

Company Registration No. 07650609 (England and Wales)

QUEENS' SCHOOL (BUSHEY)

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

QUEENS' SCHOOL (BUSHEY)

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QUEENS' SCHOOL (BUSHEY)

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

G Butler
M Charles
A Cooper (Resigned 31 December 2013)
K Evans
D Hall
M Hunt (Estates Manager and Staff Governor) (Resigned 10 July 2014)
T James (Headteacher and Accounting Officer)
D Lock
S Purbrick
M Purdasy
S Reynolds (Responsible Officer)
M Serrao (Resigned 16 March 2014)
J Sowerbutts (Chairman)
K Cook
V Foweraker
R Townley (Chairman of Finance Committee)
N Whitbread (Resigned 3 March 2014)
N Richland
A Fretwell (Appointed 25 September 2013)
B Austin (Appointed 4 March 2014)
J Raybould (Appointed 17 January 2014)
R Ash (Appointed 16 March 2014)
D Poultney (Appointed 26 February 2014)
S Gorton (Appointed 11 July 2014)

Members

Senior management team

- Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Director of Sport/Director of Learning
- School Business Manager
- Estates Manager
- Head of Sixth Form

T James
K Clarke
T Sutherland
W Meldrum
S Palmer
C Pearce
M Hunt
M Taylor

Company secretary

J A James

Company registration number

07650609 (England and Wales)

Registered office

Aldenham Road
Bushey
Herts
WD23 2TY

QUEENS' SCHOOL (BUSHEY)

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor UHY Hacker Young (East) Limited
PO Box 501
The Nexus Building
Broadway
Letchworth Garden City
Herts
SG6 9BL

Bankers Allied Irish Bank (GB)
51 Belmont Road
Uxbridge
UB8 1RZ

Solicitors Penman Johnson LLP
5 George Street
Watford
Herts
WD18 0SQ

QUEENS' SCHOOL (BUSHEY)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

The Governors present their report together with the financial statements and auditor's report for the year ended 31 August 2014.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 ('SORP 2005').

Structure, governance and management

The Academy is a company limited by guarantee (registration number 07650609) and is an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Governors, who are also the directors for the purpose of the Companies Act 2006 and trustees for the purpose of charity legislation, and who served during the period were:

K Evans
S Reynolds
M Hunt (Resigned 10 July 2014)
M Serrao (Resigned 16 March 2014)
R Townley
D Hall
J Sowerbutts
A Cooper (Resigned 31 December 2013)
M Purdasy
T James
S Purbrick
M Charles
D Lock
N Whitbread (Resigned 3 March 2014)
G Butler
K Cook
V Foweraker
N Richland
R Ash (Appointed 17 March 2014)
J Raybould (Appointed 17 January 2014)
D Poultney (Appointed 24 March 2014)
B Austin (Appointed 4 March 2014)
A Fretwell (Appointed 25 September 2013)
S Gorton (Appointed 11 July 2014)

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.

Principal activities

The principal activity of the Charitable Company 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 and balanced curriculum ("the Academy").

QUEENS' SCHOOL (BUSHEY)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Policies and procedures adopted for the induction and training of trustees

During the period under review the Governors held six meetings. The training and induction for new Governors is usually informal and tailored specifically to the individual, depending on their existing experience. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and students. All governors are provided with an induction pack including copies of policies, procedures, minutes, accounts, budgets, plans and other documents deemed necessary for them to undertake their role as trustees and directors of the Charitable Company.

The number of Governors shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum. The Governors are appointed under the terms of the Academy's Articles of Association as follows:

- Up to 7 Governors
- 3 Staff Governors
- Up to 2 Local Community Governors
- 7 Parent Governors
- Co-opted Governors
- The Headteacher
- Any Additional or Further Governors if appointed

The Academy Trust may also have any Co-opted Governor appointed under Article 59. The terms of office for all trustees is four years. The Headteacher's term of office runs parallel with his contract of employment.

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 the operation of the Academy, and the finances. The Governors have systems to assess risks and introduced measures to minimise any of these risks. Where the remaining risk is deemed to be significant they have ensured there is adequate insurance cover.

The Governors identified a risk for the Academy Trust of insufficient funding, partly due to the reduction in sixth form funding. Careful budgeting for the two years ended 31 August 2014 has helped to reduce the impact of this risk together with an increase in sixth form numbers. They continue to monitor the funding implications with medium term financial planning and due consideration for all major expenditure, and this year undertook an additional review of reserves and the potential risk of the LGPS liability.

The Governors also highlighted a risk caused by the failure of the boilers in one area of the premises but the system has been replaced during this year, thus significantly reducing this risk. Work was also done to segregate the main water tanks and the areas they serve, thus significantly reducing the risk of flooding from a failure in one of the tanks.

The Governors have identified risks of insufficient lighting on the south side. Some work has been done to improve this. Further work will be completed to minimise the risk further. Governors have also identified a need for additional administrative capacity and have refurbished the southside office to provide a working space for an additional member of staff and in so doing have also improved security by improving staff visibility of the south entrance. The Estates Manager continues to inform the Governors of other potential risks and the progress being made to minimise these. The school has also put into place a Business Continuity Plan to take into account risks identified.

QUEENS' SCHOOL (BUSHEY)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Objectives and activities

The principal object and activity of the Charitable Company is to provide education for pupils of different abilities between the ages of 11 and 19. In accordance with the Articles of Association the Charitable Company has adopted a Transfer Agreement approved by the Secretary of State for Education, which specifies, amongst other things, the basis for admitting students and that the curriculum should comply with the substance of the national curriculum.

Our vision for the future has, for many years, been underpinned by and inextricably linked to our Specialist College status and our aspiration for PE and Science to enable Queens' to develop as a centre for community learning and focal point of good practice and innovative thinking, with student learning and well being at the heart of our ethos.

We also aim to continue to support the ECM agenda. The key statutory target for this year as agreed with our HIP (Hertfordshire Improvement Partners) is that students reached their aggregated performance targets.

Other operational objectives for this year and strategies for achieving them are included in the Whole School Plan 2014-17. The Governors have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

Strategic Report

During the past year 72% of students achieved 5 A*- C GCSE's including English and Maths. This was less than the target of 82% set by the authority. However in English the Language GCSE continues to be impacted upon by the raising of grade boundaries. By all other key performance indicators, eg, percentage of A*/A grades and students average points score, achievement improved.

The 2014 RAISE online showed a very significant improvement in the school's overall 'value added' key stage 4 examination performance. The overall Value Added score is now 1,117 (up from 994 in 2013) which is significantly positive. The one area of key stage 4 curriculum achievement which is significantly negative is science, despite recent improvements. Very challenging targets for improvements in science (78% of students achieving two 'C' grades or better) have been set for 2015.

At A'level students gained an average of 213 points per subject. The AS results were particularly pleasing and put Queens' School in the top 10% of schools nationally.

In a November 2014 one day pilot Ofsted Inspection Her Majesty's Inspector reported that the school continues to be a good school and that further progress has been made since the 2012 inspection. Her Majesty's Inspector has suggested that the school should further develop systems for gathering key stage 2 information from primary schools and should continue to seek out best practise in providing high quality feedback and marking for students in all subjects.

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.

QUEENS' SCHOOL (BUSHEY)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Financial review

The Academy's accounting period is from 1 September 2013 to 31 August 2014. Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the twelve months to 31 August 2014, and the associated expenditure, are shown as restricted funds in the statement of financial activities. The Academy has made significant investment in the school, including:

- The refurbishment of the south office and south entrance hall
- The replacement of the south side boilers (part of which was funded by an interest free loan from the EFA)
- Improvements in lighting and security

This continues to build on the programme of refurbishment and redecoration of the school as part of a rolling programme of investment in the premises and in ICT. This includes replacement of three mobile classrooms on the north side with a four classroom building. This project is currently underway.

Reserves policy


The deficit in the Local Government Pension Scheme has resulted in an increase in the employer's contribution rate to recover the deficit over the next 20 years, however this does not present the Academy with any liquidity problems. The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments including future capital projects, and the nature of the reserves and identified risks. Governors regularly review the level of reserves.

Auditor

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

A resolution proposing that UHY Hacker Young (East) Limited be reappointed as auditor of the charitable company will be put to the members.

Approved by order of the board of trustees on 17-12-14 and signed on its behalf by:


.....
J Sowerbutts (Chairman)

QUEENS' SCHOOL (BUSHEY)

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Queens' School (Bushey) 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 Queens' School (Bushey) and the Secretary of State for Education. They are 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 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
G Butler	5	6
M Charles	3	6
A Cooper (Resigned 31 December 2013)	2	2
K Evans	1	6
D Hall	4	6
M Hunt (Estates Manager and Staff Governor) (Resigned 10 July 2014)	5	6
T James (Headteacher and Accounting Officer)	6	6
D Lock	4	6
S Purbrick	3	6
M Purdasy	6	6
S Reynolds (Responsible Officer)	6	6
M Serrao (Resigned 16 March 2014)	0	2
J Sowerbutts (Chairman)	6	6
K Cook	5	6
V Foweraker	5	6
R Townley (Chairman of Finance Committee)	3	6
N Whitbread (Resigned 3 March 2014)	3	3
N Richland	3	6
A Fretwell (Appointed 25 September 2013)	5	6
B Austin (Appointed 4 March 2014)	3	3
J Raybould (Appointed 17 January 2014)	3	4
R Ash (Appointed 16 March 2014)	2	3
D Poultney (Appointed 26 February 2014)	1	3
S Gorton (Appointed 11 July 2014)	0	0

QUEENS' SCHOOL (BUSHEY)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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 Queens' School (Bushey) for the period 1 September 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 1 September 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.

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 Simon Reynolds as internal auditor; and
- the trustees have appointed UHY Hacker Young (East) Limited, the external auditor, to perform additional checks

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

Review of effectiveness

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

- the work of the external auditor
- the financial management and governance self assessment process

QUEENS' SCHOOL (BUSHEY)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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 board of trustees on 17.12.14 and signed on its behalf by:



.....
T James (Headteacher
and Accounting Officer)



.....
J Sowerbutts (Chairman)

QUEENS' SCHOOL (BUSHEY)

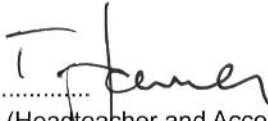
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2014

As accounting officer of Queens' School (Bushey) 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 Education Funding Agency 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 no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Approved on 04.12.14 and signed by:



.....
T James (Headteacher and Accounting Officer)
Accounting Officer

QUEENS' SCHOOL (BUSHEY)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who also act as governors for Queens' School (Bushey) and are also the directors of Queens' School (Bushey) 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 on 17.12.14 and signed on its behalf by:


.....
J Sowerbutts (Chairman)

QUEENS' SCHOOL (BUSHEY)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF QUEENS' SCHOOL (BUSHEY)

We have audited the accounts of Queens' School (Bushey) for the year ended 31 August 2014 set out on pages 16 to 37. 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 Queens' School (Bushey) 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 year 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 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 year for which the accounts are prepared is consistent with the accounts.

QUEENS' SCHOOL (BUSHEY)

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF QUEENS' SCHOOL (BUSHEY)

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.



Tim Maris FCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young (East) Limited

Chartered Accountants

Statutory Auditor

PO Box 501
The Nexus Building
Broadway
Letchworth Garden City
Herts
SG6 9BL

Dated: 22/12/14

QUEENS' SCHOOL (BUSHEY)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO QUEENS' SCHOOL (BUSHEY) AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 10 June 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Queens' School (Bushey) during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Queens' School (Bushey) and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Queens' School (Bushey) 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 Queens' School (Bushey) and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Queens' School (Bushey)'s accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Queens' School (Bushey)'s funding agreement with the Secretary of State for Education 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 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 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.

QUEENS' SCHOOL (BUSHEY)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO QUEENS' SCHOOL (BUSHEY) AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

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



Tim Maris FCA

Reporting Accountant

UHY Hacker Young (East) Limited

Dated: 22/12/14

QUEENS' SCHOOL (BUSHEY)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	Unrestricted funds £	Restricted funds £	Fixed Asset fund £	Total 2014 £	Total 2013 £
<u>Incoming resources</u>						
<i>Resources from generated funds</i>						
- Voluntary income	2	41,797	-	-	41,797	53,928
- Activities for generating funds	3	223,596	359,909	-	583,505	619,312
- Investment income	4	10,978	-	-	10,978	21,588
<i>Resources from charitable activities</i>						
- Funding for educational operations	5	-	8,578,089	194,588	8,772,677	8,550,545
Total incoming resources		276,371	8,937,998	194,588	9,408,957	9,245,373
<u>Resources expended</u>						
<i>Costs of generating funds</i>						
- Relating to voluntary income	6	32,267	428,115	-	460,382	474,238
<i>Charitable activities</i>						
- Educational operations	7	-	8,659,691	599,661	9,259,352	8,926,158
Governance costs	8	-	168,193	-	168,193	161,683
Total resources expended	6	32,267	9,255,999	599,661	9,887,927	9,562,079
Net incoming/(outgoing) resources before transfers		244,104	(318,001)	(405,073)	(478,970)	(316,706)
Gross transfers between funds		-	(82,167)	82,167	-	-
Net income/(expenditure) for the year		244,104	(400,168)	(322,906)	(478,970)	(316,706)
<u>Other recognised gains and losses</u>						
Actuarial gains/(losses) on defined benefit pension scheme	17	-	(95,000)	-	(95,000)	52,000
Net movement in funds		244,104	(495,168)	(322,906)	(573,970)	(264,706)
Fund balances at 1 September 2013		464,859	258,402	28,641,117	29,364,378	29,629,085
Fund balances at 31 August 2014		708,963	(236,766)	28,318,211	28,790,408	29,364,379

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 two financial periods above.

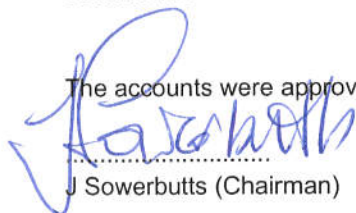
QUEENS' SCHOOL (BUSHEY)

BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014		2013	
		£	£	£	£
Fixed assets					
Tangible assets	11		28,318,211		28,641,117
Current assets					
Debtors	12	396,686		210,285	
Cash at bank and in hand		2,213,298		1,999,251	
			2,609,984		2,209,536
Creditors: amounts falling due within one year	13	(1,096,331)		(622,275)	
Net current assets			1,513,653		1,587,261
Total assets less current liabilities			29,831,864		30,228,378
Creditors: amounts falling due after more than one year	14		(29,456)		-
Net assets excluding pension liability			29,802,408		30,228,378
Defined benefit pension liability	17		(1,012,000)		(864,000)
Net assets			28,790,408		29,364,378
Funds of the academy trust:					
Restricted income funds	15				
- Fixed asset funds			28,318,211		28,641,117
- General funds			775,234		1,122,402
- Pension reserve			(1,012,000)		(864,000)
Total restricted funds			28,081,445		28,899,519
Unrestricted funds	15		708,963		464,859
Total funds			28,790,408		29,364,378

The accounts were approved by order of the board of trustees and authorised for issue on 17-12-14


J Sowerbutts (Chairman)

Company Number 07650609

QUEENS' SCHOOL (BUSHEY)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £	2013 £
Net cash inflow/(outflow) from operating activities	18	251,572	292,374
Returns on investments and servicing of finance			
Investment income		10,978	21,588
Net cash inflow/(outflow) from returns on investments and servicing of finance		10,978	21,588
		262,550	313,962
Capital expenditure and financial investments			
Capital grants received		194,588	56,133
Payments to acquire tangible fixed assets		(276,756)	(7,260)
Net cash flow from capital activities		(82,167)	48,873
Net cash inflow/(outflow) before financing		180,383	362,835
Net cash inflow/(outflow) from management of liquid resources		-	-
Financing			
Loans received		33,664	-
Net cash inflow/(outflow) from funding		33,664	-
Increase/(decrease) in cash	19	214,047	362,835
Reconciliation of net cash flows to movement in net funds			
Net funds at 1 September 2013		1,999,251	1,636,416
Net funds at 31 August 2014		2,213,298	1,999,251

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR 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 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the 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 are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy's policies. A more robust system regarding the recording of donated services and gifts in kind is currently being developed.

1.3 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.

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

(Continued)

Charitable activities

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

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.4 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.

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 life, as follows:

Freehold land is not depreciated	
Freehold buildings	3.33% straight line
Fixtures, fittings & equipment	10% - 50% straight line

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.

1.5 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.6 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.

1.7 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.

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

(Continued)

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 17, 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 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.

1.8 Fund accounting

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

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

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Donations	41,797	-	41,797	53,928

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Hire of facilities	160,404	-	160,404	140,225
Music tuition	-	63,600	63,600	84,923
Other income	63,192	296,309	359,501	394,164
	<u>223,596</u>	<u>359,909</u>	<u>583,505</u>	<u>619,312</u>

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

4 Investment income	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Short term deposits	10,978	-	10,978	21,588
5 Funding for the academy trust's educational operations				
	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
DfE / EFA grants				
General annual grant (GAG)	-	8,176,285	8,176,285	8,143,968
Other DfE / EFA grants	-	401,804	401,804	314,342
	-	8,578,089	8,578,089	8,458,310
Other government grants				
Local authority grants	-	17,097	17,097	31,945
Other grants	-	177,491	177,491	24,582
	-	194,588	194,588	56,527
Other funds				
Other incoming resources	-	-	-	35,708
Total funding	-	8,772,677	8,772,677	8,550,545

All resources expended are inclusive of irrecoverable VAT.

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

6 Resources expended	Staff costs £	Premises & equipment £	Other costs £	Total 2014 £	Total 2013 £
Academy's educational operations					
- Direct costs	6,298,915	509,712	647,173	7,455,800	7,036,116
- Allocated support costs	687,040	312,942	803,540	1,803,522	1,890,042
	<u>6,985,955</u>	<u>822,654</u>	<u>1,450,713</u>	<u>9,259,322</u>	<u>8,926,158</u>
Other expenditure					
Costs of generating voluntary income	29,556	-	430,856	460,412	474,238
Governance costs	121,242	-	46,951	168,193	161,683
	<u>150,798</u>	<u>-</u>	<u>477,807</u>	<u>628,605</u>	<u>635,921</u>
Total expenditure	<u>7,136,753</u>	<u>822,654</u>	<u>1,928,520</u>	<u>9,887,927</u>	<u>9,562,079</u>
Incoming/outgoing resources for the year include:				2014	2013
				£	£
Fees payable to auditor					
- Audit				9,550	9,550
- Other services				13,075	-
				<u>22,625</u>	<u>9,550</u>

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

7 Charitable activities - the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Direct costs				
Teaching and educational support staff costs	-	6,298,915	6,298,915	6,020,823
Depreciation	-	509,712	509,712	513,442
Educational supplies and services	-	216,740	216,740	193,758
Examination fees	-	159,890	159,890	148,583
Staff development	-	52,676	52,676	39,917
Other direct costs	-	217,867	217,867	119,593
	-	7,455,800	7,455,800	7,036,116
Allocated support costs				
Support staff costs	-	695,158	695,158	683,492
Depreciation	-	89,949	89,949	90,607
Technology costs	-	183,620	183,620	176,310
Maintenance of premises and equipment	-	222,993	222,993	287,165
Cleaning	-	34,262	34,262	43,147
Energy costs	-	168,887	168,887	158,289
Rent and rates	-	63,976	63,976	58,488
Insurance	-	69,458	69,458	75,994
Security and transport	-	19,757	19,757	17,921
Catering	-	79,952	79,952	88,321
Other support costs	-	175,510	175,510	210,308
	-	1,803,522	1,803,522	1,890,042
Total costs	-	9,259,322	9,259,322	8,926,158

8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Legal and professional fees	-	24,326	24,326	31,517
Auditor's remuneration	-	22,625	22,625	9,550
Support staff costs	-	121,242	121,242	120,616
	-	168,193	168,193	161,683

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

9 Staff costs

	2014	2013
	£	£
Wages and salaries	5,549,453	5,242,299
Social security costs	437,686	425,802
Other pension costs	839,513	804,000
	<u>6,826,652</u>	<u>6,472,101</u>
Supply teacher costs	31,191	95,140
	<u>6,857,843</u>	<u>6,567,241</u>

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

	2014	2013
	Number	Number
Teachers	126	111
Administration and support	65	58
Management	9	8
	<u>200</u>	<u>177</u>

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

	2014	2013
	Number	Number
£60,001 - £70,000	2	2
£100,001 - £116,120	1	1
	<u>3</u>	<u>3</u>

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

		2014	2013
Teachers' and Local Government Pension Scheme	Numbers	3	3
	£	25,667	19,296
		<u>3</u>	<u>3</u>

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

10 Trustees' remuneration and expenses

The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments during the year.

The value of trustees' remuneration was as follows:

T James - Head Teacher: £116,120 (2013: £106,137)
N Hunter - Staff Governor £nil (2013: £23,422) (Resigned 31 August 2013)
N Whitbread - Staff Governor £15,584 (2013: £46,923) (Resigned 31 December 2013)
M Hunt - Staff Governor £31,190 (2013: £44,479) (Resigned 31 March 2014)
B Austin - Staff Governor £18,879 (Appointed 4 March 2014)
A Fretwell - Staff Governor £31,324 (Appointed 25 September 2013)

During the year, no expenses were reimbursed to the trustees.

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 has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,700 (2013: £1,700).

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2013	28,897,277	194,900	724,822	29,816,999
Additions	204,024	10,662	62,070	276,756
At 31 August 2014	29,101,301	205,562	786,892	30,093,755
Depreciation				
At 1 September 2013	899,032	81,849	195,001	1,175,882
Charge for the year	452,576	50,299	96,787	599,661
At 31 August 2014	1,351,608	132,148	291,788	1,775,544
Net book value				
At 31 August 2014	27,749,693	73,414	495,104	28,318,211
At 31 August 2013	27,998,245	113,051	529,821	28,641,117

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

12 Debtors

	2014	2013
	£	£
Trade debtors	148,862	47,003
VAT recoverable	153,563	56,961
Prepayments and accrued income	94,261	106,321
	<u>396,686</u>	<u>210,285</u>

13 Creditors: amounts falling due within one year

	2014	2013
	£	£
Other loans	4,208	-
Trade creditors	302,194	196,910
Other creditors	282,352	274,806
Accruals and deferred income	507,577	150,559
	<u>1,096,331</u>	<u>622,275</u>

Deferred Income

	2014	2013
	£	£
Deferred income is included within:		
Creditors due within one year	<u>264,131</u>	<u>31,648</u>
Total deferred income at 1 September 2013	31,648	18,473
Amounts credited to the statement of financial activities	(31,648)	(18,473)
Amounts deferred in the year	<u>264,131</u>	<u>31,648</u>
Total deferred income at 31 August 2014	<u>264,131</u>	<u>31,648</u>

At the balance sheet date the academy trust was holding funds received in advance for maths block and boiler capital projects.

QUEENS' SCHOOL (BUSHEY)

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

14 Creditors: amounts falling due after more than one year	2014	2013
	£	£
Other loans	29,456	-
	=====	=====
Analysis of loans	2014	2013
	£	£
Wholly repayable within eight years	33,664	-
Less: included in current liabilities	(4,208)	-
	-----	-----
Amounts included above	29,456	-
	=====	=====
Loan maturity		
In more than two years but not more than five years	16,832	-
In more than five years	12,624	-
	-----	-----
	29,456	-
	=====	=====

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

15 Funds

	Balance at 1 September 2013	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2014
	£	£	£	£	£
Restricted general funds					
General Annual Grant	(95,807)	8,176,285	(8,317,438)	(82,167)	(319,127)
Other DfE / EFA grants	-	398,192	(398,192)	-	-
Other restricted funds	1,218,209	363,521	(487,369)	-	1,094,361
	<u>1,122,402</u>	<u>8,937,998</u>	<u>(9,202,999)</u>	<u>(82,167)</u>	<u>775,234</u>
Funds excluding pensions					
Pension reserve	(864,000)	-	(53,000)	(95,000)	(1,012,000)
	<u>258,402</u>	<u>8,937,998</u>	<u>(9,255,999)</u>	<u>(177,167)</u>	<u>(236,766)</u>
Restricted fixed asset funds					
Restricted fixed asset fund	28,641,117	-	(405,073)	82,167	28,318,211
Devolved Formula Capital (DFC)	-	31,894	(31,894)	-	-
Academies Capital Maintenance Fund (ACMF)	-	162,694	(162,694)	-	-
	<u>28,641,117</u>	<u>194,588</u>	<u>(599,661)</u>	<u>82,167</u>	<u>28,318,211</u>
Total restricted funds	<u>28,899,519</u>	<u>9,132,586</u>	<u>(9,855,660)</u>	<u>(95,000)</u>	<u>28,081,445</u>
Unrestricted funds					
General funds	464,859	276,371	(32,267)	-	708,963
	<u>464,859</u>	<u>276,371</u>	<u>(32,267)</u>	<u>-</u>	<u>708,963</u>
Total funds	<u>29,364,378</u>	<u>9,408,957</u>	<u>(9,887,927)</u>	<u>(95,000)</u>	<u>28,790,408</u>

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

15 Funds

(Continued)

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

General Annual Grant

The General Annual Grant (GAG) must be used for the normal running costs of the academy. 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.

Other DfE / EFA grants

This represents other funding for various purposes including pupil premium, sports funding, training and other pupil related activities.

Other restricted funds

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant.

Pensions Reserve

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme.

Restricted fixed asset fund

The restricted fund asset fund was funded predominantly by the funds inherited on conversion to an academy from the local authority following the transfer of the land and buildings.

Devolved Formula Grant (DFG)

The academy is to use the Devolved Formula Grant allocation to maintain and improve its buildings and facilities.

Academies Capital Maintenance Fund (ACMF)

The academy is required to use the funding for the specific project as defined within the funding agreement.

16 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	-	-	28,318,211	28,318,211
Current assets	708,963	1,901,021	-	2,609,984
Creditors: amounts falling due within one year	-	(1,096,331)	-	(1,096,331)
Creditors: amounts falling due after one year	-	(29,456)	-	(29,456)
Defined benefit pension liability	-	(1,012,000)	-	(1,012,000)
	<u>708,963</u>	<u>(236,766)</u>	<u>28,318,211</u>	<u>28,790,408</u>

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Pension 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 Hymans Robertson LLP. 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 2004 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Pension and similar obligations

(Continued)

Teachers' Pension Scheme changes

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

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy 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 1 per cent for employers and 1 per cent for employees. The estimated value of employer contributions for the forthcoming year is £204,000.

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	2013
	£	£
Employer's contributions	231,000	254,000
Employees' contributions	56,000	72,000
Total contributions	<u>287,000</u>	<u>326,000</u>

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Pension and similar obligations

(Continued)

Principal actuarial assumptions

	2014 %	2013 %
Rate of increase in salaries	3.90	5.10
Rate of increase for pensions in payment/inflation	2.60	2.80
Discount rate for scheme liabilities	3.70	4.60
Inflation assumption (CPI)	5.40	5.90

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post April 2008 service.

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

	2014 Years	2013 Years
Retiring today		
- Males	22	21
- Females	25	24
Retiring in 20 years		
- Males	24	23
- Females	27	26

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 £	2013 Expected return %	2013 Fair value £
Equities	6.30	1,324,000	6.60	1,073,000
Bonds	3.30	455,000	3.90	261,000
Property	4.50	138,000	4.70	73,000
Other assets	3.30	59,000	3.60	44,000
Total market value of assets		1,976,000		1,451,000
Present value of scheme liabilities - funded		(3,028,000)		(2,315,000)
Net pension liability		(1,052,000)		(864,000)

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Pension and similar obligations	(Continued)	
Amounts recognised in the statement of financial activities		
	2014	2013
	£	£
Financial expenditure/(income)		
Expected return on pension scheme assets	93,000	55,000
Interest on pension liabilities	(113,000)	(84,000)
	<u>(20,000)</u>	<u>(29,000)</u>
Other expenditure/(income)		
Current service cost	264,000	204,000
Past service cost	-	-
	<u>264,000</u>	<u>204,000</u>
Total operating charge/(income)	<u>264,000</u>	<u>204,000</u>
Actuarial gains and losses recognised in the statement of financial activities		
	2014	2013
	£	£
Actuarial gains on assets	(185,000)	(103,000)
Experience losses on liabilities	280,000	51,000
	<u>95,000</u>	<u>(52,000)</u>
Total losses/(gains)	<u>95,000</u>	<u>(52,000)</u>
Cumulative (gains)/losses to date	<u>268,000</u>	<u>173,000</u>
Movements in the present value of defined benefit obligations were as follows:		
	2014	2013
	£	£
Opening defined benefit obligations	(2,315,000)	(1,904,000)
Current service cost	(264,000)	(204,000)
Interest cost	(113,000)	(84,000)
Contributions by employees	(56,000)	(72,000)
Actuarial losses	(280,000)	(51,000)
	<u>(3,028,000)</u>	<u>(2,315,000)</u>

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Pension and similar obligations

(Continued)

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

	2014 £	2013 £
Opening fair value of scheme assets	1,451,000	967,000
Actuarial gains	185,000	103,000
Contributions by employers	231,000	254,000
Contributions by employees	56,000	72,000
Benefits paid	93,000	55,000
	<u>2,016,000</u>	<u>1,451,000</u>

History of experience gains and losses:

	2014 £	2013 £	2012 £	2011 £	2010 £
Present value of defined benefit obligations	(3,028,000)	(2,315,000)	(1,904,000)	(1,375,000)	-
Fair value of share of scheme assets	2,016,000	1,451,000	967,000	665,000	-
Surplus / (deficit)	<u>(1,012,000)</u>	<u>(864,000)</u>	<u>(937,000)</u>	<u>(710,000)</u>	<u>-</u>
Experience adjustment on scheme liabilities	(280,000)	(51,000)	(261,000)	(9,000)	-
Experience adjustment on scheme assets	<u>185,000</u>	<u>103,000</u>	<u>27,000</u>	<u>(53,000)</u>	<u>-</u>

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

	2014 £	2013 £
Net income	(478,970)	(316,706)
Capital grants and similar income	(194,588)	(56,133)
Investment income	(10,979)	(21,588)
FRS17 pension costs less contributions payable	33,000	(50,000)
FRS17 pension finance income	20,000	29,000
Depreciation of tangible fixed assets	599,661	604,049
(Increase)/decrease in debtors	(186,401)	202,360
Increase/(decrease) in creditors	469,848	(98,608)
Net cash inflow/(outflow) from operating activities	<u>251,571</u>	<u>292,374</u>

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

19 Reconciliation of net cash flow to movement in net funds	2014 £	2013 £
Increase/(decrease) in cash	214,046	362,835
Repayment of other loan	(33,664)	-
Net funds at 1 September 2013	1,999,251	1,636,416
Net funds at 31 August 2014	2,179,633	1,999,251

20 Analysis of net funds	At 1 September 2013 £	Cash flows £	Non-cash changes £	At 31 August 2014 £
Cash at bank and in hand	1,999,251	214,046	-	2,213,297
Debt due within one year	-	(33,664)	29,456	(4,208)
Debt due after one year	-	-	(29,456)	(29,456)
	-	(33,664)	-	(33,664)
Net balances	1,999,251	180,382	-	2,179,633

21 Commitments under operating leases

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

	2014 £	2013 £
Expiry date:		
- Within one year	-	8,440
- Between two and five years	-	40,000
	-	48,440

22 Controlling party

The academy trust is run by the management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.

QUEENS' SCHOOL (BUSHEY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

23 Related parties

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

No related party transactions took place in the period of account.

24 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.