

Financial Statements

Ormiston Academies Trust

For the year ended 31 August 2013

Registered number: 06982127

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Reference and Administrative Details of the Trust, its Trustees and Advisers

For the year ended 31 August 2013

Trustees	Peter Murray *, Chair of Trustees James Murray * Hilary Hodgson * Ken Shooter Wendy Barnes Bal Samra * Paul Hann Ian Brookman * Professor Toby Salt (appointed 17 May 2013) Kevin Sadler (appointed 12 February 2013) Nicole McCartney (appointed 12 February 2013)
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* members of the Oversight, Risk and Audit Committee

Company registered number	06982127
Principal and registered office	112a Shirland Road LONDON W9 2EQ
Chief executive officer	Professor Toby Salt
Executive Team	Paul Nye, Chief Operating Officer Di Barnes, National Director of Academies James Miller, National Director of Estates and Technology Nicole McCartney, National Director of Performance and Partnership
Independent auditor	Grant Thornton UK LLP Chartered Accountants Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW
Bankers	Barclays Bank PLC Mortlock House Station Road Histon Cambridge CB24 9DE
Solicitors	Stone King LLP 16 St John's Lane London EC1M 4BS

Directory of Academies

For the year ended 31 August 2013

2009

Ormiston Bushfield Academy

Ortongate
Peterborough
Cambridgeshire
PE2 5RQ
Principal: Eric Winstone

Ormiston Sandwell Community Academy

Lower City Road
Tividale
Oldbury
B69 2HE
Principal: Marie McMahon

Ormiston Park Academy

Nethan Drive
Aveley
Essex
RM15 4RU
Co-Principals: Tess Walker / Huw Derrick

2010

Ormiston Venture Academy

Oriel Avenue
Gorleston
Norfolk
NR31 7JJ
Executive Principal: Nicole McCartney
Principal: Simon Gilbert-Barnham

Ormiston Victory Academy

Middleton Crescent
Norwich
Norfolk
NR5 0PX
Principal: Naomi Palmer

Ormiston Sir Stanley Matthews Academy

Beaconsfield Drive
Blurton
Stoke on Trent
ST3 3JD
Principal: Mark Stanyer

2011

Ormiston Ilkeston Enterprise Academy

King George Avenue
Ilkeston
Derbyshire
DE7 5HS
Principal: Dave Smith

Ormiston Horizon Academy

St Michael's Road
Tunstall
Stoke on Trent
ST6 6JT
Principal: Rod Hughes

Ormiston Rivers Academy

Southminster Road
Burnham on Crouch
Essex
CM0 8QB
Principal: Joan Costello

George Salter Academy

Claypit Lane
West Bromwich
West Midlands
B70 9UW
Principal: Mick Green

Ormiston Maritime Academy

Westward Ho
Grimsby
South Humberside
DN34 5AH
Principal: Elaine Davis

2012

Ormiston Endeavour Academy

Defoe Road
Ipswich
Suffolk
IP1 6SG
Principal: Sam Burn

Ormiston Forge Academy

Wright's Lane
Cradley Heath
West Midlands
B64 6QU
Principal: Andrew Burns

Ormiston Sudbury Academy

Tudor Road
Sudbury
Suffolk
CO10 1NE
Principal: Caroline Wilson

Directory of Academies

For the year ended 31 August 2013

Ormiston South Parade Academy

South Parade
Grimsby
DN31 1TU
Principal: Sandie Holmes

2013

Ormiston Denes Academy

Yarmouth Road
Lowestoft
Suffolk
NR32 4AH
Principal: Peter Marshall

Stoke High School - Ormiston Academy

(Converted 1 October 2013)

Maidenhall Approach
Ipswich
IP2 8PL
Principal: Janet Dickson

Ormiston Six Villages Academy

(Converted 1 November 2013)

Lime Avenue Westergate
Chichester
West Sussex
PO20 3UE
Principal: Steve Nelmes

Ormiston Wodensborough Academy

(Converted 1 November 2013)

Hydes Road
Wednesbury
West Midlands
WS10 0DR
Principal: Stephen Lanckham

Trustees' Report

For the year ended 31 August 2013

The trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Ormiston Academies Trust (the trust) for the year ended 31 August 2013. The trustees confirm that the annual report and financial statements of the trust comply with the current statutory requirements, the requirements of the trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

Constitution

The trust is a company limited by guarantee (registration number 06982127) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the trust.

The trustees act as the directors of the charitable company for the purposes of company law, as well as fulfilling their obligations as trustees for the charitable activities of Ormiston Academies Trust. The charitable company is known as Ormiston Academies Trust.

Details of the trustees who served throughout the year are included in the Reference and Administrative Details page of the financial statements.

Members' liability

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

Trustees' indemnities

There are no qualifying third party indemnity provisions in respect of trustees.

Method of recruitment and appointment or election of trustees

Potential new trustees are identified by the board, ensuring that the skills and experience of new trustees are complementary to those of existing board members. The Ormiston Trust has the power to appoint a majority of trustees.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees will depend on their existing experience. Where necessary the induction process will provide training on charity, educational, legal and financial matters. All new trustees are welcome to visit the academies and to meet with staff and students. All trustees are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally no more than one or two new trustees a year, induction tends to be done informally and is tailored specifically to the individual trustees.

Organisational structure

There is a clear management structure to control the way in which the trust is run. The structure consists of three levels; the trustees, the executive team and the academies themselves. The aim of the management structure is to

Trustees' Report (continued)

For the year ended 31 August 2013

devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan, reviewing the educational progress of the academies, monitoring the trust by the use of budgets and making major decisions about the direction of the trust, capital expenditure and senior staff appointments.

The executive team control the trust at an operational level implementing the policies laid down by the trustees and reporting back to them. As a group, the executive team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointments to the executive team always involve a representative of the trustees.

The Local Governing Bodies and the Principals control the academies on a day to day basis.

Risk management

The trustees have assessed the major risks to which the trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the trust, and its finances. The trustees have adapted procedures to mitigate these risks for the Executive Team to implement and report back on any significant non-compliance.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The trust has an effective system of internal financial controls and this is explained in more detail in the statement below.

Connected organisations

The charitable company has connections with the following organisations:

- The Ormiston Trust: the sponsor of the academies within Ormiston Academies Trust
- Ormiston Education Limited: a subsidiary of the charitable company, which sold products and services to educational establishments outside the Ormiston network. This company has now ceased to trade.
- The Ormiston Trust is also the sponsor of The Gateway Learning Community and Shelfield Community Academy and it is joint sponsor of Ormiston Bolingbroke Academy and Birmingham Ormiston Academy. The charitable company provides support services to these academies on behalf of the sponsor.

Post Balance Sheet Events - New Academies

Stoke High School - Ormiston Academy converted to academy status on 1 October 2013 and Ormiston Six Villages Academy and Ormiston Wodensborough Academy converted on 1 November 2013.

Objectives and Activities

Aims

Ormiston Academies Trust implements within its academies the vision of the Ormiston Trust which is to improve the life chances of children and young people so that they can fulfil their potential and lead happy and productive adult lives.

The mission of Ormiston Academies Trust is to offer its pupils opportunities to develop as high achieving, confident, healthy, caring and fulfilled members of society. This includes the trust's extended schools services and

Trustees' Report (continued)

For the year ended 31 August 2013

the opening of its facilities to the wider community.

Objectives, strategies and activities

Ormiston Academies Trust manages the academies which the Ormiston Trust sponsors.

The trust seeks to transform learning, foster academic excellence and support the regeneration of the communities that the academies serve. The trust also empowers its students and stakeholders through active participation in the leadership of education initiatives at every level to enable the academy communities to realise their full potential. Through this positive impact the Ormiston Academies Trust is seeking to support the national school improvement agenda by developing and sharing best practice.

Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the trust's objectives and aims and in planning future activities for the year. The trustees consider that the trust's aims are demonstrably to the public benefit.

Achievements and performance

Achievements and performance

The achievement of the academies has continued to rise in 2013. The academies' headline attainment measure of 5A*-C including English and Maths grew 4% from 2012 and 8% from 2011. During this period the national increase was 2%. This significant increase has been achieved despite the starting points of our students into secondary education being significantly below the national level. The academies have also consistently increased, at a rate faster than national, the Best 8 Average Point Score (CAPS Best 8) from 2011 to 2013.

The percentage of students making expected progress in English has increased by 5% from 2012 to 2013 (national increase 3%) and in Maths the increase was 4% compared to a national increase of 3%. The percentage of students making better than expected progress in both English and Maths has risen in line with national trends.

The disadvantaged students, for whom the pupil premium provides funding, have continued to narrow the achievement gap to their non-disadvantaged counterparts. Pupil premium students in all Ormiston academies have increased their 5 A*-C including English and Maths by 8% from 2011 to 2013, and for those academies who joined before the 2012/13 academic year attainment has risen by 13%. Both figures are at a rate significantly greater than the national average for non-pupil premium students.

Recent additions to the trust's senior team have been based on a chosen strategic direction, and the needs of all the academies. The new members of the team have extensive strategic school improvement experience, which is the seminal priority. The school improvement strategy is diagnostic, personalised and impact-focused. There is a meaningful approach to transformation, which works to ensure that the quality of educational provision received by our 25,000 young people becomes and remains outstanding. To that end, the trust prioritises the sharing and disseminating of outstanding practice across the network, thus creating a self-propagating resource. Quality is assured through the deployment of a considerable group of professional and well qualified education advisers and subject specialist consultants. The trust is now committed to 'growing its own' within the network, with a particular focus on senior and middle leadership. The trust is expanding in a considered and strategic manner, with a focus on creating capacity, establishing regional networks and a commitment to staying true to the overarching moral purpose of the organisation.

Trustees' Report (continued)

For the year ended 31 August 2013

Financial review

Principal funding

Most of the trust's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to running academies. The grants received from the Department for Education during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The trust also receives grants for fixed assets from the Department for Education. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005) such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Financial report for the year

During the year ended 31 August 2013, total expenditure of £90,265,000 was more than covered by recurrent grant funding from the Department for Education together with other incoming resources. The excess of income over expenditure for the year (including restricted fixed asset funds) was £92,215,000, of which £66,867,000 was a capital grant from the EFA for significant capital works and £28,125,000 was assets acquired on academy conversion. The deficit on revenue funds of £854,000 (excluding transfers on conversion) is as a result of academies using reserves brought forward for capital expenditure.

In accordance with correct disclosure requirements, the financial information which is presented in the consolidated statement of financial activities includes assets and liabilities transferred from local authorities upon conversion and transactions in the restricted fixed asset fund. Such presentation can obscure an overview of the operating performance of the academies. Accordingly such a view of the summarised operating performance of the academies (which is extracted from the consolidated statement of financial activities) is set out below:

	2013	2012
Incoming resources	£88,746,000	£76,715,000
Resources expended	£87,882,000	£75,642,000
Operating surplus (excluding transfers in on conversion)	£864,000	£1,073,000

The trustees consider that these operating surpluses are appropriate in light of the need to balance the immediate expenditure of the academies with their longer term commitments. The trustees consider that the operating surpluses are in line with their reserves policy

At 31 August 2013 the net book value of fixed assets was £122,586,000 and movements in tangible fixed assets are shown in note 18 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academies.

Expenditure in each academy is budgeted in conjunction with the academy's development plan to ensure that all expenditure is aligned with the key objectives of the academy.

The charitable company's FRS 17 deficit in relation to its pension schemes at the year end stood at £15,405,000 (2012: £12,606,000). The current year's inherited FRS 17 liability (from academies joining the group) of £2,297,000 (2012: £4,547,000) has been accounted for through the consolidated statement of financial activities.

Trustees' Report (continued)

For the year ended 31 August 2013

Key financial performance indicators

The trustees use certain high level key performance indicators to monitor the overall financial position of the trust. These key performance indicators for the past two years have been as follows:

	2013	2012
Staff costs as a percentage of operating revenue	73.2%	68.3%
Net current assets	£34,796,000	£7,844,000

Net current assets in 2013 include £18.2 million of capital grant income receivable from the EFA. Total reserves in 2013 include £66.9 million of capital grant income from the EFA for major capital contracts.

Financial and Risk Management Objectives and Policies

The trust's exposure to financial risks is minimal due to the fact that the financial instruments that it deals with are largely bank balances, cash and trade creditors, with limited trade and other debtors. There is a deficit on the Local Government Pension Scheme, as described in note 32 to the financial statements but this is subject to periodic actuarial review and is regularly monitored by the trustees.

Principal Operational Risks and Uncertainties

There are two principal operational risks and uncertainties relating to the trust.

The future level of funding of primary and secondary education is uncertain in the current economic climate. This is mainly outside the control of the trustees, but they engage with the Department for Education about funding when such opportunities arise. The trustees also set prudent budgets to enable the academies to react to changes in funding levels, if necessary.

The finances of the academies are highly sensitive to the number of pupils who are enrolled in Year 7 each year. The trustees and principals are confident that the examination successes and enhanced reputations of their academies will enable them to attract an increased number of pupils. The principals and their senior leadership teams work hard with their network of partner primary schools to promote the benefits of their academies. Projected pupil numbers and the associated financial implications are closely monitored by trustees and academy staff.

Reserves policy

The trustees have reviewed the financial statements of the trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the trustees. In view of the restrictions contained in the academies' funding agreements, the trustees have decided not to adopt a formal policy regarding the level of reserves.

Going concern

After making appropriate enquiries, the trustee body has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. This is based on detailed budgets prepared by management and monitored by the board of trustees. For this reason it continues to adopt the going

Trustees' Report (continued)

For the year ended 31 August 2013

concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Investment policy

The trust does not hold any long term investments other than its investment in Ormiston Education Limited. Any cash surpluses are placed upon over-night or fixed term deposit with the trust's bankers.

Other information

Plans for future periods

The trust will continue to strive to improve the levels of attainment of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education or training once they leave.

The trustees are committed to a policy of measured strategic expansion of the number of primary and secondary academies which are sponsored by the Trust. Particular priority will be given to new academies in the geographic areas in which the Trust already operates.

Funds held as custodian trustee on behalf of others

The trust does not act as custodian trustee on behalf of any others.

Disclosure of information to auditor

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, has indicated its willingness to continue in office. The trustees will propose a motion re-appointing the auditor at the annual general meeting.

This report was approved by order of the board of trustees on 13 December 2013 and signed on its behalf by:

Peter Murray
Chair of Trustees

Governance Statement

Scope of Responsibility

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

The board of trustees have delegated the day-to-day responsibility to the Chief Executive Officer and executive team, 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 Ormiston Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Peter Murray *, Chair of Trustees	3	4
James Murray *	4	4
Hilary Hodgson *	4	4
Ken Shooter	2	4
Wendy Barnes	2	4
Bal Samra *	3	4
Paul Hann	4	4
Ian Brookman *	4	4
Kevin Sadler	2	2
Nicole McCartney	1	2
Professor Toby Salt	1	1

Professor Toby Salt, Nicole McCartney and Kevin Sadler joined the board during the year.

The Oversight, Risk and Audit Committee is a committee of the main board of trustees. Its purpose is to oversee the efficient and effective management of finance and resources within the trust.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Peter Murray	4	5
James Murray	5	5
Bal Samra	4	5
Hilary Hodgson	4	5
Ian Brookman	5	5

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks

Governance Statement (continued)

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 Ormiston Academies Trust for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The trustees have reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the trust's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Oversight, Risk and Audit 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.

For the year ended 31 August 2013, the board of trustees have considered the need for a specific internal audit function and decided not to appoint an internal auditor. However, within each academy, the local governing body has appointed a governor to act as responsible officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems. As permitted by the Department for Education's Financial Handbook for Academies, this task has been out-sourced to the outgoing external auditors on behalf of the appointed RO. On a termly basis each RO reports to the local governing body on the operation of the systems of control and on the discharge of the local governing body's financial responsibilities. Each term a summary of these reports is also reviewed by the Oversight, Risk and Audit Committee.

The trustees have appointed an independent firm of accountants to act as internal auditors for the year ending 31 August 2014.

Review of Effectiveness

As Accounting Officers in each academy, the principals have responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

Ormiston Academies Trust
(A company limited by guarantee)

Governance Statement (continued)

The Accounting Officers has been advised of the implications of the result of their reviews of the system of internal control for the trust and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 13 December 2013 and signed on their behalf, by:

Peter Murray
Chair of Trustees

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Ormiston Academies Trust I have considered my responsibility to notify the board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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 board of trustees are able to identify any material, irregular or improper use of funds by the trust, or material non-compliance with the terms and conditions of funding under the 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.

Professor Toby Salt
Chief Executive Officer and
Accounting Officer

Date: 13 December 2013

Trustees' Responsibilities Statement

For the year ended 31 August 2013

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 13 December 2013 and signed on its behalf by:

Peter Murray
Chair of Trustees

Independent Auditor's Report to the Members of Ormiston Academies Trust

We have audited the financial statements of Ormiston Academies Trust for the year ended 31 August 2013 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency, and applicable law.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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



Independent Auditor's Report to the Members of Ormiston Academies Trust

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report for the financial year for which the 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Steve Robinson (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Milton Keynes

Date: 13 December 2013

Independent Reporting Auditor's Assurance Report on Regularity to Ormiston Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 10 October 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ormiston Academies Trust during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Ormiston Academies Trust and the EFA in accordance with the terms of our engagement letter dated 10 October 2013. Our review work has been undertaken so that we might state to Ormiston Academies Trust and the EFA those matters we are required to state to them 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 Ormiston Academies Trust and the EFA, for our review work, for this report, or for the conclusion we have formed.

Respective responsibilities of Ormiston Academies Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of the individual funding agreements between Ormiston Academies Trust and the Secretary of State for Education, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Independent Reporting Auditor's Assurance Report on Regularity to Ormiston Academies Trust and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor
Milton Keynes

13 December 2013

Statement of Financial Activities

(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
For the year ended 31 August 2013

	Note	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Incoming resources						
Incoming resources from generated funds:						
Transfer on conversion	3	222	(2,297)	28,125	26,050	24,744
Other voluntary income	3	561	-	-	561	1,338
Activities for generating funds	4	4,181	-	-	4,181	3,672
Investment income	5	186	-	-	186	109
Incoming resources from charitable activities	6	473	83,393	67,636	151,502	73,139
Total incoming resources		5,623	81,096	95,761	182,480	103,002
Continuing operations		4,536	75,163	70,185	149,884	103,002
Acquired operations		1,087	5,933	25,576	32,596	-
Discontinued operations		-	-	-	-	-
Resources expended						
Costs of generating funds:						
Costs of generating voluntary income	7	415	-	-	415	33
Charitable activities		5,007	81,987	2,383	89,377	76,740
Governance costs	9	135	338	-	473	705
Total resources expended	10	5,557	82,325	2,383	90,265	77,478
Net incoming resources / (resources expended) before transfers		66	(1,229)	93,378	92,215	25,524

Statement of Financial Activities (continued)

For the year ended 31 August 2013

	Not e	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Transfers between Funds	24	(253)	(1,465)	1,718	-	-
Net income for the year		<u>(187)</u>	<u>(2,694)</u>	<u>95,096</u>	<u>92,215</u>	<u>25,524</u>
Continuing operations		(537)	(734)	69,755	68,484	25,524
Acquired operations		350	(1,960)	25,341	23,731	-
Actuarial gains and losses on defined benefit pension schemes		-	123	-	123	(2,227)
Net movement in funds for the year		<u>(187)</u>	<u>(2,571)</u>	<u>95,096</u>	<u>92,338</u>	<u>23,297</u>
Total funds at 1 September 2012		<u>1,834</u>	<u>(6,596)</u>	<u>54,269</u>	<u>49,507</u>	<u>26,210</u>
Total funds at 31 August 2013		<u><u>1,647</u></u>	<u><u>(9,167)</u></u>	<u><u>149,365</u></u>	<u><u>141,845</u></u>	<u><u>49,507</u></u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 24 to 51 form part of these financial statements.

Balance Sheet

As at 31 August 2013

	Note	£000	2013 £000	£000	2012 £000
Fixed assets					
Tangible assets	18		122,586		54,269
Investments	19		-		-
			<u>122,586</u>		<u>54,269</u>
Current assets					
Stocks	20	109		-	
Debtors	21	23,635		2,146	
Cash at bank		21,061		11,380	
		<u>44,805</u>		<u>13,526</u>	
Creditors: amounts falling due within one year	22	(10,009)		(5,682)	
Net current assets			<u>34,796</u>		<u>7,844</u>
Total assets less current liabilities			<u>157,382</u>		<u>62,113</u>
Creditors: amounts falling due after more than one year	23		(132)		-
Net assets excluding pension scheme liabilities			<u>157,250</u>		<u>62,113</u>
Defined benefit pension scheme liability	32		(15,405)		(12,606)
Net assets including pension scheme liabilities			<u>141,845</u>		<u>49,507</u>
Funds of the academy					
Restricted funds:					
Restricted funds	24	6,238		6,010	
Restricted fixed asset funds	24	149,365		54,269	
		<u>155,603</u>		<u>60,279</u>	
Restricted funds excluding pension liability				60,279	
Pension reserve		(15,405)		(12,606)	
		<u></u>		<u></u>	
Total restricted funds			140,198		47,673
Unrestricted funds	24		1,647		1,834
Total funds			<u>141,845</u>		<u>49,507</u>

Ormiston Academies Trust
(A company limited by guarantee)

Balance Sheet (continued)

As at 31 August 2013

The financial statements were approved by the Trustees, and authorised for issue, on 13 December 2013 and are signed on their behalf, by:

Peter Murray
Chair of Trustees

The notes on pages 24 to 51 form part of these financial statements.

Cash Flow Statement

For the year ended 31 August 2013

	Note	2013 £000	2012 £000
Net cash flow from operating activities	26	(15,736)	3,812
Returns on investments and servicing of finance	27	186	109
Capital expenditure and financial investment	27	25,009	(1,610)
Cash transferred on conversion to an academy trust	29	379	1,799
Increase in cash in the year		9,838	4,110

Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 August 2013

	2013 £000	2012 £000
Increase in cash in the year	9,838	4,110
Change in net debt resulting from cash flows	9,838	4,110
Other non-cash items	(157)	-
Movement in net funds in the year	9,681	4,110
Net funds at 1 September 2012	11,380	7,270
Net funds at 31 August 2013	21,061	11,380

The notes on pages 24 to 51 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 August 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency or the Department for Education.

1.3 Going concern

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

Notes to the Financial Statements

For the year ended 31 August 2013

1. Accounting Policies (continued)

1.4 Incoming resources

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

Grants receivable

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

Sponsorship income

Sponsorship income provided to the trust which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations

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

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

Notes to the Financial Statements

For the year ended 31 August 2013

1. Accounting Policies (continued)

1.5 Resources expended

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

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

Charitable activities are costs incurred in the trust's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are 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 trust's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% straight line
Long leasehold buildings	-	2% straight line
Furniture and equipment	-	10 - 15% straight line
Computer equipment and software	-	20% straight line
Motor vehicles	-	15% straight line

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 indicated 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.

Notes to the Financial Statements

For the year ended 31 August 2013

1. Accounting Policies (continued)

1.7 Investments

The academy's shareholding in its wholly owned subsidiary, Ormiston Education Limited, is included in the charity balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

The trust occupies a number of school buildings under short-term arrangements whilst construction of new buildings is ongoing. No rental is being charged for these buildings. Due to the specialist nature of these properties, the trustees do not consider that this benefit is reasonably quantifiable and measurable and have therefore not recognised a notional market rent charge and equivalent donation for these amounts.

1.9 Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value. Significant stationery supplies and iPad devices purchased for the forthcoming academic year are also recognised as stock and valued at the lower of cost or net realisable value.

1.10 Taxation

The trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS") and a defined contribution pension scheme. These first two are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 32, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Notes to the Financial Statements

For the year ended 31 August 2013

1. Accounting Policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the 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 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.

Contributions payable to the defined contribution scheme are charged as expenditure to the Statement of Financial Activities. The assets of the scheme are held separately to those of the trust.

1.12 Conversion to academy status

As a multi-academy trust, new schools join the trust from time to time.

The conversion from a state maintained school to academy status involves the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and is accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the predecessor schools to the trust are valued at their fair value, being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Ormiston Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State some academies within the trust were subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2013.

Notes to the Financial Statements

For the year ended 31 August 2013

3. Voluntary income

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Transfer from LA on conversion	222	28,125	28,347	29,291
Inherited pension fund	-	(2,297)	(2,297)	(4,547)
Subtotal detailed disclosure	<u>222</u>	<u>25,828</u>	<u>26,050</u>	<u>24,744</u>
Other donations	-	-	-	13
Gift in kind - ICT equipment	-	-	-	1,247
Private sponsorship	353	-	353	78
Grants	208	-	208	-
Subtotal	<u>561</u>	<u>-</u>	<u>561</u>	<u>1,338</u>
Voluntary income	<u><u>783</u></u>	<u><u>25,828</u></u>	<u><u>26,611</u></u>	<u><u>26,082</u></u>

4. Activities for generating funds

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Hire of facilities	651	-	651	190
Catering income	799	-	799	1,188
Academy trips	392	-	392	301
Capital project income	405	-	405	480
Insurance	191	-	191	94
Sundry income	1,743	-	1,743	1,419
	<u>4,181</u>	<u>-</u>	<u>4,181</u>	<u>3,672</u>

5. Investment income

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Bank interest	<u>186</u>	<u>-</u>	<u>186</u>	<u>109</u>

Notes to the Financial Statements

For the year ended 31 August 2013

6. Funding for Academy's educational operations

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	73,079	73,079	60,764
Start Up Grants	-	3,000	3,000	3,757
Other DfE / EFA grants	-	5,101	5,101	7,055
Special education projects	-	2,676	2,676	1,207
Capital project grant	-	66,867	66,867	-
Academy main building grants	-	306	306	356
	-	151,029	151,029	73,139
Other income				
Contribution for corporate services provided to academy network	473	-	473	-
	473	-	473	-
	473	151,029	151,502	73,139

The trust has been awarded capital funding by the Education Funding Agency to undertake significant capital projects across the Ormiston academy network. At the balance sheet date, seven major capital projects were in progress, and a further two projects have been approved post year end. Grant income has been recognised in full in respect of the projects approved before the balance sheet date and on the basis that the trust bears the risk and reward of these contracts. Expenditure is capitalised within fixed assets as assets in the course of construction. Grant income is recorded in the restricted fixed asset fund.

7. Costs of generating voluntary income

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Other costs	138	-	138	20
Staff costs	277	-	277	13
	415	-	415	33
	415	-	415	33

Notes to the Financial Statements

For the year ended 31 August 2013

8. Expenditure by charitable activity

Summary by fund type

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Direct costs	2,166	63,094	65,260	55,199
Allocated support costs	2,841	21,276	24,117	21,541
	<u>5,007</u>	<u>84,370</u>	<u>89,377</u>	<u>76,740</u>

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Direct costs				
Teaching and educational support staff costs	1,312	52,084	53,396	43,019
Depreciation	-	2,331	2,331	1,902
Educational supplies	228	6,212	6,440	5,670
Examination fees	146	1,371	1,517	1,465
Staff development	10	367	377	204
Educational consultancy	43	117	160	714
Other direct costs	427	140	567	1,792
FRS 17 adjustment	-	472	472	433
Total	<u>2,166</u>	<u>63,094</u>	<u>65,260</u>	<u>55,199</u>

Notes to the Financial Statements

For the year ended 31 August 2013

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Allocated support costs				
Support staff costs	1,589	9,742	11,331	12,076
Recruitment and support	33	303	336	645
Maintenance of premises and equipment	2	1,734	1,736	1,354
Cleaning	-	604	604	559
Rent, rates, light and heat	22	2,391	2,413	1,888
Insurance	-	503	503	387
Security and transport	5	309	314	358
Catering	546	652	1,198	1,098
Capital build project costs	286	1,236	1,522	513
Refuse and waste	-	132	132	232
Bank interest and charges	3	18	21	98
Other support costs	274	3,231	3,505	2,333
Loss on disposal of assets	76	52	128	-
Other GAG expenditure	5	369	374	-
	2,841	21,276	24,117	21,541
	2,841	21,276	24,117	21,541

9. Governance costs

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Auditor's remuneration	9	41	50	75
Ormiston Academy Trust costs	-	23	23	21
Preparation of financial statements	-	-	-	10
Legal and professional fees	126	272	398	599
Trustees' expenses	-	2	2	-
	135	338	473	705
	135	338	473	705

Notes to the Financial Statements

For the year ended 31 August 2013

10. Analysis of resources expended

	Staff costs 2013 £000	Premises 2013 £000	Other costs 2013 £000	Total 2013 £000	Total 2012 £000
Costs of generating voluntary income	277	-	138	415	33
Costs of generating funds	277	-	138	415	33
Direct costs	53,396	2,331	9,533	65,260	55,199
Allocated support costs	11,331	6,853	5,933	24,117	21,540
Charitable activities	64,727	9,184	15,466	89,377	76,739
Governance	-	-	473	473	705
	65,004	9,184	16,077	90,265	77,477

11. Net incoming resources / (resources expended)

This is stated after charging:

	2013 £000	2012 £000
Depreciation of tangible fixed assets: - owned by the charity	2,331	1,902

12. Auditors' remuneration

	2013 £000	2012 £000
Fees payable to the trust's auditor and its associates for the audit of the trust's annual accounts	50	75

Notes to the Financial Statements

For the year ended 31 August 2013

13. Staff costs

Staff costs were as follows:

	2013 £000	2012 £000
Wages and salaries	52,711	43,668
Social security costs	5,421	3,725
Other pension costs (Note 32)	5,368	6,076
	<u>63,500</u>	<u>53,469</u>
Supply teacher costs	1,251	1,038
Compensation payments	253	601
	<u>65,004</u>	<u>55,108</u>

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

	2013 No.	2012 No.
Teachers	982	694
Administration and support	916	690
Management	109	87
	<u>2,007</u>	<u>1,471</u>

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

	2013 No.	2012 No.
In the band £ 60,001 - £ 70,000	27	17
In the band £ 70,001 - £ 80,000	13	8
In the band £ 80,001 - £ 90,000	7	3
In the band £ 90,001 - £100,000	3	5
In the band £100,001 - £110,000	6	6
In the band £110,001 - £120,000	8	0
In the band £150,001 - £160,000	1	0
	<u>65</u>	<u>39</u>

58 of the above employees were principals, vice principals and associated principals and participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £495,490 (2012: £249,311). Seven of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £71,473 (2012: £6,240).

Notes to the Financial Statements

For the year ended 31 August 2013

14. Central services

All academies which are part of Ormiston Academies Trust pay a partnership fee to the trust for the central services which it provides. The services which the trust currently provides to its academies includes school improvement, governance, human resources, marketing, finance and information technology. The fee has been a flat rate of £140,000 for each secondary academy for each of the last three years. The first primary academy joined the trust in 2012 and the partnership fee for its first full year was £40,000.

During 2013 the basis of charging for new schools joining has changed to a flat fee plus a variable element. The flat fee is £60,000 for each secondary academy and £25,000 for each primary academy. The variable charge is up to 3.5% of the each academy's income (excluding pupil premium and SEN funding), depending upon its latest Ofsted ranking and its needs.

The trust seeks to improve year on year the quality and scope of the services which it provides without increasing the partnership fee to each academy.

The actual amounts charged during the year were as follows:

	2013 £000
Ormiston Bushfield Academy	140
Ormiston Park Academy	140
Ormiston Sandwell Community Academy	140
Ormiston Victory Academy	140
Ormiston Venture Academy	140
Ormiston Sir Stanley Matthews Academy	140
Ormiston Ilkeston Academy	140
Ormiston Maritime Academy	140
Ormiston Enterprise Academy	140
Ormiston Rivers Academy	140
Ormiston Forge Academy	140
Ormiston Endeavour Academy	140
Ormiston Horizon Academy	140
Ormiston George Salter Academy	140
Ormiston Sudbury Academy	140
Ormiston South Parade Academy (joined 1 October 2012)	37
Ormiston Denes Academy (joined 1 June 2013)	34
Total	<u>2,171</u>

Notes to the Financial Statements

For the year ended 31 August 2013

15. Trustees' remuneration and expenses

The Chief Executive Officer and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Trust in respect of their role as trustees. The value of trustees' remuneration was as follows:

Professor Toby Salt (Chief Executive Officer and Trustee): £155,001 - £160,000

Nicole McCartney (Principal): £130,001 - £135,000

During the year travel and subsistence expenses totalling £16,977 were reimbursed to seven trustees (2012: £nil).

Professor Toby Salt is the highest paid trustee.

Other related party transactions involving the trustees are set out in a separate note to the financial statements.

16. Trustees' and Officers' Insurance

In accordance with normal commercial practice the trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,590 (2012: £1,590).

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

17. Other finance income

	2013	2012
	£000	£000
Expected return on pension scheme assets	674	506
Interest on pension scheme liabilities	(1,146)	(939)
	<u>(472)</u>	<u>(433)</u>

Notes to the Financial Statements

For the year ended 31 August 2013

18. Tangible fixed assets

	Freehold land and buildings £000	Leasehold buildings £000	Assets in the course of construction £000	Motor vehicles £000
Cost				
At 1 September 2012	19,287	34,126	-	81
Additions	8	842	41,042	43
Transfers on conversion	-	28,076	-	25
Disposals	(65)	(186)	-	(8)
At 31 August 2013	19,230	62,858	41,042	141
Depreciation				
At 1 September 2012	386	816	-	30
Charge for the year	386	1,019	-	28
On disposals	(4)	(186)	-	-
At 31 August 2013	768	1,649	-	58
Net book value				
At 31 August 2013	18,462	61,209	41,042	83
At 31 August 2012	18,901	33,310	-	51
		Furniture and equipment £000	Computer equipment £000	Total £000
Cost				
At 1 September 2012		802	2,332	56,628
Additions		381	332	42,648
Transfers on conversion		50	16	28,167
Disposals		-	(29)	(288)
At 31 August 2013		1,233	2,651	127,155
Depreciation				
At 1 September 2012		286	841	2,359
Charge for the year		227	747	2,407
On disposals		-	(7)	(197)
At 31 August 2013		513	1,581	4,569
Net book value				
At 31 August 2013		720	1,070	122,586
At 31 August 2012		516	1,491	54,269

Notes to the Financial Statements

For the year ended 31 August 2013

19. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
Ormiston Education Limited	100%

The aggregate of the share capital and reserves as at 31 August 2013 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
Ormiston Education Limited	9	(3)

Ormiston Education Limited in the subsidiary undertaking in England and Wales, and operates in England. The results of the subsidiary undertakings are consolidated in the Group financial statements. Full audited accounts have been filed with the Registrar of Companies.

The following is a summary of the financial statements of Ormiston Education Limited for the year to 31 August 2013.

Profit and loss account

	2013 £000	2012 £000
Turnover	12	84
Administrative expenses	(15)	(83)
Retained profit for the period	12	1
Retained profits carried forward at 31 August	<u>9</u>	<u>2</u>

Balance sheet

	2013 £000	2012 £000
Tangible assets	-	-
Intangible assets	-	-
Debtors	96	159
Cash at bank and in hand	2	-
Creditors: due within one year	(89)	(157)
Net assets	<u>9</u>	<u>2</u>

Notes to the Financial Statements

For the year ended 31 August 2013

The audit report for Ormiston Education Limited for the year to 31 August 2013 was unqualified. Consolidated accounts have not been prepared for Ormiston Academies Trust on the basis that its sole subsidiary is immaterial to the group.

20. Stocks

	2013 £000	2012 £000
Goods for resale and supplies	109	-

21. Debtors

	2013 £000	2012 £000
Trade debtors	337	352
Prepayments and accrued income	1,211	564
Accrued capital grant income	18,152	-
Other debtors	3,935	1,230
	<u>23,635</u>	<u>2,146</u>

22. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	5,001	1,679
Other taxation and social security	1,416	1,354
Other creditors	1,320	878
Accruals and deferred income	2,272	1,643
Amounts owed to group undertakings	-	128
	<u>10,009</u>	<u>5,682</u>

	£000
Deferred income	
Deferred income at 1 September 2012	509
Resources deferred during the year	176
Amounts released from previous years	(509)
Deferred income at 31 August 2013	<u>176</u>

Deferred income relates to project income for future periods.

Notes to the Financial Statements

For the year ended 31 August 2013

23. Creditors: Amounts falling due after more than one year

	2013 £000	2012 £000
Other creditors	132	-

24. Statement of funds

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
General Fund	1,834	5,623	(5,557)	(253)	-	1,647
Restricted funds						
General Annual Grant (GAG)	1,861	73,079	(73,021)	(341)	-	1,578
Start Up Grants	3,131	3,000	(3,422)	(1,115)	-	1,594
Other DfE/EFA Grants	1,018	7,314	(5,257)	(9)	-	3,066
Pension reserve	(12,606)	(2,297)	(625)	-	123	(15,405)
	(6,596)	81,096	(82,325)	(1,465)	123	(9,167)
Restricted fixed asset funds						
DfE/EFA capital grants	6,017	769	-	1,371	-	8,157
Capital expenditure from GAG	1,742	-	-	347	-	2,089
Inherited assets	46,510	28,125	(2,383)	-	-	72,252
EFA Capital Project Grant	-	66,867	-	-	-	66,867
	54,269	95,761	(2,383)	1,718	-	149,365
Total restricted funds	47,673	176,857	(84,708)	253	123	140,198
Total of funds	49,507	182,480	(90,265)	-	123	141,845

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

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

Notes to the Financial Statements

For the year ended 31 August 2013

24. Statement of funds (continued)

Department for Education where the asset acquired or created is held for a specific purpose. This includes capital grant income of £26,287k which is unspent at the balance sheet date.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Under the funding agreement with the Secretary of State, the trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded.

Analysis of academies by fund balance

Fund balances at 31 August 2013 were allocated as follows:

	Total £000
Ormiston Bushfield Academy	1,133
Ormiston Park Academy	379
Ormiston Sandwell Community Academy	1,453
Ormiston Academies Trust	(72)
Ormiston Victory Academy	374
Ormiston Venture Academy	109
Ormiston Sir Stanley Matthews Academy	408
Ormiston Ilkeston Academy	182
Ormiston Maritime Academy	786
Ormiston Enterprise Academy	342
Ormiston Rivers Academy	499
Ormiston Forge Academy	248
Ormiston Endeavour Academy	339
Ormiston Horizon Academy	249
Ormiston George Salter Academy	790
Ormiston Sudbury Academy	292
Ormiston South Parade Academy	164
Ormiston Denes Academy	210
	<hr/>
Total before fixed asset fund and pension reserve	7,885
Restricted fixed asset fund	149,365
Pension reserve	(15,405)
	<hr/>
Total	141,845
	<hr/> <hr/>

Central services is showing a deficit position due to the cost of services provided to academies exceeding the income recovered from the academies. This will be covered by surpluses in future years given that OAT has now reached a critical mass.

Notes to the Financial Statements

For the year ended 31 August 2013

24. Statement of funds (continued)

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total £000
Ormiston Bushfield Academy	4,190	707	426	998	6,321
Ormiston Park Academy	2,835	384	587	721	4,527
Ormiston Sandwell Community Academy	3,658	579	568	764	5,569
Ormiston Academies Trust	-	1,589	36	2,421	4,046
Ormiston Victory Academy	3,160	753	225	833	4,971
Ormiston Venture Academy	3,031	380	480	701	4,592
Ormiston Sir Stanley Matthews Academy	2,910	666	681	850	5,107
Ormiston Ilkeston Academy	3,193	635	518	714	5,060
Ormiston Maritime Academy	3,599	1,047	647	1,192	6,485
Ormiston Enterprise Academy	1,967	335	281	530	3,113
Ormiston Rivers Academy	2,773	696	500	924	4,893
Ormiston Forge Academy	7,058	771	824	761	9,414
Ormiston Endeavour Academy	2,075	473	486	387	3,421
Ormiston Horizon Academy	2,595	576	314	556	4,041
Ormiston George Salter Academy	5,083	822	908	1,140	7,953
Ormiston Sudbury Academy	3,051	534	426	679	4,690
Ormiston South Parade Academy	996	521	103	489	2,109
Ormiston Denes Academy	1,069	140	243	168	1,620
	<u>53,243</u>	<u>11,608</u>	<u>8,253</u>	<u>14,828</u>	<u>87,932</u>

25. Analysis of net assets between funds

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000	Total funds 2012 £000
Tangible fixed assets	-	-	122,586	122,586	54,269
Current assets	1,647	16,379	26,779	44,805	13,527
Creditors due within one year	-	(10,009)	-	(10,009)	(5,682)
Creditors due in more than one year	-	(132)	-	(132)	-
Provisions for liabilities and charges	-	(15,405)	-	(15,405)	(12,606)
	<u>1,647</u>	<u>(9,167)</u>	<u>149,365</u>	<u>141,845</u>	<u>49,507</u>

Notes to the Financial Statements

For the year ended 31 August 2013

26. Net cash flow from operations

	2013 £000	As restated 2012 £000
Net incoming resources before revaluations	92,215	25,524
Interest received	(186)	(109)
Transfers on conversion	(26,050)	(24,744)
Depreciation of tangible fixed assets	2,407	1,902
Loss on disposal of tangible fixed assets	76	132
Increase in stocks	(109)	-
Increase in debtors	(21,489)	(783)
Increase in creditors	4,459	1,813
	-	-
Capital grants	(67,684)	(356)
FRS 17 adjustments	625	433
FRS 17 pension finance income	-	-
	<u>(15,736)</u>	<u>3,812</u>

27. Analysis of cash flows for headings netted in cash flow statement

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest received	186	109
	<u>186</u>	<u>109</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(42,690)	(1,966)
Sale of tangible fixed assets	15	-
Capital grants from DfE	67,684	356
	<u>25,009</u>	<u>(1,610)</u>

Notes to the Financial Statements

For the year ended 31 August 2013

28. Analysis of changes in net funds

	1 September 2012 £000	Cash flow £000	Other non-cash changes £000	31 August 2013 £000
Cash at bank and in hand:	11,380	9,838	(157)	21,061
Net funds	11,380	9,838	(157)	21,061

29. Conversion to academy status

During the year three new academies joined the trust: Ormiston Sudbury Academy on 1 September 2012, Ormiston South Parade Academy on 1 October 2012 and Ormiston Denes Academy on 1 June 2013.

All three converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Ormiston Academies Trust from their relevant Local Authorities for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of financial activities as voluntary income.

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Leasehold land and buildings	-	-	25,576	25,576
Budget surplus on LA funds	379	-	-	379
LGPS pension surplus/(deficit)	-	(2,297)	-	(2,297)
Capital funding repayable	(157)	-	-	(157)
Net assets/(liabilities)	222	(2,297)	25,576	23,501

The above net assets include £379k that were transferred as cash.

Notes to the Financial Statements

For the year ended 31 August 2013

	LA Funds £000	LGPS £000	Fixed assets £000	Creditors £000
Ormiston Sudbury Academy	282	(649)	10,105	(100)
Ormiston South Parade Academy	10	(675)	2,201	-
Ormiston Denes Academy	87	(973)	13,270	(57)
Total	<u>379</u>	<u>(2,297)</u>	<u>25,576</u>	<u>(157)</u>

30. Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) the value at the time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

31. Capital commitments

At 31 August 2013 the trust had capital commitments as follows:

	2013 £000	2012 £000
Contracted for but not provided in these financial statements	<u>25,824</u>	<u>14</u>

Capital commitments relate to the significant capital projects being undertaken by the trust, funded by the EFA. The trust has only entered into fixed price contractual arrangements where funding has been confirmed.

32. Pension commitments

The trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for 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 relevant Local Authorities. Both are defined benefit schemes.

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

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

Notes to the Financial Statements

For the year ended 31 August 2013

32. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. 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. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of

Notes to the Financial Statements

For the year ended 31 August 2013

32. Pension commitments (continued)

benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, 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 just outside of the 10 year protection.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £3,070,000, of which employer's contributions totalled £2,356,000 and employees' contributions totalled £714,000. The agreed contribution rates for future years range between 14.3% and 27.5%.

Notes to the Financial Statements

For the year ended 31 August 2013

32. Pension commitments (continued)

The amounts recognised in the balance sheet are as follows:

	2013 £000	2012 £000
Present value of funded obligations	(32,861)	(23,032)
Fair value of scheme assets	17,456	10,426
	<u> </u>	<u> </u>
Net liability	<u><u>(15,405)</u></u>	<u><u>(12,606)</u></u>

The amounts recognised in the Statement of financial activities are as follows:

	2013 £000	2012 £000
Current service cost	(2,503)	(1,683)
Interest on obligation	(1,146)	(939)
Expected return on scheme assets	674	506
Past service cost	(6)	(49)
	<u> </u>	<u> </u>
Total	<u><u>(2,981)</u></u>	<u><u>(2,165)</u></u>

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

	2013 £000	2012 £000
Opening defined benefit obligation	23,032	9,993
Current service cost	2,503	1,683
Interest cost	1,146	939
Contributions by scheme participants	714	543
Actuarial Losses	881	2,480
Losses on curtailments	6	49
Liabilities inherited on conversion	4,705	7,441
Benefits paid	(126)	(96)
	<u> </u>	<u> </u>
Closing defined benefit obligation	<u><u>32,861</u></u>	<u><u>23,032</u></u>

Notes to the Financial Statements

For the year ended 31 August 2013

32. Pension commitments (continued)

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

	2013 £000	2012 £000
Opening fair value of scheme assets	10,426	4,595
Expected return on assets	674	506
Actuarial gains and (losses)	1,004	253
Contributions by employer	2,356	1,732
Contributions by employees	714	543
Assets inherited on conversion	2,408	2,893
Benefits paid	(126)	(96)
	<u>17,456</u>	<u>10,426</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £1,550,000 (2012 - (£1,369,000)).

The trust expects to contribute £2,613,000 to its Defined benefit pension scheme in 2014.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013	2012
Equities	65.00 %	65.00 %
Bonds	17.00 %	18.00 %
Property	8.00 %	9.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2013	2012
Discount rate for scheme liabilities	4.60 %	4.60 %
Rate of increase in salaries	4.90 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.50 %
Inflation assumption (CPI)	2.70 %	3.20 %

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

	2013	2012
Retiring today		
Males	21.0 - 22.9	21.0 - 23.9
Females	23.3 - 25.7	23.3 - 26.7
Retiring in 20 years		
Males	22.9 - 24.9	22.1 - 24.9
Females	25.6 - 27.7	24.7 - 27.7

Notes to the Financial Statements

For the year ended 31 August 2013

32. Pension commitments (continued)

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2013 £000	2012 £000	2011 £000	2010 £000
Defined benefit obligation	(32,861)	(23,032)	(9,993)	(4,478)
Scheme assets	17,456	10,426	4,595	2,388
Deficit	<u>(15,405)</u>	<u>(12,606)</u>	<u>(5,398)</u>	<u>(2,090)</u>
Experience adjustments on scheme assets	<u>1,004</u>	<u>253</u>	<u>-</u>	<u>1</u>

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Defined Contribution Scheme

During the year, head office employees who had previously participated in the Defined Contribution pension scheme joined the LGPS. At 31 August 2013, the valuation of related assets and liabilities is not deemed to be material and therefore an actuarial valuation has not been obtained. A FRS 17 valuation will be obtained in future years once a full year's worth of contributions have been made.

Contributions payable of £124,000 (2012: £91,000) were charged to the Statement of Financial Activities during the year.

33. Operating lease commitments

At 31 August 2013 the trust had annual commitments under non-cancellable operating leases as follows:

	2013 £000	2012 £000
Expiry date:		
Within 1 year	40	19
Between 2 and 5 years	402	376
Total	<u>442</u>	<u>395</u>

Notes to the Financial Statements

For the year ended 31 August 2013

34. Related party transactions

The charitable company is related to The Ormiston Trust, The Gateway Learning Community, Sheffield Community Academy, Ormiston Bolingbroke Academy, Birmingham Ormiston Academy and Gateway Connect by virtue of PG Murray's common directorships and trusteeships.

During the year The Gateway Learning Community received services from Ormiston Academies Trust amounting to £100k (2012: £114k) and at the year end £nil (2012: £nil) was outstanding.

During the year Sheffield Community Academy received services from Ormiston Academies Trust amounting to £76k (2012: £92k) and at the year end £nil (2012: £nil) was outstanding.

During the year Birmingham Ormiston Academy received services from Ormiston Academies Trust amounting to £140k (2012: £70k) and at the year end £nil (2012: £7k) was outstanding.

During the year Ormiston Bolingbroke Academy Trust received services from Ormiston Academies Trust amounting to £140k (2012: £140k) and at the year end £nil (2012: £nil) was outstanding. The trust also acted as agent for a capital contract funded by the EFA during the year, for which an asset of £5.5m has been recognised in Ormiston Bolingbroke Academy Trust's balance sheet at 31 August 2013.

In accordance with the provisions of FRS8 Related Party Transactions, transactions with the Ormiston Trust have not been disclosed on the basis that they will be included in the consolidated financial statements.

35. Controlling party

The trustees consider the Ormiston Trust to be the ultimate controlling party due to that organisation's right to appoint a majority of the Academy trust's trustees.