy's funding agreement with the Secretary of State for Education dated 19 December 2013 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 18 October 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

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

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

SEVERNDALE SPECIALIST ACADEMY

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

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 18 October 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Before the academy converted they had contracted to use the services of RMW Electrical Services Limited. During the period the transactions totalled £6,681. RMW Electrical Services Limited is the wholly owned subsidiary of RMW Electrical Holdings Limited, a company in which C Whitrick has a majority interest. As soon as the academy realised there was a problem Ms Whitrick resigned as at 31 August 2014.



Mrs Helen Thomas
Reporting Accountant
Dyke Yaxley Limited

Dated: 12/12/14

SEVERNDALE SPECIALIST ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 AUGUST 2014

	Notes	Unrestricted funds £	Restricted funds £	Fixed Asset fund £	Total 2014 £
<u>Incoming resources</u>					
<i>Resources from generated funds</i>					
- Voluntary income	2	44,506	-	-	44,506
- Inherited on conversion	22	46,391	(2,227,017)	13,593,167	11,412,541
- Activities for generating funds	3	14,081	26,911	-	40,992
- Investment income	4	26	1,368	-	1,394
<i>Resources from charitable activities</i>					
- Funding for educational operations	5	-	4,839,200	515,036	5,354,236
Total incoming resources		105,004	2,640,462	14,108,203	16,853,669
<u>Resources expended</u>					
<i>Costs of generating funds</i>					
- Relating to voluntary income	6	9,372	-	-	9,372
<i>Charitable activities</i>					
- Educational operations	7	8,938	4,419,999	180,246	4,609,183
Governance costs	8	-	11,000	-	11,000
Total resources expended	6	18,310	4,430,999	180,246	4,629,555
Net incoming/(outgoing) resources before transfers		86,694	(1,790,537)	13,927,957	12,224,114
Gross transfers between funds		(1,355)	(56,189)	57,544	-
Net income/(expenditure) for the period		85,339	(1,846,726)	13,985,501	12,224,114
<u>Other recognised gains and losses</u>					
Actuarial gains/(losses) on defined benefit pension scheme	16	-	(613,000)	-	(613,000)
Net movement in funds		85,339	(2,459,726)	13,985,501	11,611,114
Fund balances at 18 October 2013		-	-	-	-
Fund balances at 31 August 2014		85,339	(2,459,726)	13,985,501	11,611,114

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

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

SEVERNDALE SPECIALIST ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014	
		£	£
Fixed assets			
Tangible assets	11		13,814,115
Current assets			
Debtors	12	213,432	
Cash at bank and in hand		2,647,093	
		<u>2,860,525</u>	
Creditors: amounts falling due within one year	13	(1,282,526)	
Net current assets			<u>1,577,999</u>
Total assets less current liabilities			<u>15,392,114</u>
Defined benefit pension liability	16	(3,781,000)	
Net assets			<u>11,611,114</u>
Funds of the academy trust:			
Restricted income funds	14		
- Fixed asset funds			13,985,501
- General funds			1,321,274
- Pension reserve			(3,781,000)
Total restricted funds			<u>11,525,775</u>
Unrestricted funds	14		85,339
Total funds			<u>11,611,114</u>

The accounts were approved by order of the board of trustees and authorised for issue on 4.12.14.

L.M. Hough

Mrs Linda M Hough
Chair

Company Number 08738846

SEVERNDALE SPECIALIST ACADEMY

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2014

	Notes	31 August 2014 £
Net cash inflow/(outflow) from operating activities	17	2,533,365
Cash funds transferred on conversion		46,391
Returns on investments and servicing of finance		
Investment income		1,394
		<hr/>
Net cash inflow/(outflow) from returns on investments and servicing of finance		1,394
		<hr/>
		2,581,150
Capital expenditure and financial investments		
Capital grants received		515,036
Payments to acquire tangible fixed assets		(449,093)
		<hr/>
Net cash flow from capital activities		65,943
		<hr/>
Increase/(decrease) in cash	18	2,647,093
		<hr/> <hr/>

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2014

1 Accounting policies

1.1 Basis of preparation

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

1.2 Going concern

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

1.3 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from the maintained school to an academy trust have been valued at their fair value being a reasonable estimate of the current market values that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Severndale Specialist Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted, restricted general and restricted fixed assets funds.

1.4 Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the period 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

Sponsorship income provided to the academy trust 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 the value of the donation is measurable.

Donations

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

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

1 Accounting policies

(Continued)

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust 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 trust's policies.

1.5 Resources expended

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

Costs of generating funds

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

Charitable activities

These are costs incurred on the academy trust's educational operations.

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

1 Accounting policies

(Continued)

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

Land and buildings leasehold	2% Straight Line
Plant & machinery	20% Straight Line
Computer equipment	20% Straight Line
Fixtures, fittings & equipment	20% Straight Line
Motor vehicles	20% Straight Line

No depreciation is provided in respect of leasehold land.

1.7 Taxation

The academy trust 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 trust 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.

1.8 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each period.

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.

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

1 Accounting policies

(Continued)

1.9 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, Department for Education, sponsor and other 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 Education Funding Agency and Department for Education.

1.10 Employee involvement and employment of disabled persons

The Academy is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The Academy considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Academy continues. The Academy's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by Senior Leaders and Governors.

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2014 £
Other donations	44,506	-	44,506

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2014 £
Hire of facilities	9,719	-	9,719
Parental contributions	4,362	-	4,362
Other income	-	26,911	26,911
	14,081	26,911	40,992

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

4 Investment income	Unrestricted funds £	Restricted funds £	Total 2014 £	
Short term deposits	26	1,368	1,394	
	<u>26</u>	<u>1,368</u>	<u>1,394</u>	
5 Funding for the academy trust's educational operations				
	Unrestricted funds £	Restricted funds £	Total 2014 £	
DfE / EFA grants				
General annual grant (GAG)	-	2,661,082	2,661,082	
Capital grants	-	515,036	515,036	
Other DfE / EFA grants	-	108,509	108,509	
	<u>-</u>	<u>3,284,627</u>	<u>3,284,627</u>	
Other government grants				
Local authority grants	-	2,001,286	2,001,286	
Other grants	-	1,526	1,526	
	<u>-</u>	<u>2,002,812</u>	<u>2,002,812</u>	
Other funds				
Other incoming resources	-	66,797	66,797	
	<u>-</u>	<u>66,797</u>	<u>66,797</u>	
Total funding	<u>-</u>	<u>5,354,236</u>	<u>5,354,236</u>	
6 Resources expended				
	Staff costs £	Premises & equipment £	Other costs £	Total 2014 £
Academy's educational operations				
- Direct costs	3,202,164	-	299,839	3,502,003
- Allocated support costs	519,501	219,852	367,827	1,107,180
	<u>3,721,665</u>	<u>219,852</u>	<u>667,666</u>	<u>4,609,183</u>
Other expenditure				
Costs of generating voluntary income	-	-	9,372	9,372
Governance costs	-	-	11,000	11,000
	<u>-</u>	<u>-</u>	<u>20,372</u>	<u>20,372</u>
Total expenditure	<u>3,721,665</u>	<u>219,852</u>	<u>688,038</u>	<u>4,629,555</u>

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

6 Resources expended (Continued)

Incoming/outgoing resources for the year include: 2014
£

Fees payable to auditor	
- Audit	11,000
	11,000

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2014 £
Direct costs			
Teaching and educational support staff costs	-	3,187,742	3,187,742
Technology costs	-	13,553	13,553
Educational supplies and services	3,139	180,843	183,982
Examination fees	-	1,153	1,153
Staff development	-	14,422	14,422
Educational consultancy	-	13,217	13,217
Other direct costs	2,520	85,414	87,934
	5,659	3,496,344	3,502,003
Allocated support costs			
Support staff costs	-	519,501	519,501
Depreciation	-	180,246	180,246
Technology costs	-	6,307	6,307
Maintenance of premises and equipment	-	39,606	39,606
Cleaning	-	10,699	10,699
Energy costs	-	42,382	42,382
Rent and rates	-	12,270	12,270
Insurance	-	109,888	109,888
Security and transport	-	4,919	4,919
Catering	-	34,823	34,823
Interest and finance costs	-	98,000	98,000
Other support costs	3,279	45,260	48,539
	3,279	1,103,901	1,107,180
Total costs	8,938	4,600,245	4,609,183

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2014 £
Auditor's remuneration			
- Audit of financial statements	-	11,000	11,000
	<u> </u>	<u> </u>	<u> </u>

9 Staff costs

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

	2014 Number
Teachers	55
Administration and support	211
Management	2
	<u> </u>
	<u>268</u>

Costs included within the accounts:

	2014 £
Wages and salaries	2,928,616
Social security costs	176,504
Other pension costs	415,647
	<u> </u>
	3,520,767
Supply teacher costs	186,476
Staff development and other staff costs	14,422
	<u> </u>
Total staff costs	<u>3,721,665</u>

The number of employees whose annual remuneration was £60,000 or more was:

	2014 Number
£70,001 - £80,000 (Pro-Rata)	2
£130,001 - £140,000 (Pro-Rata)	1
	<u> </u>

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

9 Staff costs (Continued)

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

		2014
Teachers' Pension Scheme	Numbers	3
	£	26,776
<hr/>		
Local Government Pension Scheme	Numbers	-
	£	-
<hr/>		

10 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the period, travel and subsistence payments totalling £243 were reimbursed to the principal only.

The value of trustees' remuneration was as follows:

Mr C Davies (principal) £85,000 - £90,000

Other related party transactions involving the trustees are set out within the related parties note.

Trustees' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2014 was £1,484.

11 Tangible fixed assets

	Land and buildings leasehold	Plant & machinery	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 18 October 2013	-	-	-	-	-	-
Additions	13,750,917	10,000	13,000	57,544	162,900	13,994,361
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2014	13,750,917	10,000	13,000	57,544	162,900	13,994,361
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At 18 October 2013	-	-	-	-	-	-
Charge for the period	152,761	1,333	1,733	2,699	21,720	180,246
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2014	152,761	1,333	1,733	2,699	21,720	180,246
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 August 2014	13,598,156	8,667	11,267	54,845	141,180	13,814,115
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

11 Tangible fixed assets (Continued)

Included within the net book value of land and buildings leasehold are assets under construction of £391,549.

Land and buildings are shown at the valuation provided by the Educational Funding Agency.

12 Debtors	2014 £
Trade debtors	11,447
VAT recoverable	51,706
Prepayments and accrued income	150,279
	<hr/> 213,432 <hr/> <hr/>

13 Creditors: amounts falling due within one year	2014 £
Trade creditors	341,542
Taxes and social security costs	119,169
Other creditors	767,500
Accruals	54,315
	<hr/> 1,282,526 <hr/> <hr/>

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

14 Funds

	Balance at 18 October 2013	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2014
	£	£	£	£	£
Restricted general funds					
General Annual Grant	-	2,661,082	(2,169,269)	-	491,813
Other DfE / EFA grants	-	108,509	(89,210)	-	19,299
Other government grants	-	2,002,812	(2,002,812)	-	-
Other restricted funds	-	960,059	(93,708)	(56,189)	810,162
Funds excluding pensions	-	5,732,462	(4,354,999)	(56,189)	1,321,274
Pension reserve	-	(3,092,000)	(76,000)	(613,000)	(3,781,000)
	-	2,640,462	(4,430,999)	(669,189)	(2,459,726)
Restricted fixed asset funds					
DfE / EFA capital grants	-	515,036	-	-	515,036
Inherited fixed asset fund	-	13,593,167	(177,547)	-	13,415,620
Capital expenditure from GAG or other funds	-	-	(2,699)	57,544	54,845
	-	14,108,203	(180,246)	57,544	13,985,501
Total restricted funds	-	16,748,665	(4,611,245)	(611,645)	11,525,775
Unrestricted funds					
General funds	-	105,004	(18,310)	(1,355)	85,339
Total funds	-	16,853,669	(4,629,555)	(613,000)	11,611,114

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

In relation to GAG funds, under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Included within other restricted funds is the Outreach fund balance of £19,958, which provides a service to other schools within the county. Also included within other restricted funds is a balance of £8,463 for P E & Sport, also for P E & Sport there is a balance of £3,319 included within other DfE/EFA grants.

Also included within other restricted funds is a fund of £275,000 to be used on the Futures project.

Included within restricted other DfE/EFA grants is Pupil Premium income of £55,111. Restricted other DfE/EFA grants relates to funding provided by the Education Funding Agency for the school to provide additional support to pupils from low income families.

Included within unrestricted general funds is a balance of £18,703 which is ring fenced for the Extended Schools fund.

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	-	-	13,814,115	13,814,115
Current assets	85,339	2,603,800	171,386	2,860,525
Creditors: amounts falling due within one year	-	(1,282,526)	-	(1,282,526)
Defined benefit pension liability	-	(3,781,000)	-	(3,781,000)
	<u>85,339</u>	<u>(2,459,726)</u>	<u>13,985,501</u>	<u>11,611,114</u>

16 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

Contributions amounting to £42,898 were payable to the schemes at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

16 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

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

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

Teachers' Pension Scheme changes

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

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

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

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

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

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

16 Pensions and similar obligations

(Continued)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 13.5 per cent for employers and 5.5 to 10.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £385000.

On conversion to an academy trust the scheme was in deficit. The entity has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels. Monthly payments of £9,391.67 (31 March 2014: £9,033.33) have been agreed up to 31 March 2015.

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.

	2014 £
Employer's contributions	254,000
Employees' contributions	76,000
	<hr/>
Total contributions	330,000
	<hr/> <hr/>

Principal actuarial assumptions

	2014 %
Rate of increase in salaries	3.7
Rate of increase for pensions in payment	2.2
Discount rate for scheme liabilities	4.0
Inflation assumption (CPI)	2.2
	<hr/> <hr/>

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

	2014 Years
Retiring today	
- Males	23.8
- Females	26.1
Retiring in 20 years	
- Males	26
- Females	29
	<hr/> <hr/>

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

16 Pensions and similar obligations

(Continued)

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

	2014 Expected return %	2014 Fair value £
Equities	7.0	1,001,000
Government bonds	2.9	-
Other bonds	3.8	441,000
Cash/liquidity	0.5	23,000
Property	6.2	70,000
Other assets	7.0	264,000
	<u> </u>	<u> </u>
Total market value of assets		1,799,000
Present value of scheme liabilities - funded		(5,580,000)
		<u> </u>
Net pension asset / (liability)		(3,781,000)
		<u> </u>

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date. As at 31 August 2014 this yield was 2.9% p.a.

The expected investment return on corporate bonds is based on market yields at the relevant date, less a reduction to reflect a risk of default in the corporate bond yield. This means that the expected return on corporate bond investments is lower than the discount rate used in the calculations. As at 31 August 2014 we have taken the expected return as 3.8% p.a, which implies a reduction for the risk of default of 0.1% p.a. when compared with the corporate bond yield/discount rate appropriate to the "mature" deviation profile for example.

It is generally accepted that the yield on equity investments will contain an "equity risk premium" in addition to the yield on Government bonds, which are perceived as the "least risk" investment class, in order to compensate investors for the additional risk of holding this type of investment. Historical excess equity returns over more than 100 years have been approximately 4% p.a. on average. However, the level of equity risk premium can vary from time to time dependent on market levels and expectations for future returns. We have taken the overall expected return on equities as at 31 August 2014 as 7% p.a, implying an equity risk premium on equities of 4.1% p.a. over and above the gilt yield of 2.9% p.a.

Assumed returns on property are based on the expected long term returns on cash investments, plus a risk premium to allow for expected out-performance of property over cash, and an adjustment for the impact of the expected volatility of the returns

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

16 Pensions and similar obligations	(Continued)
Operating costs and income recognised in the statement of financial activities	
	2014
	£
Financial expenditure/(income)	
Expected return on pension scheme assets	(48,000)
Interest on pension liabilities	146,000
	<u>98,000</u>
Other expenditure/(income)	
Current service cost	232,000
Past service cost	-
	<u>232,000</u>
Total operating charge/(income)	<u>330,000</u>
Actuarial gains and losses recognised in the statement of financial activities	
	2014
	£
Actuarial (gains)/losses on assets: actual return less expected	(53,000)
Experience (gains)/losses on liabilities	-
(Gains)/losses arising from changes in assumptions	666,000
	<u>613,000</u>
Total (gains)/losses	<u>613,000</u>
Cumulative (gains)/losses to date	<u>613,000</u>
Movements in the present value of defined benefit obligations were as follows:	
	2014
	£
Obligations acquired on conversion	(4,472,000)
Current service cost	(232,000)
Interest cost	(146,000)
Contributions by employees	(76,000)
Actuarial gains/(losses)	(666,000)
Benefits paid	12,000
	<u>(5,580,000)</u>

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

16 Pensions and similar obligations	(Continued)
Movements in the fair value of the academy trust's share of scheme assets:	
	2014 £
Assets acquired on conversion	1,380,000
Expected return on assets	48,000
Actuarial gains/(losses)	53,000
Contributions by employers	254,000
Contributions by employees	76,000
Benefits paid	(12,000)
	<u>1,799,000</u>
 History of experience gains and losses:	
	2014 £
Present value of defined benefit obligations	(5,580,000)
Fair value of share of scheme assets	1,799,000
	<u>(3,781,000)</u>
 Experience adjustment on scheme liabilities	 -
Experience adjustment on scheme assets	53,000
	<u>53,000</u>
 17 Reconciliation of net income to net cash inflow/(outflow) from operating activities	
	2014 £
Net income	12,224,114
Capital grants and similar income	(515,036)
Net deficit/(surplus) transferred on conversion	(11,412,541)
Net current assets other than cash transferred on conversion	912,882
Investment income	(1,394)
FRS17 pension costs less contributions payable	(22,000)
FRS17 pension finance income	98,000
Depreciation of tangible fixed assets	180,246
(Increase)/decrease in debtors	(213,432)
Increase/(decrease) in creditors	1,282,526
	<u>2,533,365</u>

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

18 Reconciliation of net cash flow to movement in net funds	2014
	£
Increase/(decrease) in cash	2,647,093
Net funds at 18 October 2013	-
	<hr/>
Net funds at 31 August 2014	2,647,093
	<hr/> <hr/>

19 Analysis of net funds	At 18 October	Transferred	Cash flows	Non-cash	At 31 August
	2013	on		changes	2014
		conversion			
	£	£	£	£	£
Cash at bank and in hand	-	46,391	2,600,702	-	2,647,093
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

20 Capital commitments	2014
	£

At 31 August 2014 the company had capital commitments as follows:

Expenditure contracted for but not provided in the accounts	883,451
	<hr/> <hr/>

During the period the academy embarked on a joint venture project with Shrewsbury College of Arts & Technology (SCAT) to design and build new premises to be known as the Futures Centre. This joint venture will provide a range of work related learning activities for up to 80 students with learning difficulties and disabilities. The entire project cost is expected to be £1,275,000 of which £1,000,000 has had EFA approved funding. The balance of £275,000 has been designated from restricted reserves. During the period £500,000 has been received from the EFA. At the year end the academy was committed to spending £883,451.

21 Related parties

Before the academy converted they had contracted to use the services of RMW Electrical Services Limited. During the period the transactions totalled £6,681. RMW Electrical Services Limited is the wholly owned subsidiary of RMW Electrical Holdings Limited, a company in which C Whitrick (trustee of the academy until 31 August 2014) has a majority interest.

SEVERNDALE SPECIALIST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

22 Conversion to an academy

On 1 January 2014 the Severndale Specialist School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Severndale Specialist Academy from the Shropshire Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the statement of financial activities as inherited on conversion.

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

Funds surplus/(deficit) transferred:	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total 2014 £
Fixed assets funds	-	-	13,593,167	13,593,167
LA budget funds	-	864,983	-	864,983
LGPS pension funds	-	(3,092,000)	-	(3,092,000)
Other funds	46,391	-	-	46,391
	<u>46,391</u>	<u>(2,227,017)</u>	<u>13,593,167</u>	<u>11,412,541</u>
Net assets transferred:				£
Leasehold land and buildings				13,359,368
Tangible fixed assets apart from land and buildings				185,900
Cash				46,391
Pension surplus/(deficit)				(3,092,000)
Budget Surplus on conversion				864,983
DFC on conversion				47,899
				<u>11,412,541</u>

23 Members' liability

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

SEVERNDALE SPECIALIST ACADEMY

SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2014

	Total 2014 £
Income	
General Annual Grant (GAG)	2,661,082
Other DfE / EFA grants	108,509
Other government grants	2,002,812
Capital income	515,036
Inherited on conversion	911,374
Other income	153,689
	<hr/>
Total operating income	6,352,502
	<hr/> <hr/>
Expenditure	
General Annual Grant (GAG) related expenditure	2,169,269
Other DfE / EFA grants related expenditure	89,210
Other government grant related expenditure	2,002,812
General funds - restricted	93,708
General funds - unrestricted	18,310
LGPS expenditure	76,000
Depreciation	180,246
	<hr/>
Total expenditure	4,629,555
	<hr/> <hr/>
Net operating income/(expenditure)	1,722,947
LGPS actuarial gains/(losses)	(613,000)
LGPS and fixed assets inherited on conversion	10,501,167
	<hr/>
Total surplus/(deficit) for the period	11,611,114
Funds brought forward	-
	<hr/>
Funds carried forward	11,611,114
	<hr/> <hr/>

This page does not form part of the statutory accounts