Teesside University Trust for Academies
(Freebrough Academy)

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2013

Company Registration Number: 07185357
(England and Wales)

Teesside University Trust for Academies (Freebrough Academy)

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Reference and administrative details

Governors (Trustees):	Ms B.H.Ashton* (appointed as Chair from September 2013) Ms L.Parker (resigned as Chair and Governor September 2013) Mr J. Anthony (appointed February 2013) Dr A.M. Back (resigned January 2013) Mr J. Baker* Ms J.A. Burton Ms L.Conroy Cllr G. Dunning Mr J. Easby (Staff Governor) Mr G.A. Groom Ms P. Gunner Ms L. Halbert (Principal and Accounting Officer)* Mr J.W. Innerd (Responsible Officer)* Ms C. Parker (Staff Governor) Ms K. Pink (appointed September 2013) Ms A. Shaffi (appointed November 2012) Ms P. White * Members of the Resources, Employment and Finance Committee
Secretary:	Mr G. Singh
Senior Management Team:	
Deputy Principal	Mrs L. Athey
Deputy Principal (Resources)	Mrs J. Foxton
Assistant Principal	Ms D. Butcher
Assistant Principal	Mr D. Forteath
Assistant Principal	Ms R. McAndrew
Assistant Principal	Ms H. Porter
HR Director	Mrs C. Druery
Registered Office:	Teesside University Middlesbrough TS1 3BA
Company Registration Number:	07185357
Independent Auditor:	KPMG LLP Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX
Bankers:	NatWest Sheffield City Centre 42 High Street Sheffield S1 1QG

Governors' Report

The governors present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2012 to 31 August 2013.

Structure, Governance and Management

Constitution

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

The governors act as the trustees for the charitable activities of Teesside University Trust for Academies (Freebrough Academy) and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Freebrough Academy.

Details of the governors who served throughout the period are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Governors' Indemnities

Every Governor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Principal Activities

The main characteristics of the Academy are that it has a broad curriculum with an emphasis on a particular area strong emphasis on, but not limited to, Engineering and Business and Enterprise) and provides education for students of different abilities and who are wholly or mainly drawn from the area in which the Academy is situated.

It sees its other principal activities and characteristics as,

- being an all ability and inclusive academy;
- being at the heart of the community, sharing facilities with other schools and the wider community;
- providing assessment in the core subjects at key stage 3, and the opportunity to study for external qualifications;
- following an admissions policy in accordance with admissions law; and
- having an emphasis on the needs of individual students.

Governors' Report (continued)

Method of Recruitment and Appointment or Election of Governors

Membership is determined in accordance with the composition set out in Article 12. This states the Academy Trust is comprised as follows:

a) the Principal Sponsor;
b) up to four persons appointed by the Principal Sponsor;
c) one person appointed by the Secretary of State;
d) the Chair of the Governors; and
e) any person appointed under Article 16 (this relates to Members who agree unanimously in writing to appoint such Additional Members as they think fit and may unanimously, in writing, agree to remove any such Additional Members).

The persons listed above who are entitled to appoint Members shall also have right to remove other Members by written notice.

The number of Governors at any one time shall not be less than three and should not be subjected to any maximum. Article 46 sets out how the Academy Governing Body shall be constituted. This is as follows:

a. up to five sponsor Governors;
b. up to three Governors to be appointed by the Educational Co-sponsor;
c. one Governor to be appointed by Redcar and Cleveland Borough Council in its capacity as Co-Sponsor;
d. up to three Governors to be appointed by the Principal Sponsor in consultation with the Co-Sponsors;
    - One of whom shall be a representative of the teaching staff of the Academy.
    - One of whom shall be a representative of the support staff of the Academy.
    - One of whom shall be a representative of the Education Partner.
e. one Local Authority Governor if appointed;
f. one Parent Governor;
g. the Principal; and
h. the Secretary of State may also appoint additional governors if they see fit (this will be under exceptional circumstances).

Appointment of Governors

- The Principal Sponsor is responsible for appointing the Sponsor Governors and may appoint himself/herself as the Sponsor Governor.
- The Educational Co-Sponsors are responsible for appointing representative Governors in accordance with the provisional of Articles 46 b, c and d.
- The Local Authority may appoint the Local Authority Governor.
- The Principal should be treated for all purposes as being an ex-officio Governor.

The term of office of any Governor shall be four years. This limit shall not apply to the Principal or the Principal Sponsor. Notwithstanding this, any Governor may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Governors

Although there are no formal procedures in place the Academy has provided Safer Recruitment training for governors and keeps them informed of all developments from the Education Funding Agency (EFA) as appropriate.

Governors' Report (continued)

Organisational Structure

The business of the Academy shall be managed by the Governors who may exercise all the powers of the Academy Trust. In addition to the Academic Trust powers, the Governors have the power to:

a) Expend the funds of the Academic Trust in such manner as they consider most beneficial for the achievement of the objects and invest in the name of the Academy Trust such part of the funds as they may seem fit.
b) Enter into contracts on behalf of the Academy Trust.

In the exercise of their powers and functions, the Governors may consider any advice given by the Principal and any other Executive Officers.

In addition to the governing body there are three committees, Resources Employment and Finance Committee (REF), Children, Families and Community Committee, and Curriculum Quality and Standards Committee.

The Committees have the following responsibilities:

- To receive reports from members of staff about matters relating to any of the issues listed in their terms of reference.
- To respond to relevant issues in the Auditor's report.
- To respond to relevant issues in the Ofsted report.
- To develop policies and plans that will help the Academy to achieve the following outcomes:
  Stay safe.
  Be healthy.
  Enjoy and achieve.
  Make a positive contribution.
  Achieve economic wellbeing.
- To monitor and evaluate at required intervals the policies allocated to them, making recommendations to the full Governing Body.

Operational management of the Academy is the role of Principal and the Senior Leadership Team. The Strategic Leadership Team is a core of three which comprises the Principal, Deputy Principal and the Deputy Principal (Resources) with a wider leadership team extending to four Assistant Principals with curriculum management and Special Educational Needs responsibilities (SEN), and an HR Director. The Principal has the role of Accounting Officer.

Risk Management

The Academy considers all risks and is working alongside the Governing Body to create a robust system, which negates any risks identified. Governors have assessed the major risks to which the Academy is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

Objectives and Activities

Connected Organisations Including Related Party Relationships

Teesside University provide some HR related services and also during the time leading to finalising the PfS contract, some specialist project management; this added expertise and capacity. These temporary arrangements would not have fulfilled the criteria if sourced elsewhere.

Governors' Report (continued)

Redcar and Cleveland Local Authority is a co-sponsor of the Academy and provides SLA's for some services including health and safety, energy management, cyclical maintenance, free school meals administration, and educational psycholological service. These services have been provided historically and are systematically reviewed for value for money. Redcar Community College provides educational provision for some students, this is not available elsewhere.

Objects and Aims

The principal objective of the Academy is to establish, maintain, manage and develop a school offering a broad curriculum with a strong emphasis on, but not limited to, Engineering and Business and Enterprise. The Academy currently provides education to 11-16 year olds.

Objectives, Strategies and Principal Activities

The main objectives of the Academy during 2012/13 are summarised below:

- further improve the quality of teaching and learning so all is at least good and none is inadequate. Teacher Effectiveness Enhancement Programme (TEEP) will give us the framework and consistency to ensure this is achieved across all curriculum areas;
- further improve levels of attainment with a specific focus on Maths and English and in narrowing the gap between cohorts of students – with a particular emphasis on students with statement of educational needs (SEN), gifted and talented students, and students in receipt of free school meals;
- specific targets have been set including:
  - 46% A*-C including English and maths.
  - 90% overall 5A*-C.
  - 56% of students to make three levels of progress in maths.
  - 66% of students to make three levels of progress in English.
- continue to improve the quality of behaviour for learning, reducing the levels of permanent and fixed-term exclusions and improving the quality of behaviour in social and outdoor spaces;
- plans to reduce fixed term exclusions from 110 to 80 occasions;
- continue to improve the levels of attendance to 95% and reduce the percentage of persistently absent students to 5% (against the new benchmark of 15% absence as opposed to 20% previously);
- further develop the Post 16 curriculum and recruit 50 students for September 2013; and
- promote the new Enterprise centre as a resource to be used by the local community

Achievements and Performance

The achievements for 2012/13 are summarised below:

- the Section 5 Ofsted visit in March 2013 graded the academy overall as requiring improvement. Areas of measurement were Achievement of pupils and Quality of teaching – requires improvement, and Behaviour and Safety of Pupils and Leadership and Management – Good;
- Ofsted identified strengths in:
  - the shared vision of staff, sponsors and governors to help students achieve their best and to have high aspirations;
  - positive relationships between students and staff. The behaviour of students is a credit to the academy;
  - students are proud to belong to Freebrough;
  - actions taken to help struggling readers are very good and helping students to catch up successfully;
  - the academy is rapidly improving because of the good leadership of the Principal actions taken are having a significant impact on students' attendance. The impact of actions to reduce exclusion is impressive.

Governors' Report (continued)

- almost all unsatisfactory teaching has been eradicated, 79% of teaching was judged as good or outstanding in July 2013, an improvement of 67% since the start of the academy in 2010. TEEP (TEEP) was embedded in the past year and has hugely contributed to this success;
- attainment has improved evidenced by an increase in achievement in GCSE 5 A*-C including English and maths from 41% to 46%. Overall GCSE results 5A*-C increased from 84% to 92%;
- GCSE maths results A*-C increased from 47% to 50%, and English from 48% to 54%;
- the gap in performance at 5A*-C including English and maths between students in receipt of free school meals (FSM) and non FSM has reduced by 12.8%;
- the level of student attendance remained the same at 94%. Persistent absence (PA) has reduced to 5.7%;
- there were no permanent exclusions in the year (4 in 2010/11), and fixed term exclusions reduced by 20% (73 occasions), as a result of positive strategies such as a policy consistently applied, on-call rooms offering a consistent and calming support to students and a Learning Support Unit offering provision for vulnerable students; and
- the post 16 Enterprise Centre opened in December 2012 with 12 year 12 students, and has superb facilities and capacity for community venture.

Public Benefit

The Academy Trust Governors confirm they have complied with their duty to have due regard to the guidance on public benefit as published by the Charity Commission in exercising its powers and duties.

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 Financial Performance Indicators

Most of the Academy's income is received 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 period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on page 18. Detail of all grants and income received can be found in note 18.

During the period ended 31 August 2013 expenditure amounting to £5,882,000 was incurred or accrued. This was offset entirely by grants receivable from the EFA, Local Authority grants and other funds.

Financial Review

The Academy made an operating gain of £2,266,000 in the period, £2,124,000 after charges for FRS 17 pension adjustments; including the addition of land and buildings and computer equipment related to the construction of the new Enterprise Centre. This was recorded as a capital contribution of £2,306k and a depreciation charge of £237k, excluding this the current year surplus was £55k. Fund balances at 31 August 2013 were £15,296,000 comprising restricted reserves of £15,103,000 and unrestricted reserves of £193,000.

Total income in the year was £8,148,000 of which £5,320,000 (65%) came from EFA revenue grants and £2,827,000 (35%) from other sources. As the majority of the grant income is student number driven it is imperative that recruitment and retention levels are maintained, or increased over time.

Governors' Report (continued)

Principal Risks and Uncertainties

The risk register of the Academy continues to be developed but major risks facing the Academy have been reviewed during the year. As the majority of income received by the Academy is student number driven it is imperative that strategies are in place to secure recruitment from a, currently, demographically shrinking available year 6 cohort. Achievement of the action plan below should secure intake at the required level.

Reserves Policy

At the meeting of the REF on 28 November 2013 it was agreed that the Academy should aim to carry forward a prudent level of resources designed to meet a long-term cyclical need of renewal and any unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the EFA.

It was also agreed that the Academy should have a medium term target to build up a level of reserves (both restricted, i.e. GAG, and unrestricted) which equated to approximately 3 months' working capital, £1.3m. This has not been met, however it was acknowledged that it may take over 6 years to achieve this target. The Reserves Policy will be reviewed annually.

Total reserves (restricted and unrestricted) at 31 August 2013 were £319,000, (excluding the premises gifted from the local authority and PFS), £955,000 before the pension reserve.

Investment Policy

If the Academy is able to generate better returns than currently provided in the deposit account, it may undertake other investments. All investments, outside of the deposit account, will be made on a risk-averse basis and need Governing Body approval.

Plans for Future Periods

The Academy Improvement Plan states clear priorities for achievement in 2013/14;

- further improve the quality of teaching and learning so all is good and outstanding and none is inadequate;
- Further develop the TEEP programme to secure the improvements in teaching;
- raise attainment across the Academy to achieve at least national levels with a specific focus on maths and English and in narrowing the gap between cohorts of students – with a particular emphasis on students with statement of educational needs (SEN), gifted and talented students (the Going for Gold cohort), and students in receipt of free school meals;
- specific targets have been set including:
  - 52% A*-C including English and maths.
  - 85% overall 5A*-C.
  - 53% of students to make three levels of progress in maths.
  - 67% of students to make three levels of progress in English.
- improve levels of achievement in reading, writing and numeracy across the curriculum;
- continue to improve the quality of behaviour for learning, reducing the levels of permanent and fixed-term exclusions and improving the quality of behaviour in social and outdoor spaces;
- plans to reduce fixed term exclusions from 73 to 65 occasions;
- continue to improve the levels of attendance to 95% and reduce the percentage of persistently absent students to 5% (against the new benchmark of 15% absence as opposed to 20% previously);
- further develop the Post 16 curriculum and recruit 50 students for September 2014;
- promote the new Enterprise centre as a resource to be used by the local community; and
- further develop external partnerships to support improved outcomes for students.

Auditor

In so far as the governors are aware:

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

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by order of the members of the Governing Body on 11 December 2013 and signed on its behalf by:

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Ms B.H. Ashton
Chair

Governance Statement

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to 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 Teesside University Trust for Academies (Freebrough Academy) and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The Governing Body has formally met four times during the year. Attendance during the year ended 31 August 2013 at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Ms L. Parker (Chair)	3	4
Ms B.H. Ashton	2	4
Mr J, Anthony	1	1
Dr A.M. Back	1	2
Mr J. Baker	4	4
Ms J.A. Burton	3	4
Ms L.Conroy	1	4
Cllr G. Dunning	0	4
Mr J. Easby	2	4
Mr G.A. Groom	3	4
Ms P. Gunner	2	4
Ms L. Halbert	3	4
Mr J.W. Innerd	3	4
Ms C. Parker	2	4
Ms A. Shaffi	2	3
Ms P. White	2	4

The REF is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. Major issues are referred to the full Governing Body for ratification. The chair of the committee is an experienced Finance Director.

Governance Statement (continued)

Attendance at meetings during the year was as follows:

Governor	Meetings attended	Out of a possible
Ms B.H. Ashton	4	4
Mr J. Baker	4	4
Mr J.W. Innerd	3	4
Ms L. Halbert	4	4

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 Teesside University Trust for Academies (Freebrough Academy) for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

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 on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

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 Resource Employment and Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- 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 Mr J.W. Innerd, a governor, as Responsible Officer (RO), he has in turn contracted the giving of advice on financial matters and performing a range of checks on the Academy Trust's financial systems to KPMG, independently of their role as financial auditors. Termly reviews have been performed and the results reported to the Governing Body.

Governance Statement (continued)

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- 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 Resource Employment and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 11 December 2013 and signed on its behalf by:

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Ms B.H. Ashton
Chair

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Ms L. Halbert
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of Teesside University Trust for Academies (Freebrough Academy) I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

L Halbert

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Ms L. Halbert
Accounting Officer

11 December 2013

Statement of Trustees' Responsibilities

The governors (who act as trustees for charitable activities of Teesside University Trust for Academies (Freebrough Academy), and are also 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 Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles 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 Governing Body on 11 December 2013 and signed on its behalf by:

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Ms B.H Ashton
Chair

Independent auditor's report to the Trustees of Teesside University Trust for Academies (Freebrough Academy).

We have audited the financial statements of Freebrough Academy for the year ended 31 August 2013 set out on pages 18 to 37. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2013 and UK Accounting Standards (UK 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 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2012/2013 issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the Charitable Company's Trustees those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2012/2013 issued by the EFA, those matters that we have agreed to state to them in our 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 the Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the Trustees (who act as directors of the Charitable Company for the purposes of company law) are responsible for the preparation of financial statements which 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 auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs at 31 August 2013, 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 UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2012/2013 issued by the EFA.

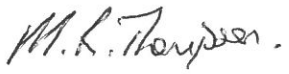
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
Matters on which we are required to report by exception

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:

- the Charitable Company has not kept adequate accounting records 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;
- certain disclosures of Trustees' remuneration specified by law are not made;
  we have not received all the information and explanations we require for our audit.



Mick Thompson, (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
11 December 2013

Independent Reporting Accountant's Assurance Report on Regularity to Teesside University Trust for Academies (Freebrough Academy) and the Education Funding Agency

In accordance with the terms of our engagement letter dated 23 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2012/2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2012 to 31 August 2013 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 Freebrough Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Freebrough Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Freebrough Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Freebrough Academy's funding agreement with the Secretary of State for Education dated and the Academies Financial Handbook, extant from 1 September 2012, 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 2012/2013. 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 2012 to 31 August 2013 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 2012/2013 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.

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 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

M. R. Thompson

Mick Thompson, (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
11 December 2013

Teesside University Trust for Academies (Freebrough Academy)

Statement of Financial Activities for the Year to 31 August 2013 Including Income and Expenditure Accounts

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	**Total 2013 £000**	**Total 2012 £000**
Incoming resources						
Incoming resources from generated funds:						
. Voluntary income	3	-	160	2,390	**2,550**	-
. Activities for generating funds	4	176	4	-	**180**	219
. Investment income	5	4	-	-	**4**	3
Incoming resources from charitable activities:						
. Funding for the Academy's educational operations	6	-	5,397	17	**5,414**	5,762
Total incoming resources		180	5,561	2,407	**8,148**	**5,984**
Resources expended						
Cost of generating funds:						
. Costs of generating voluntary income		-	-	-	**-**	-
. Fundraising trading		-	-	-	**-**	-
Charitable activities:						
. Academy's educational operations	8	120	5,301	395	**5,816**	6,062
Governance costs	9	-	51	-	**51**	64
Other finance costs	26	-	15	-	**15**	12
Total resources expended	7	120	5,367	395	**5,882**	**6,138**
Net incoming/(outgoing) resources before transfers		60	194	2,012	**2,266**	**(154)**
Gross transfers between funds	17	-	-	-	**-**	**-**
Net income/(expenditure)for the year		60	194	2,012	**2,266**	**(154)**
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	17, 26	-	(142)	-	**(142)**	14
Net movement in funds		60	52	2,012	2,124	(140)
Reconciliation of funds						
Total funds brought forward at 1 September 2012	17	133	(4)	13,043	**13,172**	13,312
Total funds carried forward at 31 August 2013		193	48	15,055	**15,296**	**13,172**

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

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

Teesside University Trust for Academies (Freebrough Academy)

Balance sheet as at 31 August 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Tangible assets	13		14,919		12,998
Current assets					
Stock	14	11		17	
Debtors	15	150		263	
Cash at bank and in hand		1,505		1,478	
		1,666		1,758	
Liabilities:					
Creditors: Amounts falling due within one year	16	(653)		(1,152)	
Net current assets			1,013		606
Total assets less current liabilities			15,932		13,604
Net assets excluding pension liability			15,932		13,604
Pension scheme liability	26		(636)		(432)
Net assets including pension liability			15,296		13,172
Funds of the academy:					
Restricted income funds					
. Fixed asset fund	17		15,055		13,043
. General fund	17		684		428
. Pension reserve	17		(636)		(432)
Total restricted funds			15,103		13,039
Unrestricted income funds					
. General fund	17		193		133
Total unrestricted funds			193		133
Total Funds			15,296		13,172

The financial statements on pages 18 to 37 were approved by the Governors, and authorised for issue on 11 December 2013 and signed on their behalf by:

Ms B.H. Ashton
Chair

Company Number: 07185357

Teesside University Trust for Academies (Freebrough Academy)

Cash Flow Statement for the year ended 31 August 2013

		2013 £000	2012 £000
Net cash (outflow)/inflow from operating activities	20	**(67)**	**543**
Returns on investments and servicing of finance	21	**4**	3
Capital expenditure and financial investment	22	**90**	2
Increase in cash in the year	23	**27**	**548**
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		**1,478**	930
Net funds at 31 August 2013		**1,505**	**1,478**

Teesside University Trust for Academies (Freebrough Academy)

Notes to the Financial Statements for the year ended 31 August 2013

1. Statement of Accounting Policies

Basis of Preparation

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

Going Concern

The governors assess whether the use of going concern is appropriate 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 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.

- **Sponsorship income**

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

- **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 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 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.

1. Statement of Accounting Policies (continued)

- **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.

Tangible Fixed Assets

Assets costing £2,000 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 private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a reducing balance basis over its expected useful lives, as follows:

Land and Buildings	125 years
Fixtures, fittings and equipment	4 years
ICT equipment	2 years
ICT Infrastructure	10 years
Motor Vehicles	4 years

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.

Leased Assets

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

Stock

Unsold 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.

1. Statement of Accounting Policies (continued)

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using using a prospective benefit method.
As stated in Note 26, 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 Education Funding Agency 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.

2 General Annual Grant (GAG)

a. Results and Carry Forward for the Year

	2013 £000	2012 £000
GAG brought forward from previous year	43	142
GAG allocation for current year	4,878	5,070
Total GAG available to spend	**4,921**	**5,212**
Recurrent expenditure from GAG	(4,791)	(5,169)
Fixed assets purchased from GAG in the current year	-	-
GAG carried forward to next year	**130**	**43**
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(585)	(608)
GAG to surrender to DfE (12% rule breached if result is positive)	**(455)** no breach	**(565)** no breach

b. Use of GAG Brought Forward from Previous Year for Recurrent Purposes

(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)

Recurrent expenditure from GAG in current year	4,791	5,169
GAG allocation for current year	(4,878)	(5,070)
GAG allocation for previous year x 2%	(101)	(101)
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	**(188)**	**(2)**
(2% rule breached if result is positive)	no breach	no breach

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	2013 Total £000	2012 Total £000
Capital Grants	-	875	**875**	-
Transfer of balances from predecessor school	-	-	**-**	-
Gifts in Kind	-	160	**160**	-
Academy premises - gift in kind donation from LA	-	1,515	**1,515**	-
	-	**2,550**	**2,550**	**-**

4 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	2013 Total £000	2012 Total £000
Hire of Facilities	25	-	**25**	29
Catering Income	86	-	**86**	100
Uniform sales	10	-	**10**	11
School Trips	16	-	**16**	46
Other Income	39	4	**43**	33
	176	**4**	**180**	**219**

5 Investment Income	Unrestricted Funds £000	Restricted Funds £000	2013 Total £000	2012 Total £000
Short term deposits	4	-	4	3
	4	-	4	3

6 Funding for Academy's educational operations	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
DfE/EFA capital grant				
. Devolved Capital grants	-	17	17	17
	-	17	17	17
DfE / EFA grants				
. General Annual Grant (GAG) (note 2)	-	4,878	4,878	5,070
. Start Up Grant A	-	30	30	241
. Start Up Grant B	-	124	124	146
. Pupil Premium	-	288	288	184
	-	5,320	5,320	5,641
Other Government grants				
. School Standards Fund	-	59	59	79
. Other Funding	-	18	18	25
	-	77	77	104
	-	5,414	5,414	5,762

7 Resources Expended	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other Costs	2013	2012
	£000	£000	£000	£000	£000
Costs of generating voluntary income	-	-	-	-	-
Costs of activities for generating funds	-	-	-	-	-
Academy's educational operations					
. Direct costs	3,001	-	604	**3,605**	4,247
. Allocated support costs	871	597	743	**2,211**	1,815
	3,872	**597**	**1,347**	**5,816**	**6,062**
Governance costs including allocated support costs	-	-	51	**51**	64
Other finance costs - FRS17 charge	15	-	-	**15**	12
	3,887	**597**	**1,398**	**5,882**	**6,138**

Incoming/outgoing resources for the year include:	**2013**	**2012**
	£000	**£000**
Operating leases	**21**	20
Fees payable to auditor - audit	**10**	7
- other services	**2**	2
Profit/(loss) on disposal of fixed assets	**-**	-

8 Charitable Activities - Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Direct costs				
Teaching and educational support staff costs	8	2,993	**3,001**	3,394
Educational supplies	-	109	**109**	105
Examination fees	-	131	**131**	98
Staff development	-	28	**28**	37
Educational Transport	16	66	**82**	150
School Uniform	11	9	**20**	11
External Provision of Educational Resources	-	191	**191**	298
Educational consultancy	-	37	**37**	137
Other direct costs	-	6	**6**	17
	35	**3,570**	**3,605**	**4,247**
Allocated support costs				
Support staff costs	-	871	**871**	824
Depreciation	-	395	**395**	169
Other consultants costs	-	104	**104**	141
Recruitment and support	-	28	**28**	47
Marketing	-	8	**8**	9
Maintenance of premises and equipment	-	112	**112**	101
Heat, Light and Water	-	122	**122**	95
Information technology and computer costs	-	234	**234**	64
Equipment leases and hire	-	21	**21**	19
Cleaning	-	8	**8**	7
Postage, printing, stationery and consumables	-	78	**78**	86
Telephone charges	-	16	**16**	16
Rent & rates	-	36	**36**	32
Licenses and subscriptions	-	11	**11**	6
Insurance	-	45	**45**	48
Security and transport	-	1	**1**	1
Catering	84	19	**103**	125
Other support costs	1	17	**18**	25
	85	**2,126**	**2,211**	**1,815**
	120	**5,696**	**5,816**	**6,062**

9 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Legal and professional fees	-	23	**23**	40
Auditor's remuneration				
- Audit of Financial Statements	-	10	**10**	7
- Responsible Officer	-	2	**2**	2
Support costs	-	16	**16**	15
	-	**51**	**51**	**64**

10 Staff costs

Staff costs during the period were:

	Total 2013 £000	Total 2012 £000
Wages and salaries	3,036	3,171
Social security costs	224	247
Pension costs	423	445
	3,683	3,863
Supply teacher costs	142	236
Compensation payments	47	119
	3,872	4,218

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

	2013 No.	2012 No.
Teachers	42	44
Administration and support	59	56
Management	8	8
	109	108

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

	2013 No.	2012 No.
£60,001 - £70,000	1	1
£100,001 - £110,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31st August 2013, pension contributions for these staff amounted to £23,970 (2012: £23,970).

11 Governors' remuneration and expenses

The 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, including expenses, from the Academy in respect of their role as governors. The value of the Principal's remuneration was £103,333 in 2013 (2012 £103,875). The value of other staff governor's remuneration was £60,510 (2012 - £57,539).

Other 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 2013 was £900 (2012 - £900).

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

13 Tangible Fixed Assets

	Leasehold Land and Buildings	Furniture and Equipment	Computer Equipment	**Total**
	£000	£000	£000	**£000**
Cost				
At 1 September 2012	13,138	33	115	**13,286**
Additions	1,515	269	533	**2,317**
Disposals	-	-	-	**-**
At 31 August 2013	14,653	302	648	**15,603**
Depreciation				
At 1 September 2012	210	9	69	**288**
Charged in year	114	37	245	**396**
Disposals	-	-	-	**-**
At 31 August 2013	324	46	314	**684**
Net book values				
At 31 August 2013	**14,329**	**256**	**334**	**14,919**
At 31 August 2012	12,928	24	46	12,998

14 Stock	2013 £000	2012 £000
Clothing	8	9
Stationery	1	3
Premises	1	2
Catering	1	3
	11	17

15 Debtors	2013 £000	2012 £000
Trade debtors	2	7
Prepayments	65	108
Accrued Income	57	62
VAT Recoverable	26	86
	150	263

16 Creditors: amounts falling due within one year	2013 £000	2012 £000
Trade creditors	104	523
Other taxation and social security	66	73
Other creditors		
- EFA Clawback	215	254
- Advanced PFS Grant Funding	-	106
- TPS & LGPS	51	50
Accruals and deferred income	217	146
	653	1,152

Deferred income	2013 £000
Deferred Income at 1 September 2012	93
Resources deferred in the year	126
Amounts released from previous years	(93)
Deferred Income at 31 August 2013	126

At the balance sheet date the academy trust was holding funds received in advance for Local Authority SEN income, Devolved Formula Capital funding, rates relief, lettings and catering income. The appropriate proportion of the funding has been deferred.

17 Funds	Balance at 1 September 2012 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2013 £000
Restricted general funds					
General Annual Grant (GAG)	45	5,167	(5,080)	-	**132**
Start Up Grant	398	154	-	-	**552**
Other EFA/Government grants	(15)	80	(65)	-	**-**
Other EFA/Government grants - PFS	-	160	(160)	-	**-**
Pension Reserve	(432)	-	(62)	(142)	**(636)**
	(4)	5,561	(5,367)	(142)	**48**
Restricted fixed asset funds					
DfE/EFA capital grants	(9)	17	(1)	-	**7**
Premises gifted from LA	12,928	1,515	(114)	-	**14,329**
PFS	-	875	(227)	-	**648**
Capital expenditure from GAG	45	-	(30)	-	**15**
Other capital expenditure from revenue funding	79	-	(23)	-	**56**
	13,043	2,407	(395)	-	**15,055**
Total restricted funds	**13,039**	**7,968**	**(5,762)**	**(142)**	**15,103**
Unrestricted funds					
Unrestricted funds	133	180	(120)	-	**193**
Total unrestricted funds	133	180	(120)	-	**193**
Total funds	**13,172**	**8,148**	**(5,882)**	**(142)**	**15,296**

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

General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% can be used for general purposes at the discretion of the Academy, but any balances over 2% must be used for capital purposes.

The Start Up grants must be used to support additional temporary costs for a period after the Academy opens.

The Devolved Capital Grant is paid to support the cost of minor capital works and ICT replacement.

18 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted funds £000	Restricted general fund £000	Restricted fixed asset fund £000	Total 2013 £000
Tangible fixed assets	-	-	14,919	**14,919**
Current assets	207	1,307	152	**1,666**
Current liabilities	(14)	(623)	(16)	**(653)**
Pension scheme liability	-	(636)	-	**(636)**
Total net assets	193	48	15,055	15,296

	2013 £000	2012 £000
19 Financial commitments		
Operating leases		
At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:		
Other		
Expiring within one year	-	-
Expiring within two and five years inclusive	21	20
Expiring in over five years	-	-
	21	20

20 Reconciliation of net income to net cash inflow from operating activities		
Net income/(expenditure)	2,266	(154)
Depreciation (note 13)	396	169
Premises gifted from LA	(1,515)	-
Capital grants from DfE and other capital income	(892)	(17)
Interest receivable (note 5)	(4)	(3)
FRS 17 pension cost less contributions payable (note 26)	28	55
FRS 17 pension finance costs (note 26)	15	12
FRS 17 pension past service cost	19	-
Decrease/(Increase) in stocks	6	(4)
Decrease/(Increase) in debtors	113	(60)
(Decrease)/Increase in creditors	(499)	545
Net cash (outflow)/inflow from operating activities	**(67)**	**543**

21 Returns on investments and servicing of finance		
Interest received	4	3
Net cash inflow from returns on investment and servicing of finance	**4**	**3**

22 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(802)	(16)
Capital grants from DfE/EFA	892	18
Net cash inflow from capital expenditure and financial investment	**90**	**2**

23 Analysis of changes in net funds	At 1 September 2012 £000	Cash flows £000	At 31 August 2013 £000
Cash in hand and at bank	1,478	27	1,505
	1,478	27	1,505

24 Contingent Liabilities

There are no contingent liabilities to report.

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 Teesside Pension Fund. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £50,766 (2012: £49,000) 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.

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 that real rate of return.

The Government Actuary (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 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 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 last 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 £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. 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 2013 to 31 March 2014, the employee contribution rate will range between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2014-15.

26 Pension and similar obligations (continued)

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

Under the definitions set out in Financial Reporting standards (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 the above 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 2013 was £188,157, of which employer's contributions totalled £138,659 and employees' contributions totalled £49,500. The agreed contribution rates for future years are 14.7% for employers and a variable rate related to pensionable pay for employees.

Principal Actuarial Assumptions	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	**4.40%**	4.20%
Rate of increase for pensions in payment / inflation	**2.50%**	1.90%
Discount rate for scheme liabilities	**4.50%**	4.70%
Inflation assumption (CPI)	**2.50%**	1.90%
Commutation of pensions to lump sums	**3.40%**	2.70%
Rate of Increase to deferred pensions	**2.50%**	1.90%

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

	At 31 August 2013	At 31 August 2012
Retiring today		
Males	**19.2**	19.0
Females	**23.2**	23.1
Retiring in 20 years		
Males	**21.1**	21.0
Females	**25.1**	25.0

26 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

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

	Expected return at 31 August 2013 % pa	Asset Split at 31 August 2013 %	Expected return at 31 August 2012 % pa	Asset Split at 31 August 2012 %
Equities	7.90	78.60	5.90	77.70
Gilts	3.40	5.40	2.80	7.40
Corporate Bonds	4.10	2.20	3.90	2.10
Property	7.40	5.10	5.40	5.40
Cash	0.90	5.80	0.50	4.50
Other	7.90	2.90	5.90	2.90
		£000		**£000**
Total market value of assets		**1,457**		**1,148**
Present value of scheme liabilities - Funded		(2,093)		(1,580)
(Deficit) / Surplus in the scheme		**(636)**		**(432)**

The actual return on the scheme assets was £159,000 (2012: £94,000)

Amounts recognised in the Statement of Financial Activities

	2013 £000	2012 £000
Current service cost (net of employee contributions)	**167**	170
Past service cost	**19**	-
Total operating charge	**186**	170

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	**64**	62
Interest on pension liabilities	**(79)**	(74)
Pension finance (costs) / income	**(15)**	(12)

26 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

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 a £142,000 loss (2012: £14,000 gain).

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

	2013 £000	2012 £000
At 1 September	1,580	1,270
Current service cost	167	170
Interest cost	79	74
Employee contributions	49	48
Actuarial loss	237	18
Benefits paid	(38)	-
Past Service cost	19	-
At 31 August	**2,093**	**1,580**

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

	2013 £000	2012 £000
At 1 September	1,148	891
Expected return on assets	64	62
Actuarial gains	95	32
Employer contributions	139	115
Employee contributions	49	48
Benefits paid	(38)	-
At 31 August	**1,457**	**1,148**

The estimated value of the employer contributions for the year ended 31 August 2014 are £124,000.

26 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

The history of experience adjustments is as follows:

	2013 £000	2012 £000	2011 £000	2010 £000
Present value of defined benefit obligations	**(2,093)**	(1,580)	(1,270)	(1,049)
Fair value of share of scheme assets	**1,457**	1,148	891	691
(Deficit) / Surplus in the scheme	**(636)**	(432)	(379)	(358)
Experience adjustments on share of scheme assets				
Amount £000	**95**	32	3	-

Parliament has agrees, 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.

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, transactions may take place with organisations in which a member of the board of governors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.