

Registration number: 07647805

University Academy Holbeach

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2012

University Academy Holbeach

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University Academy Holbeach

Reference and Administrative Details

Governors and Trustees (Directors)	Mr C Penney Prof A Atherton Prof V Braybrooks Prof J Davidson Prof M Stuart
Governors	Prof M Stuart Dr P Lovatt Mrs S Green Mr S Baragwanath Mr G Chappell Mr A Robson Mrs J Luyt Mr R Gibbard Mrs M Phipps (resigned 17 October 2012) Mr C Bell Cllr W Webb Mr P Adams Mrs J Worth Mr R Outram Mr D Scott Mrs J Whitby (resigned 12 September 2012)
Senior Management Team	Mr S Baragwanath, Principal Mrs S Paige, Vice Principal Mrs M Ward, Deputy Vice Principal Mrs K Blagbrough, Deputy Vice Principal Mr S Milne, Assistant Principal Mr G Chappel, Assistant Principal Mrs L Smillie, Assistant Principal Mr L Dave, Assistant Principal
Principal and Registered Office	Mr S Baragwanath University Academy Holbeach Park Road Holbeach Spalding Lincolnshire PE12 7PU
Company Registration Number	07647805

University Academy Holbeach

Reference and Administrative Details

Auditors	Bulley Davey Unit 2 and 3 Wrights Mews 12A Park Road Holbeach Lincolnshire PE12 7EE
Bankers	Lloyds TSB Bank PLC Hall Place Spalding Lincolnshire PE11 1SF
Solicitors	Mossop & Bowser Abbot's Manor 10 Spalding Road Holbeach Lincolnshire PE12 7LP

University Academy Holbeach

Governors' Report for the Year Ended 31 August 2012

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2012.

Discussion on conversion to academy trust

On the conversion to academy trust status under the Academies Act 2010 all the operations assets and liabilities were transferred to University Academy Holbeach from the 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 in the Statement of Financial Activities as voluntary income.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 07647805.

The trustees act for the charitable activities of University Academy Holbeach and are also the directors of the charitable company for the purposes of company law.

Details of the governors who served throughout the year except as noted 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 company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

Governors' indemnities

The Academy through its Articles has indemnified its Governors to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Governors.

Principal activities

The principal activity of the charitable company is the education or provision of teaching and learning. The principal activity is encapsulated in our vision of creating an environment where effective teaching and learning can take place, endeavouring to remove barriers for learning such as deprivation, behaviour or social issues.

University Academy Holbeach

Governors' Report for the Year Ended 31 August 2012

Method of recruitment and appointment or election of Governors

Governors are appointed under the rules contained within the memorandum and articles of association. The appointments are made by the secretary of state, the academy's sponsors and the trustees who delegate powers to the academy senior leadership team.

The membership of the main governing body is in accordance with the structure contained within its memorandum and articles of association. Governors have a breadth of skills which are beneficial to the committee as a whole.

A finance committee has now been established (September 2012) and the governors meet at least on a termly basis to discuss the on-going matters of the academy.

During the year Mr C Penney, Mrs V Braybrooks and Mr A Atherton were appointed as directors of the Academy on 25 May 2011.

Policies and procedures adopted for the induction and training of Governors

The academy was incorporated on 25 May 2011 and commenced operations on 1 September 2011 and new governors were appointed. On appointment of the governing body access was provided to an external governor training and support programme where the operating procedures were outlined alongside the structure of the governing body and its committees. Newly appointed governors are assigned to one of the sub-committees reporting to the main governing body within the academy. Within the academy the governors can access the policies and procedures via the staff handbook or the learning gateway. Where governors have a particular professional skill the academy seeks to support and utilise the skill within the relevant committee. Governors also attend "whole school" events and where appropriate staff training sessions.

Organisational structure

The organisational structure consists of three levels of governors, the senior leadership team and the management team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The senior leadership team comprises the principal, three vice principals and four assistant principals, who are responsible for the communication and implementation of the academy's strategies.

The principal and senior leadership team are responsible for the day to day running of the organisation, oversee the teaching staff and teams of administration/operational support. The structure and operation of the trust follows the guidelines set out in the academies handbook issued by the department for education.

The academy also access a number of external agencies to enable a broader provision of education and learning. The external agencies include alternative, education and vocational provision, careers and guidance services.

University Academy Holbeach

Governors' Report for the Year Ended 31 August 2012

Risk management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff, supervision of school grounds) and an effective system of internal financial control in order to minimise risk.

Risks to the Academy fall into the following three categories:

1. Financial - Income to the Academy is always predicted prudently and expenditure plans are controlled by a strong committee structure. The Principal is accountable to the committee for restricting expenditure within budget limits.
2. Performance - A decline in results would lead to a less favourable reputation which would, in turn, lead to fewer numbers of students with the subsequent loss of income. The Principal is accountable to the governing body for academic results.
3. Health and Safety - A range of risk assessments, including actions to be taken in the event of extreme incidents, have been written. These are reviewed annually.

Connected organisations, including related party relationships

The University Academy Holbeach operates as a sole entity and is not part of the wider network or federation. The University of Lincoln is the sole sponsor.

Objectives and activities

Objects and aims

The object of the charity is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to, language and technology.

Objectives, strategies and activities

The academy's main strategic intent is encapsulated in the statement "we support the learning of all our students to the highest standards possible. To do this we pursue new and exciting technologies that assist all learners in their educational journey". Delivery of this strategy focuses the academy on our learners and the mechanisms that are required to create an environment where learners succeed. Continuing improvement is at the core of the strategy. Below are examples of areas of focus used to drive this improvement:-

1. Raising attainment for all students
2. Improving students attendance and punctuality
3. Further improve students' positive behaviour
4. Ensure all safeguarding measures are in place
5. Sustain and improve the quality of learning and teaching
6. Student voice
7. The under-pinning of the strategy with sound operations and procedures

Public benefit

The Academy provides educational services to all children in the local area. The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

University Academy Holbeach

Governors' Report for the Year Ended 31 August 2012

Achievements and performance

This is the first year that the academy was open and the examination cohort had only attended the academy for one year. The level of attainment of 5+ A*-C including English and Maths was 38.95%. For other performance measures the academy achieved the following results: 1 A*-G, 100%, 5+ A*-C, 79.47%, and, 5+ A*-G, 99%.

Going concern

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

Key non-financial performance indicators

The Academy has been fully staffed during the period to 31 August 2012. The curriculum has remained virtually unchanged and so this should have no negative material impact on the experience of students. Staffing costs are the Academy's main expense and the good value of our staff can be seen in our examination results and the level of activity and commitment in the Academy.

In all of our expenditure the finance manager, governors and senior management team seek best value and question choices and options made.

Financial review

The majority of the academy's income derives from central government funding via the YPLA (Young Peoples Learning Agency), now the EFA (Education Funding Authority). The academy also received local authority funding to support special education needs, designated special provision and capital fund towards fixtures, fittings and equipment. In addition the academy has raised funds through its expertise and use of its facilities.

Additional funding is currently received from the local authority who are helping and supporting the Academy as it transfers pupils from the Crowland St Guthlac school site onto the Holbeach site. The local authority have agreed to fund the additional costs incurred during this process at a rate of £33,333 per month until 31 August 2013.

During the year ended 31 August 2012 the total operating expenditure of £8.5m was covered by grant funding and other incoming resources. The excess of income over expenditure (excluding depreciation and pension liabilities) was £1.6 million.

At 31 August 2012 the total assets less current liabilities was £1.6m and the net book value of tangible fixed assets was £0.6m. The assets were used exclusively for providing education and the associated support services to the learners of the academy.

There is a declared deficit on the defined benefit pension scheme, local government pension scheme (LGPS) for associated staff. Arguably a similar liability would exist for teachers if measured by the same method. Whilst the value is significant the governors do not believe that the liability represents a material risk because the liability would be spread over medium to long term which would minimise its impact.

University Academy Holbeach

Governors' Report for the Year Ended 31 August 2012

Principal risks and uncertainties

The Governors consider that the principal risks and uncertainties facing the Academy are:

1. Meeting requisite standards of education for students in core subjects
2. Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, the Charity commission and the National Curriculum
3. Financial risk - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and or financial commitments made without adequate authorisation
4. Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information

The key controls used by the academy include:

1. Detailed terms of reference for all committees
2. Formal agendas for the academy board and committees
3. Schemes of delegation and formal financial regulations
4. Formal written policies
5. Clear authorisation and approval levels
6. Policies and procedures required by law to protect the vulnerable

Financial and risk management objectives and policies

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes in pursuance of the Academy's objects. The grants received from the DfE during the period ended 31 August 2012 and the associated expenditure are shown as restricted general funds in the Statement of Financial Activities. During the period to 31 August 2012 the Academy received the reserve from the closure of the George Farmer Technology and Language College accounts.

Reserves policy

It is the Academies aim to keep the reserves so there is substantially more than one month's salary cost on hand in cash form at any point. A cash flow forecast is provided, cash is monitored on a daily basis and money is invested on deposit where appropriate

Investment policy

The Governors' policy is to retain the investment property long term in order to generate income from lettings. It is the intention to invest any surplus funds in low risk short term bank deposits.

Employment of disabled persons

The academy is currently in the process of a build project for new purpose built accommodation which is due to complete by April 2014. The buildings will comply with all current legislation, lifts, ramps and disabled toilets will be installed and the door widths will be adequate to enable wheelchair access to all areas of the academy. The policy of the academy to support special education needs and designated special provisions. The academy does this by adapting the physical environment by making support resources available and through training and career development.

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

University Academy Holbeach

Governors' Report for the Year Ended 31 August 2012

Plans for future periods

The next stage of the development of the academy will include:-

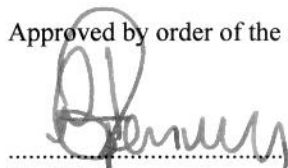
1. Managing the final year of delivering education at the Crowland site and in doing so preparing the students for the move to the Holbeach site in September 2013.
2. The on going redevelopment of the Holbeach site where works will continue throughout the whole academic year and into 2014 and ensuring that the disruption caused by this process does not adversely affect the educational opportunities offered to the students.
3. Building on the existing educational links with the University of Lincoln.
4. Ensuring that the educational vision which underpinned the formation of the Academy is being achieved within the predetermined time scales.
5. Recruiting and retaining the high quality staff that are required to ensure the success of the Academy.
6. Embedding the role of the Academy within the local community.

Auditor

In so far as the Members and Governors are aware:

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

Approved by order of the members of the on ~~11.12.12~~ and signed on its behalf by:



Mr C Penney
Governor and trustee

University Academy Holbeach

Governance Statement

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Mr S Baragwanath, 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 University Academy Holbeach and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mr S Baragwanath	6	6
Mr C Penney	6	6
Mr P Adams	4	6
Mr C Bell	5	6
Mr D Scott	5	6
Mrs J Luyt	5	6
Mr G Chappell	6	6
Mr A Robson	5	6
Mr R Gibbard	5	6
Mr R Outram	1	6
Mrs S Green	3	6
Dr P Lovatt	3	6
Prof V Braybrooks	5	6
Prof A Atherton	5	6
Mrs J Worth	6	6
Mrs M Phipps	5	6
Cllr W Webb	5	6
Prof M Stuart	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 ongoing 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 University Academy Holbeach for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

University Academy Holbeach

Governance Statement

Capacity to handle risk

The Governing Body 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 Governing Body 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 year ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Peter Wright as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. , the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the RO to date.

University Academy Holbeach

Governance Statement

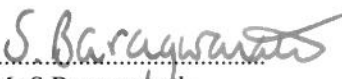
Review of effectiveness

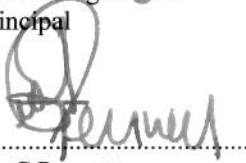
As Accounting Officer, Mr S Baragwanath has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 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 Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on ^{11.12.12}..... and signed on its behalf by:


.....
Mr S Baragwanath
Principal


.....
Mr C Penney,
Governor and trustee


University Academy Holbeach

Statement on Regularity, Propriety and Compliance

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Mr S Baragwanath
Accounting officer

Date: 12.12.12

University Academy Holbeach

Statement of Governors' Responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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 Board on 11.12.12... and signed on its behalf by:



Mr S Baragwanath
Principal

University Academy Holbeach

Independent Auditors' Report on the financial statements to the governing body of University Academy Holbeach

We have audited the financial statements of University Academy Holbeach for the year ended 31 August 2012, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. 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).

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Governors' Responsibilities (set out on page 13), the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 charitable company'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 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2012 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 the Annual Accounts Direction issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

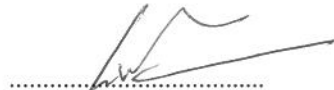
Matters on which we are required to report by exception

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:

University Academy Holbeach

**Independent Auditors' Report on the financial statements to the governing body of
University Academy Holbeach**

- 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.



.....
Ian V Brown (Senior Statutory Auditor)
For and on behalf of Bulley Davey, Statutory Auditor

Unit 2 and 3
Wrights Mews
12A Park Road
Holbeach
Lincolnshire
PE12 7EE

Date: 13th December 2012 .

University Academy Holbeach

Independent Reporting Accountant's Assurance Report on Regularity to University Academy Holbeach and the Education Funding Agency

In accordance with the terms of our engagement letter dated and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by University Academy Holbeach during the period 1 September 2011 to 31 August 2012 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 the governing body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the governing body 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 any responsibility to anyone other than the governing body and the EFA, for our review work, for this report, or for the conclusion we have formed.

Respective responsibilities of the governing body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the governing body's funding agreement with the Secretary of State for Education dated and the Academies Financial Handbook as published by DfES in 2006, 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 2011/12. 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 from 1 September 2011 to 31 August 2012 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 Academies: Accounts Direction 2011/12 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.

University Academy Holbeach

Independent Reporting Accountant's Assurance Report on Regularity to University Academy Holbeach and the Education Funding Agency

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 from 1 September 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Ian V Brown

For and on behalf of Bulley Davey, Chartered Accountants

Unit 2 and 3
Wrights Mews
12A Park Road
Holbeach
Lincolnshire
PE12 7EE

Date:.....13th December 2012 .

University Academy Holbeach

Statement of Financial Activities for the Year Ended 31 August 2012 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2012 £
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income					
transfer on conversion	3	790,809	-	50,000	840,809
Activities for generating funds	4	5,250	538,386	-	543,636
Investment income	5	3,590	-	-	3,590
<i>Incoming resources from charitable activities:</i>					
Funding for the Academy's educational operations	6	-	8,800,283	-	8,800,283
School fund income		-	143,301	-	143,301
Total incoming resources		<u>799,649</u>	<u>9,481,970</u>	<u>50,000</u>	<u>10,331,619</u>
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income		-	744,789	-	744,789
Cost of generating funds		731	-	-	731
<i>Charitable activities:</i>					
Academy's educational operations	8	-	7,453,101	64,735	7,517,836
School fund expenditure		-	156,967	-	156,967
Other resources expended - loan transfer on conversion		247,960	-	-	247,960
Governance costs	9	-	8,736	-	8,736
Total resources expended	7	<u>248,691</u>	<u>8,363,593</u>	<u>64,735</u>	<u>8,677,019</u>
Net incoming/(outgoing) resources before transfers		550,958	1,118,377	(14,735)	1,654,600
Gross transfers between funds	18	<u>(546,071)</u>	<u>(133,645)</u>	<u>679,716</u>	<u>-</u>
Net income for the year		4,887	984,732	664,981	1,654,600
Other recognised gains and (losses)					
Opening defined benefit pension scheme liability		-	(1,068,000)	-	(1,068,000)
Actuarial gains/(losses) on defined benefit pension schemes	26	<u>-</u>	<u>(189,000)</u>	<u>-</u>	<u>(189,000)</u>

University Academy Holbeach

Statement of Financial Activities for the Year Ended 31 August 2012 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2012 £
Net movement in funds/(deficit)		<u>4,887</u>	<u>(272,268)</u>	<u>664,981</u>	<u>397,600</u>
Reconciliation of funds					
Funds/(deficit) carried forward at 31 August 2012		<u><u>4,887</u></u>	<u><u>(272,268)</u></u>	<u><u>664,981</u></u>	<u><u>397,600</u></u>


All of the Academy's activities derive from acquisitions in the current financial year.

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

University Academy Holbeach
(Registration number: 07647805)
Balance Sheet as at 31 August 2012

	Note	2012 £
Fixed assets		
Tangible assets	13	664,981
Current assets		
Stocks	14	4,200
Debtors	15	325,612
Cash at bank and in hand		<u>1,402,368</u>
		1,732,180
Creditors: Amounts falling due within one year	16	<u>(550,347)</u>
Net current assets		<u>1,181,833</u>
Total assets less current liabilities		1,846,814
Creditors: Amounts falling due after more than one year	17	<u>(192,214)</u>
Net assets excluding pension liability		1,654,600
Pension scheme liability	26	<u>(1,257,000)</u>
Net assets including pension liability		<u><u>397,600</u></u>
Funds of the Academy:		
Restricted funds		
Restricted general fund	18	984,732
Restricted fixed asset fund	18	664,981
Restricted pension fund	18	<u>(1,257,000)</u>
		392,713
Unrestricted funds		
Unrestricted general fund	18	<u>4,887</u>
Total funds		<u><u>397,600</u></u>

The financial statements on pages 18 to 40 were approved by the governors, and authorised for issue on 11.12.12 and signed on their behalf by:



 Mr C Penney
 Governor and trustee



 Prof V Braybrooks
 Governor and trustee

University Academy Holbeach

Cash Flow Statement for the Year Ended 31 August 2012

	Note	2012 £
Net cash inflow from operating activities	21	1,287,685
Cash transferred on conversion to an academy trust		790,809
Returns on investments and servicing of finance	22	3,590
Capital expenditure and financial investment	23	<u>(679,716)</u>
Increase in cash in the year	24	<u><u>1,402,368</u></u>

Reconciliation of net cash flow to movement in net funds

Increase in cash in the year	1,402,368
Net funds at 1 September 2011	<u>-</u>
Net funds at 31 August 2012	<u><u>1,402,368</u></u>

All of the cash flows are derived from acquisitions in the current financial year.

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Annual 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.

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 to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors 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 University Academy Holbeach. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

Going concern

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

Incoming resources

All incoming resources are recognised when the Academy 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.

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.

Donations

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

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

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 Academy Trust's policies.

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.

All resources expended are inclusive of irrecoverable VAT.

Cost of generating funds

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

Charitable activities

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

Governance costs

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

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

1 Accounting policies (continued)

Tangible fixed assets

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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

Asset class	Amortisation method and rate
Land and buildings	10% straight line
Furniture and equipment	20% straight line
Motor vehicles	20% straight line
Computer equipment	33% straight line

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

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.

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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 governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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.

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

2 General Annual Grant (GAG)

	2012 £
Results and carry forward for year	
GAG allocation for current year	8,100,175
Total GAG available to spend	8,100,175
Recurrent expenditure from GAG	(7,640,044)
Fixed assets purchased from GAG	(133,645)
GAG carried forward to next year	326,486
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	972,021
GAG to surrender to DfE	
(12% rule breached if result is positive)	(645,535)
	No breach

3 Voluntary income

	Unrestricted funds £	Restricted fixed asset funds £	Total 2012 £
Transfer on conversion	790,809	50,000	840,809

4 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2012 £
Hire of facilities	5,250	-	5,250
Catering income	-	231,552	231,552
Apprenticeship income	-	246,583	246,583
Music tuition	-	6,048	6,048
Outside bodies	-	44,953	44,953
Sales to pupils	-	9,250	9,250
	5,250	538,386	543,636

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

5 Investment income

	Unrestricted funds £	Total 2012 £
Short term deposits	3,590	3,590

6 Funding for Academy's educational operations

	Restricted funds £	Total 2012 £
DfE/EFA revenue grants		
General Annual Grant (GAG)	7,816,519	7,816,519
Start Up Grants	283,656	283,656
	8,100,175	8,100,175
Other government grants		
Local authority grants	700,108	700,108
Total grants	8,800,283	8,800,283

7 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2012 £
Costs of generating voluntary income	-	-	744,789	744,789
Costs of activities for generating funds	-	-	731	731
Academy's educational operations				
Direct costs	4,611,980	24,309	976,677	5,612,966
Allocated support costs	1,902,455	367,402	39,940	2,309,797
	6,514,435	391,711	1,016,617	7,922,763
Governance costs including allocated support costs	-	-	8,736	8,736
	6,514,435	391,711	1,770,873	8,677,019

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

7 Resources expended (continued)

Net incoming/outgoing resources for the year include:

	2012 £
Fees payable to auditor - audit	8,000
- non-audit services	<u>43,528</u>

8 Charitable activities - Academy's educational operations

	Restricted funds £	Restricted fixed asset funds £	Total 2012 £
Direct costs			
Teaching and educational support staff costs	4,611,980	-	4,611,980
Depreciation	-	24,309	24,309
Educational supplies	310,271	-	310,271
Examination fees	205,532	-	205,532
Apprenticeship costs	45,960	-	45,960
Other direct costs	<u>9,987</u>	<u>-</u>	<u>9,987</u>
	<u>5,183,730</u>	<u>24,309</u>	<u>5,208,039</u>
Allocated support costs			
Support staff costs	1,902,455	-	1,902,455
Depreciation	-	40,426	40,426
Maintenance of premises and equipment	130,713	-	130,713
Cleaning	15,068	-	15,068
Rent, rates and utilities	179,770	-	179,770
Insurance	1,425	-	1,425
Transport	33,134	-	33,134
Loan interest	<u>6,806</u>	<u>-</u>	<u>6,806</u>
	<u>2,269,371</u>	<u>40,426</u>	<u>2,309,797</u>
	<u>7,453,101</u>	<u>64,735</u>	<u>7,517,836</u>

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

9 Governance costs

	Restricted funds £	Total 2012 £
Auditors' remuneration		
Audit of financial statements	8,000	8,000
Governors' reimbursed expenses	<u>736</u>	<u>736</u>
	<u><u>8,736</u></u>	<u><u>8,736</u></u>

10 Staff costs

	2012 £
Staff costs during the year were:	
Wages and salaries	5,184,481
Social security costs	389,430
Pension costs	743,704
Supply teacher costs	187,820
Compensation payments	<u>9,000</u>
	<u><u>6,514,435</u></u>

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

	2012 No
Charitable Activities	
Teachers	99
Administration and support	106
Management	<u>8</u>
	<u><u>213</u></u>

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

10 Staff costs (continued)

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

	2012 No
£60,001 - £70,000	1
£90,001 - £100,000	1

2 of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff amounted to £23,087.

11 Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors.

Related party transactions involving the trustees are set out in note 27.

12 Governors' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2012 was £Nil.

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

13 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost					
Additions	546,071	49,053	29,978	54,614	679,716
Transferred on conversion	-	46,000	4,000	-	50,000
At 31 August 2012	546,071	95,053	33,978	54,614	729,716
Depreciation					
Charge for the year	24,309	19,011	6,796	14,619	64,735
At 31 August 2012	24,309	19,011	6,796	14,619	64,735
Net book value					
At 31 August 2012	521,762	76,042	27,182	39,995	664,981

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

14 Stock

	2012
	£
Fuel	4,200

15 Debtors

	2012
	£
Trade debtors	117,890
Prepayments	6,553
VAT recoverable	132,286
Other debtors	68,883
	<u>325,612</u>

16 Creditors: amounts falling due within one year

	2012
	£
Trade creditors	172,700
Other taxation and social security	130,793
Other creditors	98,533
Pension scheme creditor	24,918
Accruals	123,403
	<u>550,347</u>

17 Creditors: amounts falling due after one year

	2012
	£
Public works board loan	<u>192,214</u>

The Academy took control over the Public Works Board loan which funded the extension to the 6th form block when it was part of the George Farmer Technology and Language College. The length of repayment has been set at 10 years and the interest rate at 3.470%, the loan is due to be repaid by August 2019.

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

18 Funds

	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2012 £
Restricted general fund				
General Annual Grant (GAG)	7,816,519	(7,640,044)	(133,645)	42,830
Start Up Grant	283,656	-	-	283,656
Other DfE/EFA grants	700,108	(366,667)	-	333,441
Catering income	231,552	(153,955)	-	77,597
Apprenticeship income	246,583	(45,960)	-	200,623
Music tuition	6,048	-	-	6,048
Outside bodies	44,953	-	-	44,953
Sales to pupils	9,250	-	-	9,250
School fund	143,301	(156,967)	-	(13,666)
	<u>9,481,970</u>	<u>(8,363,593)</u>	<u>(133,645)</u>	<u>984,732</u>
Restricted fixed assets fund				
Transfer on conversion	50,000	-	-	50,000
Fixed assets	-	(64,735)	679,716	614,981
	<u>50,000</u>	<u>(64,735)</u>	<u>679,716</u>	<u>664,981</u>
Restricted pension fund				
Pension reserve	-	-	(1,257,000)	(1,257,000)
	<u>-</u>	<u>-</u>	<u>(1,257,000)</u>	<u>(1,257,000)</u>
Total restricted funds	<u>9,531,970</u>	<u>(8,428,328)</u>	<u>(710,929)</u>	<u>392,713</u>
Unrestricted fund				
Unrestricted fund	799,649	(248,691)	(546,071)	4,887
Total unrestricted funds	<u>799,649</u>	<u>(248,691)</u>	<u>(546,071)</u>	<u>4,887</u>
Total funds	<u>10,331,619</u>	<u>(8,677,019)</u>	<u>(1,257,000)</u>	<u>397,600</u>

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

18 Funds (continued)

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

- (i) General Annual Grant (GAG) must be used for the running costs of the Academy.
- (ii) Other EFA and local authority grants are utilised for the purposes intended. Grants include capital, start up, transport and special educational needs.
- (iii) Other restricted general funds include payments for school trips as well as catering income.
- (iv) The pension reserve is the surplus/(deficit) in the Local Government Pension Scheme.
- (v) Unrestricted funds include surpluses transferred on Academy conversion, to be spent at the discretion of the Governors.

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

19 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	664,981	664,981
Current assets	5,618	1,726,562	-	1,732,180
Current liabilities	(731)	(549,616)	-	(550,347)
Creditors over 1 year	-	(192,214)	-	(192,214)
Pension scheme liability	-	(1,257,000)	-	(1,257,000)
Total net assets	<u>4,887</u>	<u>(272,268)</u>	<u>664,981</u>	<u>397,600</u>

20 Financial commitments

Operating leases

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2012 £
Other	
Within two to five years	<u>39,945</u>

21 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2012 £
Net income	813,791
Depreciation	64,735
Interest receivable	(3,590)
Increase in stocks	(4,200)
Increase in debtors	(325,612)
Increase in creditors	550,347
Public works board loan	<u>192,214</u>
Net cash inflow from operating activities	<u>1,287,685</u>

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

22 Returns on investments and servicing of finance

	2012 £
Interest received	3,590
Net cash inflow from returns on investments and servicing of finance	<u>3,590</u>

23 Capital expenditure and financial investment

	2012 £
Purchase of tangible fixed assets	<u>(679,716)</u>

24 Analysis of changes in net funds

	Cash flows £	At 31 August 2012 £
Cash at bank and in hand	<u>1,402,368</u>	<u>1,402,368</u>

25 Members' liability

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

26 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2012.

Contributions amounting to £(24,918) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

26 Pension and similar obligations (continued)

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation 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 (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce real rate of return.

The Government Agency ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is 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 the 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 investigation, 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 latest valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166.500m. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163.240m. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, 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 cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £294,000, of which employer's contributions totalled £239,000 and employees' contributions totalled £55,000.

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

26 Pension and similar obligations (continued)

As described in the notes the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

	At 31 August 2012
Discount rate %	4.10
Salary scale increases per annum %	4.50
Pension increases %	<u>2.20</u>

Principal actuarial assumptions

	At 31 August 2012 %
Rate of increase in salaries	4.50
Rate of increase for pensions in payment/inflation	2.20
Discount rate for scheme liabilities	<u>4.10</u>

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

	At 31 August 2012
Retiring today	
Males retiring today	21.20
Females retiring today	23.40
Retiring in 20 years	
Males retiring in 20 years	23.70
Females retiring in 20 years	<u>25.70</u>

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

	At 31 August 2012 £
Equities	782,000
Other bonds	136,000
Property	115,000
Cash	<u>10,000</u>
Total market value of assets	1,043,000
Present value of scheme liabilities - funded	<u>(2,300,000)</u>
Deficit in the scheme	<u>(1,257,000)</u>

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

26 Pension and similar obligations (continued)

The expected rates of return were:

	At 31 August 2012 %
Equities	5.50
Other bonds	3.70
Property	3.70
Cash	<u>2.80</u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £78,000.

Amounts recognised in the statement of financial activities

	2012 £
Current service cost	<u>198,000</u>
Total operating charge	<u>198,000</u>

Analysis of pension finance income/(costs)

	2012 £
Expected return on pension scheme assets	(51,000)
Interest on pension liabilities	<u>99,000</u>
Pension finance income	<u>48,000</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 the adoption of FRS 17 is (£182,000).

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

26 Pension and similar obligations (continued)

Movements in the present value of defined benefit obligation

	2012 £
At 1 September	1,739,000
Current service cost	198,000
Interest cost	99,000
Employee contributions	55,000
Actuarial losses	209,000
At 31 August	<u>2,300,000</u>

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

	2012 £
At 1 September	671,000
Expected return on assets	51,000
Actuarial gains	27,000
Employer contributions	239,000
Employee contributions	55,000
At 31 August	<u>1,043,000</u>

The schemes assets and liabilities were valued by a qualified actuary.

The estimated value of employer contributions for next period is £243,000.

History of experience adjustments

Amounts for the current period are as follows:

	2012 £
Experience adjustments arising on scheme assets	27,000
Experience adjustments arising on scheme liabilities	<u>-</u>

Comparative figures have not been restated as permitted by FRS 17.

27 Related party transactions

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

University Academy Holbeach

Notes to the Financial Statements for the Year Ended 31 August 2012

28 Conversion to an academy trust

On 1 September 2011 the George Farmer Technology and Language College converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to University Academy Holbeach from the 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 in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund £	Restricted fixed asset fund £	Total £
Tangible fixed assets			
Other tangible fixed assets	-	50,000	50,000
Budget surplus on LA funds	790,808	-	790,808
Budget surplus on other school funds	59,820	-	59,820
Borrowing obligations	(247,960)	-	(247,960)
Net assets	<u>602,668</u>	<u>50,000</u>	<u>652,668</u>

The above net assets include £730,989 that were transferred as cash.