

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2014**



FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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**FORMBY HIGH SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

P Bell
S Chapman
A Harris
F Murphy
A Wake

Governors

P Bell (Chair) (Community Governor)
S Chapman (Vice Chair) (Community Governor)
D Mackenzie (Headteacher and Accounting Officer)
P Abel (Parent Governor) (Resigned 28.8.2014)
L Appleton (Community Governor)
S Cook (Staff Governor) (Term ended 6.1.2014)
N Greeves (Parent Governor)
F Grieveson (Parent Governor) (Elected 15.7.2014)
B Griffiths (Co-opted Governor)
C Hanson (Community Governor) (Term ended 5.7.2014
Reappointed 16.9.2014)
A Harris (Community Governor)
S Jones (Co-opted Governor)
K MacDougall (Staff Governor)
F Murphy (Parent Governor)
K Ridings (Community Governor)
S Salters (Staff Governor)
K Smith (Parent Governor)
D Walker (Community Governor) (Term ended 18.01.2014)
M Ward (Parent Governor) (Re-elected 15.7.2014)

Company Secretary

L Forster

Senior Leadership Team

D Mackenzie (Headteacher)
N Foley (Deputy Headteacher)
P McParlan (Deputy Headteacher)
K Blanchard (Assistant Headteacher)
S Cook (Assistant Headteacher)

Finance Manager

H Jones

**FORMBY HIGH SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

Registered Office	Freshfield Road Formby Liverpool L37 3HW
Company Registration Number	07724342 (England & Wales)
Auditors	Moore and Smalley LLP Chartered Accountants & Statutory Auditor Richard House Winckley Square Preston PR1 3HP
Bankers	Lloyds TSB Bank PLC Commercial – First Floor 5 St Paul’s Square, Old Hall Street Liverpool L3 9SJ
Solicitors	Browne Jacobson LLP 44 Castle Gate Nottingham NG1 7BJ
Actuary	Mercer Ltd Mercury Court Tithebarn Street Liverpool L2 2QH

**FORMBY HIGH SCHOOL
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GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

The Governors present their annual report together with the financial statements and auditor's report of the School for the period 1 September 2013 to 31 August 2014.

The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates an Academy for students aged 11 – 18, serving a catchment area in Formby, Hightown, Crosby, Southport and Ainsdale. It has a planned admission number (PAN) of 160 and had 1027 students on roll on 15 May 2014 (Summer School Census).

Structure, Governance and Management

Constitution

Formby High School (the School) converted to an Academy Trust on 1 September 2011. The School 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 School.

The Academy Trust was incorporated on 1 August 2011 and commenced its activities on transfer from the Local Authority on the conversion date stated above.

The Governors act as the trustees for the charitable activities of the School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Formby High School.

Details of the Governors who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the 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

The School has purchased indemnity insurance to protect governors and officers from claims arising in connection with School business. The insurance provides unlimited cover on any one claim.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Method of recruitment and appointment or election of governors

The Governors are appointed by the following:

Parent Governors	Elected by parents of the students of the School
Staff Governors	Elected by staff of the School
Community Governors	Appointed by Governing Body
Co-opted Governors	Appointed by Governing Body

Policies and procedures adopted for the induction and training of governors

All Governors are provided with a copy of the School's Governor Handbook and a Guide to the Law for Governors produced by the Department for Education. They are subscribed to The Key for School Governors, an online support network for governors, and induction training is provided by the Deputy Headteacher and Chair of Governors. The Chair has completed 'Chair of Governors' training with the NCTL. On-going training is provided through meetings of the Full Governing Body and at the annual Governor Development Day, using expertise from within school and external providers as appropriate.

Organisational structure

The School is governed by its Governing Body, whose members are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The organisational structure of the School consists of four levels: the Governing Body, The Headteacher, the Senior Leadership Team and the School's Middle Managers.

During 2013/14 the following Governor Committees existed: (i) Buildings and Finance, (ii) Curriculum and Staffing (iii) Strategic Review, (iv) Student Discipline and (v) Remuneration and Benefits. In addition, a panel of three Governors (including the Chair and Vice Chair of Governors) have conducted the Headteacher's appraisal, comprising a planning meeting (in the presence of a regional advisor) and three monitoring meetings. All Parent, Co-opted and Community Governors provide link governance for different areas of the School. The Governing Body provides the strategic direction for the School, including setting the annual budget, and defining the parameters in which the Headteacher and the Senior Leadership Team make decisions about the day to day running of the School. The Headteacher is the Accounting Officer who is responsible for all day-to-day financial matters, and is responsible to the Governing Body for ensuring propriety, as well as efficient and effective use of available resources.

In addition to the Headteacher, the Senior Leadership Team comprises two Deputy Headteachers and two Assistant Headteachers. The Headteacher has overall responsibility for teaching and support staff. The Deputy Headteacher with responsibility for Pastoral Care line manages the Climate for Learning Leaders and Pastoral Support Team.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Organisational structure (continued)

The line management of Curriculum / Subject Leaders and Support Managers is conducted by all five members of the Senior Leadership Team who are assigned responsibility for different Curriculum and Support areas. There are a number of Support Managers who lead the different support departments throughout the school, including Finance Manager, Administration Manager, Human Resources Manager, ICT Network Manager, Pastoral Support Manager and Examinations and Data Manager.

Connected organisations, including related party relationships

There are no connected organisations.

Objectives and Activities

Objects and Aims

The main objects of the School as set out in its governing document are:

- 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.

In addition the School aims to:

- Promote, for the benefit of individuals living in Formby, Ainsdale, Southport, Crosby, Hightown and the surrounding areas, who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances, or for the public at large, the provision of facilities for recreation or other leisure time activities in the interest of social welfare and with the object of improving the condition of the life of the said individuals.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Objectives, strategies and activities

The main objectives for the period were:

- To continue to maintain an outstanding curriculum, very high standards of teaching throughout the School and excellent achievements by its students.
- To develop the School's curriculum and assessment framework to ensure the School complies with national changes at Key Stages 3 and 4.
- To develop provision for students in Sixth Form to ensure their outcomes are consistent with students in Years 7 to 11.
- To provide outstanding support and appropriate intervention for the School's most vulnerable students, particularly through well planned deployment of pupil premium funding, in order to close gaps in progress and attainment.
- To continue to develop leadership opportunities and capacity within School and ensure a robust succession plan is in place.
- To continue to review and develop the School's policies.
- To continue to bring about continuing improvements to the learning environment, particularly in relation to improving study and leisure facilities for sixth form students, refurbishment of teaching rooms, toilet facilities and offices. In addition, to refurbish the dining area and kitchen facility and convert the Student Support Centre into a school hall.
- To deliver the site wide heating / water infrastructure upgrade that is funded through the Academies Capital Maintenance Fund.
- To continue to work towards delivering the School's campus improvement plan by submitting bids for further funding to (i) replace C Building with a new teaching block and (ii) upgrade the heating system throughout S Building.
- To fulfil other objectives as set out in the School Development and Improvement Plan.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Public benefit

The Governors are aware of the Charity Commission Guidance on providing public benefit and have had due regard to this in exercising their duties during the period.

Strategic Report

Achievements and Performance

2013/14 was the School's third year as an Academy, having converted to Academy status on 1st September 2011. The School purchases services from external providers and has set up a number of service level agreements for curriculum and non-curriculum related services. In doing so, the School seeks value for money and a high standard of support. Staffing levels have been monitored closely and the School is appropriately resourced for an organisation of this size. As a result of consecutive budget surpluses delivered in recent years, the School carried a reserve figure of £701,000 into 2013/14 and has used some of these funds to address backlog maintenance issues and improve the school environment. A reserve is retained that remains consistent with the Reserves Policy outlined on page 11.

The Headteacher (appointed September 2012) and Senior Leadership Team have now been in post for two years and new leadership structures are well embedded. During 2013/14 the School appointed a new Deputy Headteacher to replace the out-going Deputy Headteacher. In addition, to build further capacity, two Associate Senior Leaders were appointed to the Senior Leadership Team, with all new post-holders taking up post in September 2014.

The following site improvements were made during the 2013/14 school year which have had a significant positive impact in improving the quality of the learning environment. These projects were delivered on time and on budget and, overall, the School is very pleased with the quality of the work undertaken. These projects have been funded through the School's revenue budget (£112,000), Academies Capital Maintenance Funds (approximately £767,000) and reserves (approximately £307,000).

- Refurbishment of P1 (Art Room)
- Refurbishment of A12 (Religious Studies classroom)
- Refurbishment of A6 (English classroom) including the development of storage facilities for the English Curriculum Area
- Refurbishment of the Sixth Form Common Room (including the installation of a coffee bar) and creation of a Sixth Form study facility containing 20 computers
- Conversion of the Student Support Centre into a school hall
- Refurbishment of the staff and visitor toilet facilities in main reception
- Refurbishment of the School's dining facilities and kitchen
- Heating and plumbing upgrade throughout S Building (Drama Studio, Music classrooms and Sports Centre)
- Completion of the site wide services upgrade, including the demolition of the original boiler house.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Achievements and Performance (continued)

The new school website has continued to be developed during 2013/14, providing a one stop shop for anybody wishing to find out information about the School and a very effective medium through which to celebrate the achievements of our students.

A robust and successful Raising Achievement Plan (RAP) was in place for the 2013/2014 cohort of Year 11 students to support them in working towards extremely challenging GCSE targets. The RAP included the implementation of additional Mathematics teaching, focusing on students on the C/D and A*/A borderline, individual mentoring and monitoring by the SLT of a small group of students, special Parents' Evenings for the whole cohort, as well as those held by individual subjects. An Easter Revision School was held over a week during the Spring break and was very well supported with over 100 students in attendance. Attendance at the various Parents' Sessions that were offered was high, indicating their support for their children. Given the considerable change to the GCSE assessment framework that affected this cohort of students, their final results of 73% 5 A*-C including English and Mathematics was very credible. Improvements were sustained in Modern Foreign Languages, and further improvements were made in Art and Design Technology where subject improvement plans had been implemented. Results continue to be outstanding in a number of areas, including English, Separate Science, ICT and Geography. A number of students achieved some outstanding individual results in the examinations. 26 students gained at least eight A* / A grades, with eight students attaining all A*/A grades. The proportion of students who achieved the E-Bacc measure of GCSE passes increased to 35% of the cohort.

A Level results were also very credible with a 99% pass rate A*-E and 45% graded A*-B. The BTEC pass rate was 100% with 70% graded at Distinction* / Distinction.

Two thirds of the cohort is starting university degree courses this Autumn, with 20% in employment/higher apprenticeship and 15% taking a gap year before taking up a university place in 2015. Students will be studying courses at prestigious universities across the country, including local establishments such as Liverpool to further afield, such as UCL, Exeter, Edinburgh, Manchester, Goldsmith College and Durham.

A new Teachers' Pay Policy was implemented in January 2014 and the School has continued to develop robust self-evaluation procedures. For example, routine lesson observations and learning walks have been conducted throughout the school year alongside work scrutiny and student feedback activities to enable the leadership to evaluate the quality of teaching throughout the School. The School implemented a new assessment, recording and reporting framework in 2013/14 and this has now had a year to become fully embedded. Four staff completed the nationally recognised Middle Leadership Development Programme and two are currently enrolled on the National Professional Qualification for Senior Leadership. In addition, the School has developed action research as a new and innovative approach to professional development with all teachers belonging to a learning hub in 2013/14 that conducted a research and development project on an aspect of teaching and learning.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Achievements and Performance (continued)

The School received £900 Pupil Premium funding for each student in the Ever-6 cohort in 2013/2014. The money was allocated to support the cohort in a number of ways. Funding was directed towards intervention and included one-to-one tuition in English and Mathematics, the employment of an additional teaching assistant to support students at Key Stage Three and the delivery of Easter revision sessions to students in Year 11. In addition, the School uses funding to enhance the Pastoral Support team and work with families of Pupil Premium students to ensure good levels of attendance and attitude to learning. Through use of Pupil Premium funds the School continues to provide additional, smaller teaching groups in Years 7 to 11 and employs a Mathematics teacher to provide intervention teaching at Key Stage Four. Some funding was also allocated towards supporting expenses for students to participate in some extra-curricular activities and providing individual students with resources to support their learning.

In terms of student attendance, the School achieved 95.9% in 2013/14, exceeding its target of 95%. This represents pleasing progress and the School has demonstrated improving attendance in consecutive years for a number of years. In addition, excellent improvements were made in the attendance of students in Sixth Form and priority will be given to maintaining the high levels of attendance across all year groups.

Levels of staffing throughout the School remain buoyant. This has enabled the on-going maintenance of six tutor groups and teaching groups per subject in each year group, contributing to smaller than average class sizes at both Key Stages Three and Four. Formby High School remains heavily over-subscribed. In total, 420 children applied for a place at the School for September 2014. Average class sizes in Year 7 remain at 27 students and the School will seek to preserve this desirable teacher:student ratio in the future as it is considered particularly beneficial to students during the transition from primary school.

The School is committed to providing wider enrichment opportunities to its students, both through the extra-curricular programme and school trips. In 2013/14, an extensive sports and performing arts enrichment programme was offered and many students represented the School in a range of activities on a regular basis. In addition, every child had the opportunity to participate in school trips and the Governors are committed to offering a broad range of trips that are accessible to children from all families. For this reason, for example, a very popular three day bushcraft residential was offered to students in Year 7 which represented very good value for money.

Very good progress has been made during 2013/14 in terms of improving the school environment and addressing backlog maintenance concerns, developing aspects of teaching and classroom practice, and improving systems and policies. The Governors and Senior Leadership Team are very mindful, though, of the increasing financial pressures placed on the School as a consequence of future budget reductions and additional costs associated with staffing on-costs, and has sought to put itself in a healthy financial position in order to navigate the uncertainties that future years will bring.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Key Performance Indicators

Key performance indicators are included in the Achievements and Performance sections.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the School 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.

Financial Review

The School's total incoming resources during the period were £6,007,941 (2013: £5,346,064).

The majority of the School's income derives from central government funding via the Education Funding Agency, in the form of current grants. Total funding received for the School's educational operations in the period was £5,904,897 (2013: £5,275,308) and further details are provided in Note 6 to the accounts.

Total outgoing resources for the period were £5,583,788 (2013: £5,327,355) the majority of which related to the direct provision of educational operations (£5,527,588) and further details are provided in Note 7 to the accounts.

The total net incoming resources were £424,153. However, £341,088 of this amount represents funding for fixed assets which are to be depreciated over future periods. The net incoming resources relating to other funds amounted to £83,065.

At the period end the School's total reserves were £9,006,167 (2013: £8,856,014), including unrestricted funds of £358,232 and restricted funds of £8,647,935 (2013: £8,459,794). Restricted funds include fixed assets of £10,052,091 (2013: £9,292,230), less the LGPS pensions scheme deficit of £1,457,000 (2013: £1,138,000). The remaining balances on restricted funds relate to funding received in the period which is due to be spent in 2014/15 in accordance with the terms of funding. Further detail is provided in Note 17.

On conversion in 2011 the School inherited a deficit of £956,000 in respect of the Local Government Pension Scheme, which many of the non-teaching staff belong to. This deficit had increased to £1,457,000 by 31 August 2014, mainly due to changes in actuarial assumptions regarding future returns on investments and the present value of future liabilities. The School is currently paying contributions of approximately £59,000 towards the deficit, funded out of GAG. The School does not have an obligation to settle this liability immediately and there are no indications that it will crystallise in the foreseeable future.

Parliament has agreed, at the request of the Secretary of State for Education, to 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.

At 31 August 2014 all assets shown in the accounts were used exclusively for providing education and associated support services to students of the School.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Reserves Policy

The Governors review the level of reserves regularly and have agreed that it is appropriate to retain a minimum reserve of 6% of the School's annual budget for GAG income which equates to approximately £300,000. This reserve level will be reviewed annually. At 31 August 2014, the School had a balance on its Unrestricted and Restricted General Funds, available for educational and general purposes, of £411,076. The school intends to maintain this level of reserve to provide an element of security against the uncertainty of future funding and the impact of additional staff on-costs that are likely to be incurred from 2015/16 onwards.

Investment Policy

All investments are agreed by the Governing Body, which has regard to the Charity Commission guidance in relation to charity investment policy. The School does not currently hold any investments other than cash, which is held for its normal operations. The Governing Body has adopted a low risk strategy to its cash holdings and is currently in the process of reviewing its investment policy.

Principal risks and uncertainties

The Governors have assessed the major risks to which the School is exposed, including those relating to teaching, health and safety, school trips, child protection and finances. These risks are reviewed regularly and policies and procedures are in place to mitigate risk and ensure issues can be quickly identified and responded to.

The internal financial systems are based on the Academies Financial Handbook and are documented in the School's Financial Procedures Manual. The systems are based on a framework of segregation of duties, schemes of delegation which include authorisation and approval. Financial management information is provided to the Headteacher on a monthly basis.

Termly checks on financial controls and procedures have been performed during the year by Moore and Smalley LLP who have reported back their recommendations to the Headteacher, Finance Manager and Governing Body for implementation.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Plans for Future Periods

The School sets out its plans for the future and how they will be achieved in the annual School Improvement and Development Plan. A summary of the key plans for the future are set out below:

- Maintain the excellent achievement of students in their GCSE examinations, with particular focus on those in the Pupil Premium cohort, and ensure that achievement of students at A Level is in line with those at GCSE. Develop and implement strategies to address underperforming subject areas and improve tracking and monitoring systems in school.
- Embed systems to support the Behaviour Policy, develop and refine a school wide rewards programme, and investigate the merits of a house system. Conduct a safeguarding audit and implement enhancements as required. Improve and actively promote parental engagement.
- Implement curriculum changes across KS3 to KS5. Devise and embed a new assessment framework for KS3 and develop assessment and data tracking systems in response to changing performance measures. Ensure a clear and balanced extra-curricular programme, providing opportunities for all, across all areas.
- Continue to bring about improvements to the campus and learning environment through delivering Phase 2 of the capital improvement programme, completion of improvement work in A and P Buildings and introduction of a print management programme to improve resources and efficiency school wide.
- Continue to develop the School's systems for self-evaluation, building on the changes that have been introduced and embedded in 2013-14.
- Embed the new leadership structure and enhance the professional development of teaching and support staff. Develop further our effective governance, partnership/collaborations, transition and the specialisms. Ensure effective deployment of resources to promote narrowing the gap for disadvantaged students and embed literacy and mathematics effectively across the curriculum.
- Improve the quality of teaching throughout the School, researching and embedding new techniques to further enhance learning, for example the 'flip' learning model in Sixth Form.

Funds held as Custodian Trustee on behalf of others

There are no funds held as Custodian Trustee on behalf of others.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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.

Governors' report, incorporating a strategic report, approved by order of the members of the Governing Body, being the Board of Trustees and Company Directors, on 18 November 2014 and signed on its behalf by:

.....
P Bell
Chair

**FORMBY HIGH SCHOOL
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GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Formby High School 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 Headteacher, 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 Formby High School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 5 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
P Bell (Chair) (Community Governor)	5	5
S Chapman (Vice Chair) (Community Governor)	4	5
D Mackenzie (Headteacher and Accounting Officer)	5	5
P Abel (Parent Governor) (Resigned 28.8.2014)	5	5
L Appleton (Community Governor)	5	5
S Cook (Staff Governor) (Term ended 6.1.2014)	2	2
N Greeves (Parent Governor)	3	5
F Grieveson (Parent Governor) (Elected 15.7.2014)	1	1
B Griffiths (Co-opted Governor)	5	5
C Hanson (Community Governor) (Term ended 5.7.2014 reappointed 16.9.2014)	5	5
A Harris (Community Governor)	5	5
S Jones (Co-opted Governor)	2	5
K MacDougall (Staff Governor)	4	5
F Murphy (Parent Governor)	3	5
K Ridings (Community Governor)	5	5
S Salters (Staff Governor)	5	5
K Smith (Parent Governor)	4	5
D Walker (Community Governor) (Term ended 18.01.2014)	2	2
M Ward (Parent Governor) (Re-elected 15.7.2014)	4	5

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GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Throughout the course of the academic year, four Governors have reached the end of their term of office (one community Governor has been re-appointed and one Parent Governor re-elected), one Governor (Parent) resigned at the end of the year and an election will take place in the Autumn term to fill this vacancy.

The Governing Body completed a full self-evaluation and skills audit in advance of their autumn term development day, analysing and using the findings to define their strategic priorities for the School and develop the efficiency of the board, for example committee memberships, link governance and to identify any future training requirements. During their development day, Governors developed and published their 'Governors' Vision', outlining the strategic priorities for the School. The Chair has successfully completed her NCTL training. Governors received a presentation by our legal advisors on the legal framework in the spring term.

The size and composition of the Governing Body has also been evaluated and it was decided that, over time, it should be reduced in size with any recruitment involving an active search to fill identified skills gaps. The Articles of Association have been amended to reflect the inclusion of 'up to' in the specification of '8 Parent Governor' numbers to clarify the school's position. Link governance, in particular, has been an ongoing focus of debate with Governors aiming to develop a system that is simple, effective and meaningful for all parties involved. This work continues to be refined with a view to introducing a new system in autumn 2014.

The Governing Body has spent the last two years preparing for Governor Quality Mark. An application was submitted in 2013/14 and the assessment was carried out in October 2014. The School was recently informed that the application has been successful.

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GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

The **Curriculum and Staffing Committee** is a sub-committee of the main Governing Body. Its purpose is to carry out the responsibility of the Governing Body in respect to setting of School curriculum and ensuring the curriculum offer is appropriate to all students, including those with Special Educational Needs. It is responsible for reviewing arrangements for the assessment of students and holding the School to account for performance in public examinations. In addition, the Committee ensures that staffing levels and structures are appropriate to enable the effective delivery of the curriculum and the smooth running of the School on a day to day basis.

Governor	Meetings attended	Out of a possible
P Abel (Chair)	2	4
N Greeves (Vice Chair)	2	4
L Appleton	4	4
P Bell	3	4
S Chapman	3	4
S Cook	1	2
C Hanson	3	4
S Jones	3	4
D Mackenzie	4	4
S Salters	3	4
K Smith	3	4
D Walker (until term ended 18.01.2014)	2	2

The **Buildings and Finance Committee** 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 School's finances and resources, including proper planning, monitoring and probity. In addition, the Committee provides support and guidance for the Headteacher on all matters relating to the School premises and grounds, security and health and safety.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
A Harris (Chair)	4	4
F Murphy (Vice Chair)	4	4
P Bell	3	4
S Chapman	4	4
B Griffiths	4	4
K MacDougall	4	4
D Mackenzie	4	4
K Ridings	4	4
M Ward	1	3

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GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

The **Strategic Review Committee** is a sub-committee of the main Governing Body. Its purpose is to review the School Improvement and Development Plan and monitor progress made towards meeting its objectives. Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
S Chapman (Chair)	3	3
P Bell	3	3
A Harris	3	3
F Murphy	3	3
P Abel	1	3
N Greeves	2	2
D Mackenzie	3	3

The **Student Discipline Committee** is a sub-committee of the main Governing Body. Its purpose is to have delegated responsibility for considering and making decisions on appeals from pupils and parents on permanent or temporary exclusions.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Ward (Chair)	3	3
Mrs Appleton	1	1
P Bell	1	1
S Chapman	2	2
C Hanson	1	1
F Murphy	2	2
K Smith	2	2

The **Remuneration and Benefits Committee** is a sub-committee of the main Governing Body. Its purpose is to have delegated responsibility for considering and making decisions on pay awards.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
F Murphy (Chair)	1	1
N Greeves	1	1
S Jones	1	1

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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 the School's 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 the School for the period from 1 September 2013 to 31 August 2014 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 School 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 School's significant risks that has been in place for the period from 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

The School'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 Buildings 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;
- 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 Moore and Smalley LLP to carry out termly checks on financial controls and procedures. On a termly basis, Moore and Smalley LLP reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Review of effectiveness

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

- Termly reports from Moore and Smalley LLP;
- The work of the External Auditor;
- The Financial Management and Governance Self-Assessment process;
- The work of the Executive Managers within the School who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the Governing Body on 18 November 2014 and signed on its behalf by:

.....
P Bell
Chair

.....
D Mackenzie
Accounting Officer

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2014

As Accounting Officer of the Academy Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency (EFA) 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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and the EFA.

.....
D Mackenzie
Accounting Officer

Date: 18 November 2014

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2014

The Governors (who act as trustees for charitable activities and are also directors of the Academy Trust for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable laws and regulations.

Company law requires the Governors to prepare financial statements for each financial period. 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 Academy and of the incoming resources and application of resources, including the income and expenditure, of the Academy 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 judgements 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 academy will continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy 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 Academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that 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 Academy'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 18 November 2014 and signed on its behalf by:

.....
P Bell
Chair

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

FOR THE YEAR ENDED 31 AUGUST 2014

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

This report is made solely to the Academy'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 Academy Trust'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 Academy Trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 21, the Governors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' 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

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

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

.....
Tracey Johnson
Senior Statutory Auditor

For and on behalf of
Moore and Smalley LLP
Chartered Accountants & Statutory Auditor
Richard House, Winckley Square, Preston, PR1 3HP

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

FOR THE YEAR ENDED 31 AUGUST 2014

In accordance with the terms of our engagement letter dated 7 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Academy Trust 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 the Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust 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 Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 10 August 2011 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.

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

FOR THE YEAR ENDED 31 AUGUST 2014

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.

We have undertaken testing as appropriate in line with the guidance included in Technical Release 08/12AAF from the Institute of Chartered Accountants in England and Wales.

The work undertaken to draw our conclusion includes an evaluation of the control environment of the School together with enquiry, analytical review and substantive testing of transactions.

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.

.....
Tracey Johnson
Reporting Accountant
Moore and Smalley LLP

Richard House
Winckley Square
Preston
PR1 3HP

FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATES THE INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2014 £	Total 2013 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	3	1,327	5,580	6,000	12,907	20,899
<i>Incoming resources from charitable activities:</i>						
Activities for generating funds	4	86,487	-	-	86,487	48,915
Investment income	5	3,650	-	-	3,650	942
Funding for the Academy's educational operations	6	19,181	5,330,745	554,971	5,904,897	5,275,308
Total incoming resources		110,645	5,336,325	560,971	6,007,941	5,346,064
Resources expended						
<i>Charitable activities:</i>						
Academy's educational operations	8	34,136	5,273,569	219,883	5,527,588	5,256,634
Other finance costs	9	-	44,000	-	44,000	46,000
Governance costs	10	-	12,200	-	12,200	24,721
Total resources expended	7	34,136	5,329,769	219,883	5,583,788	5,327,355
Net incoming/(outgoing) resources before transfers		76,509	6,556	341,088	424,153	18,709
Gross transfers between funds	17	(114,497)	(304,276)	418,773	-	-
Net income/(expenditure) for the period		(37,988)	(297,720)	759,861	424,153	18,709
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension schemes	27	-	(274,000)	-	(274,000)	31,000
Net movement in funds		(37,988)	(571,720)	759,861	150,153	49,709
Funds brought forward at 1 September 2013		396,220	(832,436)	9,292,230	8,856,014	8,806,305
Funds carried forward at 31 August 2014	17	358,232	(1,404,156)	10,052,091	9,006,167	8,856,014

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

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

BALANCE SHEET

AS AT 31 AUGUST 2014

	Note	2014		2013	
		£	£	£	£
Fixed assets					
Tangible assets	14		10,052,091		9,292,230
Current assets					
Debtors	15	188,822		54,637	
Cash at bank and in hand		534,230		1,065,666	
		723,052		1,120,303	
Creditors: Amounts falling due within one year	16	(311,976)		(418,519)	
Net current assets			411,076		701,784
Total assets less current liabilities			10,463,167		9,994,014
Net assets excluding pension liability					
Pension scheme liability	27		(1,457,000)		(1,138,000)
Net assets including pension liability			9,006,167		8,856,014
Funds of the academy:					
Restricted funds					
Fixed asset funds	17		10,052,091		9,292,230
General funds	17		52,844		305,564
Pension reserve	17		(1,457,000)		(1,138,000)
Total restricted funds			8,647,935		8,459,794
Unrestricted funds	17		358,232		396,220
Total funds			9,006,167		8,856,014

The financial statements on pages 26 to 53 were approved by the Governing Body and authorised for issue on 18 November 2014 and are signed on its behalf by:

.....
P Bell
Chair

Company Registration Number: 07724342

FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £	2013 £
Net cash inflow/(outflow) from operating activities	21	(156,435)	462,115
Returns on investments and servicing of finance	22	3,650	942
Net capital income/(expenditure)	23	(378,651)	186,970
Increase in cash in the period	24	(531,436)	650,027
Net funds at 31 August 2013		1,065,666	415,639
Net funds at 31 August 2014		534,230	1,065,666

All of the cash flows are derived from continuing operations in the above two financial periods.

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

1 Statement of Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 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.

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 School 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.

Sponsorship income

Sponsorship income provided to the School 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.

FOR THE YEAR ENDED 31 AUGUST 2014

1 Statement of Accounting policies (continued)

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 School are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the School 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 School's policies.

Resources expended

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

Costs of generating funds

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

Charitable activities

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

Governance costs

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

All resources expended are inclusive of any irrecoverable VAT.

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Statement of Accounting policies (continued)

Conversion to an Academy

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

The assets and liabilities transferred on conversion from Formby High School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

On conversion the School acquired the land and buildings from which it operates under a 125 year lease. No value was paid for the land and buildings, which have been incorporated into the accounts as a donated asset, based on a depreciated replacement cost valuation carried out as at 31 August 2013 on behalf of the Department for Education by DTZ. This valuation has been adjusted to take account of depreciation in the period since conversion, to arrive at an estimate for the value of land and buildings acquired on conversion.

In addition, the School inherited the fixtures and fittings and other tangible fixed assets in use by the School at the date of conversion. Where a fair value at the date of conversion was readily available, this value has been used as the value inherited. However, most assets had been held for a significant period of time and were fully depreciated. An estimate of the current fair value was not readily available and the cost of obtaining a valuation was considered to be disproportionate to the value of including such a valuation in the accounts. No value has therefore been included in the accounts for these assets. The insurance value of fixtures and fittings and other assets inherited on conversion was £2,025,000.

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life.

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Statement of Accounting policies (continued)

Tangible fixed assets (continued)

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 School's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 straight-line over its expected useful lives, as follows:

Long leasehold buildings	2%
Building improvements	2% - 10%
Fixtures, fittings and equipment	5% - 20%
ICT equipment	33.3%
Motor Vehicles	20%

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 a straight line basis over the lease term.

Taxation

The School 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 School 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.

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Statement of Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the School 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 School.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School 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 27, the TPS is a multi employer scheme and the School 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 period.

The LGPS is a funded scheme and the assets are held separately from those of the School 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 School at the discretion of the Governors.

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

FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Statement of Accounting policies (continued)

Fund accounting

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency/Department for Education.

2 General Account Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next.

3 Voluntary income

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2014 £	Total 2013 £
Other donations	1,327	5,580	6,000	12,907	20,899
	1,327	5,580	6,000	12,907	20,899

4 Activities for generating funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2014 £	Total 2013 £
Hire of facilities	16,735	-	-	16,735	18,728
Sundry income	69,752	-	-	69,752	30,187
	86,487	-	-	86,487	48,915

**FORMBY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

5 Investment income

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2014 £	Total 2013 £
Bank interest receivable	3,650	-	-	3,650	942

6 Funding for Academy's educational operations

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2014 £	Total 2013 £
DfE/EFA grants					
General Annual Grant (GAG) (note 2)	-	4,973,405	-	4,973,405	4,829,755
Capital grants - DfE	-	46,122	554,971	601,093	20,673
Insurance grant	-	-	-	-	46,821
Pupil premium	-	130,130	-	130,130	80,538
Bursary grant	-	18,425	-	18,425	4,345
Other small grants	-	12,825	-	12,825	37,500
	-	5,180,907	554,971	5,735,878	5,019,632
Other government grants					
Special educational needs	-	35,171	-	35,171	73,181
Other government grants	-	2,825	-	2,825	6,084
	-	37,996	-	37,996	79,265
Other educational income					
School trips	-	93,020	-	93,020	134,327
Peripatetic music	-	9,683	-	9,683	16,039
Other School fund income	19,181	9,139	-	28,320	26,045
	19,181	111,842	-	131,023	176,411
	19,181	5,330,745	554,971	5,904,897	5,275,308

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

7 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2014 £	Total 2013 £
Cost of generating funds					-
Academy's educational operations	4,045,504	679,100	802,984	5,527,588	5,256,634
Other finance costs –					
FRS17 interest	-	-	44,000	44,000	46,000
Governance costs	-	-	12,200	12,200	24,721
	4,045,504	679,100	859,184	5,583,788	5,327,355

(Incoming)/outgoing resources for the period include:

	2014 £	2013 £
Fees payable to auditor:		
- Audit of the financial statements	7,675	7,500
- Accountancy, taxation and other services	4,525	14,785
Operating leases: Other	29,901	635
Depreciation	219,883	208,183

8 Charitable activities – Academy's educational operations

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2014 £	Total 2013 £
Direct					
Teaching and educational support staff	-	3,526,390	-	3,526,390	3,271,562
Educational supplies and services	-	364,180	-	364,180	366,310
ICT costs expensed	-	74,862	-	74,862	83,212
Depreciation - ICT	-	-	28,485	28,485	22,406
Support					
Administrative and other staff	14,324	439,690	-	454,014	438,316
Other staff related costs	-	65,100	-	65,100	46,430
Maintenance of premises	-	147,040	-	147,040	137,510
Other occupancy costs	-	340,662	-	340,662	344,378
Other supplies and services	210	168,802	-	169,012	142,827
School trips	-	95,342	-	95,342	154,962
Other School fund expenditure	19,602	12,638	-	32,240	40,592
Other equipment costs expensed	-	38,863	-	38,863	22,352
Depreciation - Other	-	-	191,398	191,398	185,777
	34,136	5,273,569	219,883	5,527,558	5,256,634

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

9 **Other finance costs**

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2014	Total 2013
	£	£	£	£	£
Expected return on pension scheme assets (note 27)	-	(38,000)	-	(38,000)	(23,000)
Interest on pension scheme liabilities (note 27)	-	82,000	-	82,000	69,000
	-	44,000	-	44,000	46,000

10 **Governance costs**

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2014	Total 2013
	£	£	£	£	£
Legal and professional fees	-	-	-	-	2,436
Audit fee	-	7,675	-	7,675	7,500
Preparation of statutory accounts	-	1,075	-	1,075	1,000
Taxation advice	-	-	-	-	-
Other accountancy services	-	3,450	-	3,450	13,785
	-	12,200	-	12,200	24,721

11 **Staff costs**

	2014	2013
	£	£
<i>Staff costs during the period were:</i>		
Wages and salaries	3,301,970	3,047,377
Employer's national insurance contribution	218,207	217,288
Pension costs	476,228	431,849
	3,996,405	3,696,514
Staff restructuring costs	10,535	-
Other staff related costs	38,564	59,794
	49,099	59,794

Included in staff restructuring costs is a non-statutory/non-contractual severance payment totalling £10,535 (2013: nil).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

11 **Staff costs (continued)**

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

	2014	2014	2013	2013
	Number	Full-time equivalent	Number	Full-time equivalent
<i>Charitable activities</i>				
Teachers	66	57	62	54
Administration and support	55	39	54	36
Management	5	5	5	5
	126	101	121	95

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

	2014	2013
	£	£
£60,001 - £70,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
	2	2

Two of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £23,190 (2013: £20,822).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

12 Governors' remuneration and expenses

Headteacher and Staff Governors only received remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Governors. The remuneration (including pension contributions) of those governors who are also paid members of staff fell into the following bands:

D Mackenzie (Headteacher and Trustee):	£105k - £110k	(2013: £90k - £95k)
S Cook (Staff Governor and Trustee):	£20k - £25k	(2013: £55k - £60k)
K MacDougall (Staff Governor and Trustee):	£45k - £50k	(2013: £35k - £40k)
S Salters (Staff Governor and Trustee):	£10k - £15k	(2013: £10k - £15k)

S Cook's staff governor term ended on 6 January 2014 therefore the above figures are in respect of the four months in post. Other Governors did not receive any payments from the School in respect of their role as governors.

During the year ended 31 August 2014 (2013: £nil) no travel and subsistence expenses were reimbursed to Governors.

Related party transactions are set out in note 28.

13 Governors' and officers' insurance

In accordance with normal commercial practice, the School has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £2m on any one claim and the cost of this insurance for the period is included in the total insurance cost.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

14 Tangible fixed assets

	Leasehold land and buildings and building improvements £	Furniture, fixtures and computer equipment £	Motor vehicles £	Assets under construction	Total £
Cost					
At 1 September 2013	9,470,000	178,424	37,000	-	9,685,424
Additions	259,463	590,083	-	130,198	979,744
Disposals	-	-	-	-	-
At 31 August 2014	9,729,463	768,507	37,000	130,198	10,665,168
Depreciation					
At 1 September 2013	340,000	38,394	14,800	-	393,194
Charged in period	170,000	42,483	7,400	-	219,883
Disposals	-	-	-	-	-
At 31 August 2014	510,000	80,877	22,200	-	613,077
Net book values					
At 31 August 2014	9,219,463	687,630	14,800	130,198	10,052,091
At 31 August 2013	9,130,000	140,030	22,200	-	9,292,230

Leasehold land and buildings includes land at a value of £1,000,000, which is not depreciated.

15 Debtors

	2014 £	2013 £
VAT recoverable	130,591	16,762
Prepayments and accrued income	48,546	33,558
Other debtors	9,685	4,317
	188,822	54,637

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

16 **Creditors: amounts falling due within one year**

	2014 £	2013 £
Trade creditors	92,793	104,377
Accruals and deferred income	148,506	248,016
Taxation and social security	70,346	66,126
Other creditors	328	-
	311,976	418,519
	2014 £	2013 £
Deferred income		
Deferred income at 1 September 2013	288,167	-
Resources deferred in the year	34,045	288,167
Amounts released from previous years	(288,167)	-
Deferred income at 31 August 2014	34,045	288,167

At the balance sheet date the academy trust was holding funds received in advance for school trips taking place in the 2014/15 academic year.

17 **Funds**

	Balance at 31 August 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
Restricted general funds					
General Annual Grant (GAG)	286,506	4,973,405	(4,950,141)	(306,718)	3,052
Other DfE/EFA grants	2,911	207,503	(176,405)	-	34,009
Other government grants	-	37,996	(37,996)	-	-
Other incoming resources	16,147	117,421	(120,227)	2,442	15,783
	305,564	5,336,325	(5,284,769)	(304,276)	52,844
Pension reserve	(1,138,000)	-	(45,000)	(274,000)	(1,457,000)
	(832,436)	5,336,325	(5,329,769)	(578,276)	(1,404,156)
Restricted fixed asset funds					
Capital expenditure from GAG and other funds	140,030	560,971	(49,883)	418,773	1,069,891
Transfer on conversion	9,152,200	-	(170,000)	-	8,982,200
	9,292,230	560,971	(219,883)	418,773	10,052,091
Total restricted funds	8,459,794	5,897,296	(5,549,652)	(159,503)	8,647,935
Unrestricted funds	396,220	110,645	(34,136)	(114,497)	358,232
Total funds	8,856,014	6,007,941	(5,583,788)	(274,000)	9,006,167

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Funds (continued)

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

General Annual Grant must be used for the normal running expenses of the School and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement.

Other DfE/EFA grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant.

Other government grants include LEA funding for Special Educational Needs of £35,171, which was fully expended in the year and other LEA grants, £2,825 of which was spent at the year end.

Other restricted funds include contributions received for school trips and non-public donations and the related expenditure.

The pension reserve represents the value of the School's share of the deficit in the Local Government Pension Scheme.

Restricted fixed asset funds include assets inherited on conversion and expenditure out of GAG and other capital grants during the period. Depreciation is charged against the fund.

18 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	2014 Total funds £	2013 Total funds £
Tangible fixed assets	-	-	10,052,091	10,052,091	9,292,230
Current assets	358,232	364,820	-	723,052	1,120,303
Current liabilities	-	(311,976)	-	(311,976)	(418,519)
Pension scheme liability	-	(1,457,000)	-	(1,457,000)	(1,138,000)
Total net assets	358,232	(1,404,156)	10,052,091	9,006,167	8,856,014

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

19	Capital commitments	2014	2013
		£	£
	Authorised but not contracted for at the year end	180,659	480,000

20 **Financial commitments**

Operating leases

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

	Land and building	2014	2013
		£	£
	Expiring within one year	-	-
	Expiring within two and five years inclusive	-	-
	Expiring in over five years	-	-
	Other		
	Expiring within one year	106	635
	Expiring within two and five years inclusive	29,266	29,266
	Expiring within over five years	-	-
		29,372	29,901

FORMBY HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

21 Reconciliation of net income to net cash inflow from operating activities

	2014	2013
	£	£
Net incoming resources	424,153	18,709
Depreciation (note 14)	219,883	208,183
Capital grants from DfE and other capital income	(601,093)	(233,060)
Interest receivable (note 5)	(3,650)	(942)
FRS17 pension cost less contributions payable (note 27)	1,000	5,000
FRS 17 pension finance costs (note 27)	44,000	46,000
(Increase)/decrease in debtors	(134,185)	47,632
Increase/(decrease) in creditors	(106,543)	370,593
Net cash inflow from operating activities	(156,435)	462,115

22 Returns on investments and servicing of finance

	2014	2013
	£	£
Interest received	3,650	942
Net cash inflow from returns on investment and servicing of finance	3,650	942

FORMBY HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

23 **Capital income and expenditure**

	2014 £	2013 £
Purchase of tangible fixed assets	(979,744)	(46,090)
Capital grants from DfE/EFA	601,093	233,060
Net cash in/(outflow) from grants/(expenditure) and financial investment	(378,651)	186,970

24 **Analysis of changes in net funds**

	At 31 August 2013 £	Cash Flows £	At 31 August 2014 £
Cash in hand and at bank	1,065,666	(531,436)	534,230

25 **Contingent liabilities**

There were no contingent liabilities at 31 August 2014 (2013: none).

26 **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.

27 Pension and similar obligations

The School'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 The Merseyside 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 2013.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers 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

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

27 Pension and similar obligations (continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

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; and accrual rate of $1/57^{\text{th}}$; 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.

27 Pension and similar obligations (continued)

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 were to be phased in from April 2013 on a 40:80:100% basis.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School 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 School 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 made for the year ended 31 August 2014 were £179,350 of which employer's contributions totalled £138,301 and employees' contributions totalled £41,049. The employer contributions included deficit contributions of £49,992.

The agreed normal contribution rates for future years are 14.7% for employers and 5.5 – 6.8% for employees. In addition, annual deficit contributions of £59,800 are to be paid in 2014/15. Based on the latest actuarial report these are due to increase at 4.1% per annum over the next 3 years. The deficit contributions will be reviewed following the next triennial valuation in 2016.

Parliament has agreed, at the request of the Secretary of State for Education, to 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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27 **Pension and similar obligations (continued)**

Local government pension scheme

Principal actuarial assumptions	At 31 August 2014 %	At 31 August 2013 %
Rate of increase in salaries	3.7	3.9
Rate of increase in pensions in payment/inflation	2.2	2.4
Discount for scheme liabilities	4.0	4.6
Inflation assumption (CPI)	2.2	2.4

The sensitivity of the scheme liabilities, and therefore the net deficit, at 31 August 2014 to changes in the principal assumptions used to measure the scheme liabilities are as follows:

	As recognised in accounts	Sensitivity 1	Sensitivity 2	Sensitivity 3
	£000	<i>+0.1%p.a. discount rate</i> £000	<i>+0.1%p.a. inflation</i> £000	<i>1 year increase in life expectancy</i> £000
Liabilities	2,168	2,119	2,217	2,206
Assets	(711)	(711)	(711)	(711)
Deficit	1,457	1,408	1,506	1,495

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

	At 31 August 2014 %	At 31 August 2013 %
<i>Retiring today</i>		
Males	22.3	21.8
Females	25.2	24.7
<i>Retiring in 20 years</i>		
Males	24.7	23.7
Females	28.0	26.6

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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27 **Pension and similar obligations (continued)**

Local government pension scheme

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £000
Equities	7.0	430	7.0	303
Government bonds	2.9	97	3.4	81
Other Bonds	3.8	16	4.4	14
Property	6.2	55	5.7	45
Cash	0.5	31	0.5	11
Other	7.0	82	7.0	79
Total market value of assets		711		533
Present value of scheme liabilities funded		(2,168)		(1,671)
Deficit in the scheme		(1,457)		(1,138)

The overall expected rate of return on major categories of scheme assets is 5.73%

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

27 **Pension and similar obligations (continued)**

Local government pension scheme

The actual return on scheme assets was £75,000 (2013: £54,000)

Amounts recognised in the statement of financial activities

	2014	2013
	£000	£000
Current service cost (net of employee contributions)	139	120
Total operating charge	139	120
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	38	23
Interest on pension liabilities	(82)	(69)
Net pension finance costs	(44)	(46)

The actual gains and losses for the current period 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 £68,000 loss (2013: £31,000 gain).

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

	2014	2013
	£000	£000
At beginning of period	1,671	1,444
Current service cost	139	120
Interest cost	82	69
Employee contributions	41	38
Actuarial (gain)/loss	206	-
Benefits paid	29	-
At 31 August 2014	2,168	1,671

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

27 **Pension and similar obligations (continued)**

Local government pension scheme

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

	2014	2013
	£000	£000
At beginning of period	533	326
Expected return on assets	38	23
Actuarial gain/(loss)	(68)	31
Employer contributions	138	115
Employee contributions	41	38
Benefits paid	29	-
At 31 August 2014	711	533

The estimated value of employer contributions for the period ending 31 August 2015 is £160,000.

The history of experience adjustments is as follows:

	2014	2013	2012
	£000	£000	£000
Present value of defined benefit obligations	(2,168)	(1,671)	(1,444)
Fair value of share of scheme assets	711	533	326
Deficit in the scheme	(1,457)	(1,138)	(1,118)
Experience adjustments on share of scheme assets	(68)	31	4
Experience adjustments on scheme liabilities	2	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

28 Related party transactions

A School governor, Martin Ward, rented the sports hall for five a side football during the period at normal rates. The total amount invoiced in respect of these lettings was £1,075 (2013: £1,275), £nil of which was outstanding at the year end (2013: £600).