

**HOLYROOD ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2013**

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**Trustees**

Ms A Adams, Chair<sup>2</sup>  
Mr A Haslock, Vice Chair<sup>1</sup>  
Mr J Farey<sup>2</sup>  
Mr G Andrews<sup>1</sup>  
Mrs K Franklin (resigned 31 August 2013)<sup>2</sup>  
Mr I Gaylard, Responsible Officer (resigned 1 August 2013)<sup>2</sup>  
Mr S Cochrane<sup>1</sup>  
Mr M Hicks, Head Teacher<sup>1,2</sup>  
Mr P Oaten<sup>2</sup>  
Mrs S Parsons, Staff Governor<sup>1</sup>  
Dr J Patuck<sup>2</sup>  
Ms A Porthouse<sup>2</sup>  
Mr K Wilson, Staff Governor<sup>2</sup>  
Mr M Davison (appointed 1 September 2013)

<sup>1</sup> members of the Finance and General Purpose Committee

<sup>2</sup> members of the Education and Welfare committee

**Company registered  
number** 07341523

**Principal and Registered  
office** Zembard Lane  
Chard  
Somerset  
TA20 1JL

**Chief executive officer** Mr M Hicks

**Senior management  
team**

Mr M Hicks, Headteacher  
Ms J Turner, Deputy headteacher  
Mr M Collins, Deputy headteacher  
Mrs K Seib, Assistant headteacher  
Mrs S Davison, Assistant headteacher  
Mrs S Parsons, Assistant headteacher  
Mr S Hodgson, Assistant headteacher  
Mrs T Coles, School business manager

**Independent auditors** Bishop Fleming  
Chartered Accountants  
Statutory Auditors  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

**Bankers** Lloyds TSB  
234 High Street  
Exeter  
Devon  
EX4 3NL

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND  
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FOR THE YEAR ENDED 31 AUGUST 2013**

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**Advisers (continued)**

<b>Solicitors</b>	Browne Jacobson 1 Manor Court Dix's Field Exeter EX1 1UP
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**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2013**

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The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2013.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

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

The Trustees act as the Trustees for the charitable activities of Holyrood Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Holyrood Academy.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

**Members' liability**

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

**Trustees' Indemnities**

In accordance with normal commercial practice the Academy 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 £5,000,000 on any one claim.

**Principal Activity**

The principal activity is to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a secondary school offering a broad and balanced curriculum.

**TRUSTEES**

**Method of recruitment and appointment or election of Trustees**

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- Up to 10 Trustees who are appointed by members.
- Up to 1 LA Trustees who are appointed by the Local Authority.
- A minimum of 2 Parent Trustees who are elected by Parents of registered pupils at the Academy.
- Up to 2 staff Trustees appointed by the Governing Body.
- Up to 3 co-opted Governors appointed by the Governing Body.
- The Headteacher who is treated for all purposes as being an ex officio Governor.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

**Policies and Procedures adopted for the Induction and Training of Trustees**

All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees via a dedicated secure website. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses and support offered by the Local Authority Governor Services and other bodies.

**Organisational Structure**

During 2012/13 we had the following committees:

- Finance and General Purposes Committee - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels. It also undertook the role of an audit committee. In addition it also looks at capital procurement and property issues ie Health and Safety.
- Business and Welfare Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Admissions Committee which meets twice a year to deal with all matters relating to admissions.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteacher, Assistant Heads and the Director of Finance and Support Services. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Headteacher, Academy Director of Finance and Support Services and Finance and General Purposes Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff.

The Headteacher is the Accounting Officer.

**Risk management**

The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**Connected Organisations, including Related Party Relationships**

1610 Leisure Ltd has use of the Academy's leisure facilities and there is a shared use agreement between them and the Academy is currently being developed.

The Academy has strong collaborative links with 7 feeder primary schools which form part of the CAFOS Learning Community.

Using the company Train4All the Academy also provides post 16 vocational training within the building sector to a small number of post 16 students. In addition the Academy buys in the support of an independent careers advisor for 2 1/2 days a week to provide independent advice and guidance to KS4 and KS5 students.

Holyrood Academy is the lead school for the National College Leadership Programme for the provider CPD SW and is supported by GL Education.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on Technology.

The aims of the Academy during the year ended 31 August 2013 are summarised below:

- To continue to raise the standard of educational attainment and achievement of all pupils.
- To provide a broad and balanced curriculum, including extra-curricular activities.
- To develop students as more effective learners.
- To enhance the 16 - 19 provision and outcomes.
- To develop the Academy site so that it enables students to achieve their full potential.
- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- To maximise the number of students who achieve 5 A\* - C GCSE grades including English and Maths.
- To provide value for money for the funds expended.
- To comply with all appropriate statutory and curriculum requirements.
- To develop the Academy's capacity to manage change, and
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

**Objectives, Strategies and Activities**

Key activities and targets were identified in the Academy Development Plan. The activities included the following:

- Focus on Literacy across the curriculum
- Review post-16 curriculum provision
- Develop students independent learning skills
- Focus on marking and feedback
- Review of behaviour reward system
- Implement new Attendance Policy within Holyrood and partner Primarie.
- Focus on parental engagement

**HOLYROOD ACADEMY TRUST  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**Public Benefit**

The Trustees confirm that they have complied with the duty contained in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Chard and the surrounding area. In particular, but without prejudice to the generality of the forgoing by estimating, maintaining, managing and development schools, offering a broad curriculum as evidenced in our Outstanding Ofsted judgement in May 2013.

Via 1610 Ltd the Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

**ACHIEVEMENTS AND PERFORMANCE**

**Achievements and Performance**

Holyrood is a popular school which has ensured that pupil numbers and admissions have exceeded expectations, in particular with regard to in-year admissions.

For the second year running the Academy achieved 100% pass rate at A2 in 2012/13, and all students gaining places at their chosen University. A2 candidates achieved an average of over 570 points per candidate (2012 average 531).

The Academy has chosen to follow a GCSE programme with minimum BTECs which is more challenging for students. Over 80% of students achieved 5+ A\* - C GCSE's with 69% of students obtaining a higher grade Maths GCSE and 64% in English.

The Academy has a rigorous programme of lesson observation system carried not only the Academy Senior Leadership Team but also with external consultants. As a result 91% of lessons were graded as good or better.

The Academy was inspected by OFSTED in May 2013 and was judged to be Outstanding.

During the year the Academy refurbishment of entrance area of the Sixth form block.

The Academy has developed a very successful Academy Training and Development programme for all staff. In addition the Academy is the Lead School for partnership that holds the licence for the National College for Teaching and Leadership programmes, NPQH, NPQSL and NPQML This has allowed staff to be part of these national programmes at a subsidised rate and has also allowed senior leaders to develop by being co-facilitators on these courses.

The Academy has established close links with 8 secondary Academies by setting up an Academy group that includes Academies from its own and two neighbouring Authorities.

**Going Concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.



**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**Key Financial Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. The Academy has applied to the EFA via a Deed of Variation for the 12% restriction to be removed. The Academy would use the higher levels of carry forward to reinvest in the Academy via contributions to capital projects and purchase of additional resources. In the period under review, £744,376 was carried forward representing 12.65% of GAG.

At a time where a number of Secondary Academies/Schools have seen large decreases in their pupil numbers, Holyrood has managed to maintain its pupil numbers from 21012 to 2013. The Academy has seen a large number of in-year transfers following the recent Ofsted inspection.

The Academy has decided to focus on an A level curriculum at post-16, and it saw increased numbers joining the 2 year A level programme in September 2013.

Another key financial performance indicator is total gross staff costs as a percentage of GAG has remained stable over the last two year, increasing by 0.4% to 85.02% in 2013. The staffing costs for the Academy are higher than the norm due to the large number of experienced teachers within the Academy who are post-threshold.

**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2013 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and 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 useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2013, total expenditure of £6,187,195 was covered by recurrent grant funding from the DfE of £6,382,077, together with other incoming resources of £58,929. The excess of income over expenditure for the year (excluding restricted fixed asset funds and any movement between funds) was £253,811.

At 31 August 2013 the net book value of fixed assets was £19,600,771 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 Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy and Procedures which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included its Fraud and Investment Policy.

Trustees appointed a Responsible Officer from the Board of Trustees who commissioned the services of an external independent company, Portfolio Directors Ltd, to undertake a comprehensive review of the financial controls. The report received contained no matters of significance.

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**Financial and Risk Management Objectives and Policies**

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks, teaching, facilities and other operational areas to the Academy. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance and General Purposes Committee meetings.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 99% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer and appointed an external company to carry out a thorough checks on financial systems and records as required by the Academy Financial Handbook.

**Reserves Policy**

The Trustees have produced a Reserves and Investment Policy in which they aim to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

The Trustees will review the reserve levels of the Academy and anticipate that In practice a working balance of between £350k and £750k is likely to be maintained in the Academy accounts.

A higher than average working capital is being carried forward currently to support planned future capital works.

**HOLYROOD ACADEMY TRUST  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**Investment Policy**

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher and Director of Finance within strict guidelines approved by the Trustees.

**PLANS FOR FUTURE PERIODS**

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives as evidenced in the appointment of the new Principal.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our Academy Development Plan, which is available on request from the Clerk to the Trustees at the Academy.

The Academy, as lead school of CPD SW, will continue to support and promote the professional development of school leaders via the National College Leadership Programme.

The Academy has submitted, with the support of the LA, a bid for capital investment in our 16-19 building and are currently awaiting the outcome of that bid. The Academy also intends to submit two bids under ACMF to address essential maintenance works.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

**TRUSTEES INDEMNITIES**

As the Trustees are directors, disclosure is required of whether there were any third party indemnity provisions during the year or at the date of approval of the trustees' report.

**AUDITOR**

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the Board of Trustees on 11 December 2013 and signed on its behalf by:

**Ms A Adams  
Chair of Trustees**

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2013**

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The Trustees (who act as governors of Holyrood Academy Trust and 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 and signed on its behalf by:

**Ms A Adams  
Chair of Trustees**

**Date: 11 December 2013**

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that Holyrood Academy 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 has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Holyrood Academy 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 3 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
Ms A Adams, Chair	3	3
Mr A Haslock, Vice Chair	3	3
Mr J Farey	1	3
Mr G Andrews	3	3
Mrs K Franklin	1	3
Mr I Gaylard, Responsible Officer	1	3
Mr S Cochrane	2	3
Mr M Hicks, Head Teacher	3	3
Mr P Oaten	2	3
Mrs S Parsons, Staff Governor	3	3
Dr J Patuck	2	3
Ms A Porthouse	3	3
Mr K Wilson, Staff Governor	3	3
Mr M Davison	0	0

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also considers premises and resources matters and Health and safety, including a formal review by the Governing Body Health and Safety representative of the accident reporting of the Academy. It also currently incorporates the role of an audit committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr G Andrews	1	3
Mr S Cochrane	2	3
Mr I Gaylard	1	3
Mr A Haslock	3	3
Mrs S Parsons	3	3

**GOVERNANCE STATEMENT (continued)**

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**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Holyrood Academy Trust for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Ms Ann Adams, a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

During 2012/13 the Governors appointed an external independent company to carry out a comprehensive review of the financial policy and procedures of the Academy. No material control issues arising as a result of the RO's work have been identified.

**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF EFFECTIVENESS**

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 11 December 2013 and signed on their behalf, by:

**Ms A Adams, Chair of Trustees**  
Trustee

**Mr M Hicks, Head Teacher**  
**Accounting Officer**

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Holyrood Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the Academy Trust Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook (2012).

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

**Mr M Hicks, Head Teacher  
Accounting Officer**

Date: 11 December 2013



**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOLYROOD ACADEMY TRUST**

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We have audited the financial statements of Holyrood Academy 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 applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

**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.

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOLYROOD ACADEMY TRUST**

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**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.

Tim Borton FCA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming**

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date:

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HOLYROOD  
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 19 October 2012 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 Holyrood Academy 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 Holyrood Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Holyrood Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Holyrood Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HOLYROOD ACADEMY TRUST'S ACCOUNTING OFFICER AND  
THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Holyrood Academy Trust's funding agreement with the Secretary of State for Education dated 1 September 2010, 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 Academy Trust's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HOLYROOD  
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

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**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 purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Tim Borton FCA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming**

Chartered Accountants  
Statutory Auditors

2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

Date:

**HOLYROOD ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**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 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	1,400	-	24,385	25,785	639,389
Activities for generating funds	3	19,758	-	-	19,758	81,474
Investment income	4	9,752	-	-	9,752	5,047
Incoming resources from charitable activities	5	28,019	6,382,077	-	6,410,096	6,181,835
<b>TOTAL INCOMING RESOURCES</b>		<b>58,929</b>	<b>6,382,077</b>	<b>24,385</b>	<b>6,465,391</b>	<b>6,907,745</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Fundraising expenses and other costs		16,517	-	-	16,517	6,892
Charitable activities		18,051	6,143,557	979,009	7,140,617	6,968,877
Governance costs	7	-	9,070	-	9,070	8,000
<b>TOTAL RESOURCES EXPENDED</b>	10	<b>34,568</b>	<b>6,152,627</b>	<b>979,009</b>	<b>7,166,204</b>	<b>6,983,769</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>		<b>24,361</b>	<b>229,450</b>	<b>(954,624)</b>	<b>(700,813)</b>	<b>(76,024)</b>

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Transfers between Funds	20	-	(152,249)	152,249	-	-
<b>NET EXPENDITURE FOR THE YEAR</b>		<b>24,361</b>	<b>77,201</b>	<b>(802,375)</b>	<b>(700,813)</b>	<b>(76,024)</b>
Actuarial gains and losses on defined benefit pension schemes		-	(115,000)	-	(115,000)	(592,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>24,361</b>	<b>(37,799)</b>	<b>(802,375)</b>	<b>(815,813)</b>	<b>(668,024)</b>
Total funds at 1 September 2012		475,983	(1,618,512)	20,403,146	19,260,617	19,928,641
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>500,344</b>	<b>(1,656,311)</b>	<b>19,600,771</b>	<b>18,444,804</b>	19,260,617

All activities relate to continuing operations.

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

The notes on pages 23 to 41 form part of these financial statements.

**HOLYROOD ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 07341523**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	17		<b>19,600,771</b>		20,403,146
<b>CURRENT ASSETS</b>					
Debtors	18	<b>138,630</b>		140,676	
Cash at bank and in hand		<b>1,559,381</b>		1,267,008	
			<b>1,698,011</b>	<b>1,407,684</b>	
<b>CREDITORS:</b> amounts falling due within one year	19	<b>(436,978)</b>		<b>(403,213)</b>	
<b>NET CURRENT ASSETS</b>			<b>1,261,033</b>		1,004,471
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>20,861,804</b>		21,407,617
Defined benefit pension scheme liability	25		<b>(2,417,000)</b>		<b>(2,147,000)</b>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>18,444,804</b>		19,260,617
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
General funds	20	<b>760,689</b>		528,488	
Fixed asset funds	20	<b>19,600,771</b>		20,403,146	
Restricted funds excluding pension liability		<b>20,361,460</b>		20,931,634	
Pension reserve		<b>(2,417,000)</b>		<b>(2,147,000)</b>	
Total restricted funds			<b>17,944,460</b>		18,784,634
Unrestricted funds	20		<b>500,344</b>		475,983
<b>TOTAL FUNDS</b>			<b>18,444,804</b>		19,260,617

The financial statements were approved by the Trustees, and authorised for issue, on 11 December 2013 and are signed on their behalf, by:

**Mrs A Adams**  
**Chair of Trustees**

**Mr M Hicks, Head Teacher**

The notes on pages 23 to 41 form part of these financial statements.

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2013**

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	<b>Note</b>	<b>2013 £</b>	<b>2012 £</b>
Net cash flow from operating activities	22	<b>386,428</b>	755,077
Returns on investments and servicing of finance	23	<b>9,752</b>	5,047
Capital expenditure and financial investment	23	<b>(103,807)</b>	(922,008)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>292,373</b>	<b>(161,884)</b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2013**

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	<b>2013 £</b>	<b>2012 £</b>
Increase/(Decrease) in cash in the year	<b>292,373</b>	(161,884)
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>292,373</b>	<b>(161,884)</b>
Net funds at 1 September 2012	<b>1,267,008</b>	1,428,892
<b>NET FUNDS AT 31 AUGUST 2013</b>	<b>1,559,381</b>	<b>1,267,008</b>

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The notes on pages 23 to 41 form part of these financial statements.



**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. 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. Guidance in the Accounts Direction 2013 has changed from last year and where this impacts the comparative figures, these have been adjusted.

**1.2 FUND ACCOUNTING**

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOMING RESOURCES**

All incoming resources are included in the Statement of financial activities when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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

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

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 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 Academy Trust's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 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 Academy's depreciation policy.

The policy with respect to impairment reviews of fixed assets is an impairment review is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amount are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

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:

L/Term Leasehold Property	-	2% straight line
Plant and machinery	-	20% straight line
Computer equipment	-	33% straight line

**1.6 TAXATION**

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

**HOLYROOD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.7 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**2. VOLUNTARY INCOME**

	<b>Unrestricted funds 2013 £</b>	<b>Restricted funds 2013 £</b>	<b>Total funds 2013 £</b>	<b>Total funds 2012 £</b>
Donations	1,400	-	1,400	2,315
Government grants	-	24,385	24,385	637,074
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	<b>1,400</b>	<b>24,385</b>	<b>25,785</b>	<b>639,389</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**HOLYROOD ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Lettings	12,281	-	12,281	8,593
Copy Shop	1,478	-	1,478	1,657
Fundraising	2,016	-	2,016	5,522
School fund	-	-	-	58,292
Other	3,983	-	3,983	7,410
	<u>19,758</u>	<u>-</u>	<u>19,758</u>	<u>81,474</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Bank interest	9,752	-	9,752	5,047
	<u>9,752</u>	<u>-</u>	<u>9,752</u>	<u>5,047</u>

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>DfE/EFA grants</b>				
General Annual Grant	-	5,880,397	5,880,397	5,696,252
Other DfE/EFA grants	-	210,653	210,653	71,295
	<u>-</u>	<u>6,091,050</u>	<u>6,091,050</u>	<u>5,767,547</u>
<b>Other government grants</b>				
Special Educational Needs	-	250,882	250,882	336,499
Other government grants non capital	-	40,145	40,145	46,775
	<u>-</u>	<u>291,027</u>	<u>291,027</u>	<u>383,274</u>
<b>Other funding</b>				
Income for hosting trainee teachers	600	-	600	1,800
Sales to students	14,679	-	14,679	11,127
Other	12,740	-	12,740	18,087
	<u>28,019</u>	<u>-</u>	<u>28,019</u>	<u>31,014</u>
	<u>28,019</u>	<u>6,382,077</u>	<u>6,410,096</u>	<u>6,181,835</u>

**HOLYROOD ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**6. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Education	18,051	7,122,566	7,140,617	6,968,877

**7. GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Auditors' remuneration	-	7,200	7,200	7,750
Other costs	-	1,620	1,620	-
Governance expense - wages and salaries	-	250	250	250
	-	9,070	9,070	8,000

**8. DIRECT COSTS**

	Education £	Total 2013 £	Total 2012 £
Pension finance costs	70,000	70,000	71,000
Educational supplies	232,514	232,514	254,147
Examination fees	114,293	114,293	115,626
Staff development	16,583	16,583	20,577
Other costs	37,770	37,770	22,012
Supply teachers	102,045	102,045	98,192
Wages and salaries	3,599,748	3,599,748	3,506,394
National insurance	289,659	289,659	281,552
Pension cost	608,353	608,353	551,003
Depreciation	871,314	871,314	481,231
	5,942,279	5,942,279	5,401,734

**HOLYROOD ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**9. SUPPORT COSTS**

	Education £	Total 2013 £	Total 2012 £
Other costs	-	-	48,667
Recruitment and other staff costs	27,086	27,086	14,439
Maintenance of premises and equipment	99,909	99,909	91,289
Cleaning	5,372	5,372	6,313
Rent and rates	40,021	40,021	30,982
Heat and light	78,543	78,543	75,980
Insurance	43,554	43,554	46,979
Security and transport	18,486	18,486	16,255
Catering	48,163	48,163	55,137
Technology costs	93,789	93,789	83,195
Office overheads	36,696	36,696	37,376
Legal and professional	101,725	101,725	97,849
Bank interest and charges	574	574	408
(Profit) / Loss on disposal of fixed assets	(5,046)	(5,046)	-
Wages and salaries	454,932	454,932	443,521
National insurance	15,740	15,740	7,758
Pension cost	31,099	31,099	29,761
Depreciation	107,695	107,695	481,234
	<u>1,198,338</u>	<u>1,198,338</u>	<u>1,567,143</u>

**10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Fundraising expenses	-	6,892	9,625	16,517	6,892
<b>COSTS OF GENERATING FUNDS</b>	<u>-</u>	<u>6,892</u>	<u>9,625</u>	<u>16,517</u>	<u>6,892</u>
Education	4,497,760	763,162	681,357	5,942,279	5,401,734
Support costs - Education	501,771	302,479	394,088	1,198,338	1,567,143
<b>CHARITABLE ACTIVITIES</b>	<u>4,999,531</u>	<u>1,065,641</u>	<u>1,075,445</u>	<u>7,140,617</u>	<u>6,968,877</u>
<b>GOVERNANCE</b>	<u>250</u>	<u>-</u>	<u>8,820</u>	<u>9,070</u>	<u>8,000</u>
	<u>4,999,781</u>	<u>1,072,533</u>	<u>1,093,890</u>	<u>7,166,204</u>	<u>6,983,769</u>

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**11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £	Total 2012 £
Education	<u>5,942,279</u>	<u>1,198,338</u>	<u>7,140,617</u>	<u>6,968,877</u>

**12. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets: - owned by the charity	979,009	962,465
Auditors' remuneration	<u>7,200</u>	<u>7,750</u>



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**13. STAFF COSTS**

Staff costs were as follows:

	<b>2013</b>	2012
	<b>£</b>	£
Wages and salaries	<b>4,054,930</b>	3,950,165
Social security costs	<b>305,399</b>	289,310
Other pension costs (Note 25)	<b>639,452</b>	580,764
	<b>4,999,781</b>	4,820,239
Supply teacher costs	<b>102,045</b>	98,192
	<b>5,101,826</b>	4,918,431

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

	<b>2013</b>	2012
	<b>No.</b>	No.
Teachers	<b>71</b>	67
Administration and support	<b>55</b>	54
Management	<b>8</b>	8
	<b>134</b>	129

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

	<b>2013</b>	2012
	<b>No.</b>	No.
In the band £60,001 - £70,000	<b>2</b>	2
In the band £100,001 - £200,000	<b>1</b>	1
	<b>3</b>	3

All the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff amounted to £28,307 (2012: £32,169).

**14. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 3 Trustees (2012: 3) in respect of defined contribution pension schemes.

During the year, no Trustees received any reimbursement of expenses (2012: £NIL).

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration was as follows: M Hicks £95,000 - £100,000 (2012: £100,000 - £105,000). K Wilson £40,000 - £45,000 (2012: £40,000 - £45,000). S Parsons £40,000 - £45,000 (2012: £45,000 - £50,000).

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**15. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,944 (2012: £2,061).

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

**16. OTHER FINANCE INCOME**

	2013 £	2012 £
Expected return on pension scheme assets	61,000	58,000
Interest on pension scheme liabilities	(131,000)	(129,000)
	<u>(70,000)</u>	<u>(71,000)</u>

**17. TANGIBLE FIXED ASSETS**

	L/Term Leasehold Property £	Plant and machinery £	Computer equipment £	Total £
<b>COST</b>				
At 1 September 2012	21,820,629	142,735	355,959	22,319,323
Additions	53,643	17,776	112,820	184,239
Disposals	-	-	(11,408)	(11,408)
At 31 August 2013	<u>21,874,272</u>	<u>160,511</u>	<u>457,371</u>	<u>22,492,154</u>
<b>DEPRECIATION</b>				
At 1 September 2012	1,696,413	55,318	164,446	1,916,177
Charge for the year	857,485	32,102	89,422	979,009
On disposals	-	-	(3,803)	(3,803)
At 31 August 2013	<u>2,553,898</u>	<u>87,420</u>	<u>250,065</u>	<u>2,891,383</u>
<b>NET BOOK VALUE</b>				
At 31 August 2013	<u>19,320,374</u>	<u>73,091</u>	<u>207,306</u>	<u>19,600,771</u>
At 31 August 2012	<u>20,124,216</u>	<u>87,417</u>	<u>191,513</u>	<u>20,403,146</u>

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**18. DEBTORS**

	<b>2013</b>	2012
	<b>£</b>	£
Trade debtors	<b>10,203</b>	12,938
Other debtors	<b>118,627</b>	109,971
Prepayments and accrued income	<b>9,800</b>	17,767
	<u><b>138,630</b></u>	<u>140,676</u>

**19. CREDITORS:**  
**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2013</b>	2012
	<b>£</b>	£
Trade creditors	<b>95,734</b>	116,398
Other taxation and social security	<b>89,383</b>	93,371
Other creditors	<b>74,189</b>	67,567
Accruals and deferred income	<b>177,672</b>	125,877
	<u><b>436,978</b></u>	<u>403,213</u>

**DEFERRED INCOME**

Deferred income at 1 September 2012	<b>73,152</b>
Resources deferred during the year	<b>99,595</b>
Amounts released from previous years	<b>(73,152)</b>
	<u><b>99,595</b></u>

£

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**20. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>UNRESTRICTED FUNDS</b>						
General funds	475,983	58,929	(34,568)	-	-	500,344
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	521,284	5,880,397	(5,505,056)	(152,249)	-	744,376
Special needs funding	-	250,882	(250,882)	-	-	-
Pupil premium	-	194,959	(194,959)	-	-	-
Bursary Fund	7,204	15,694	(6,585)	-	-	16,313
Other Govt Grants	-	40,145	(40,145)	-	-	-
Pension reserve	(2,147,000)	-	(155,000)	-	(115,000)	(2,417,000)
	<u>(1,618,512)</u>	<u>6,382,077</u>	<u>(6,152,627)</u>	<u>(152,249)</u>	<u>(115,000)</u>	<u>(1,656,311)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	19,441,791	-	(844,472)	-	-	18,597,319
Fixed assets purchased from GAG	317,234	-	(120,164)	152,249	-	349,319
DfE/EFA capital grants	644,121	24,385	(14,373)	-	-	654,133
	<u>20,403,146</u>	<u>24,385</u>	<u>(979,009)</u>	<u>152,249</u>	<u>-</u>	<u>19,600,771</u>
Total restricted funds	<u>18,784,634</u>	<u>6,406,462</u>	<u>(7,131,636)</u>	<u>-</u>	<u>(115,000)</u>	<u>17,944,460</u>
Total of funds	<u><u>19,260,617</u></u>	<u><u>6,465,391</u></u>	<u><u>(7,166,204)</u></u>	<u><u>-</u></u>	<u><u>(115,000)</u></u>	<u><u>18,444,804</u></u>

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

**RESTRICTED FUND**

**General Annual Grant (GAG)** - income from the EFA which is to be used for the normal running costs of the Academy, including educations and support costs

**Special Education Needs** - funding received from the Local Authority to fund further support for students with additional needs. The funding received in the year was fully spent.

**Pupil Premium** - income from the EFA which is to be used to address the current equalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most. The income received was fully spent in the year.

**Other government grants** - represents other income received with restrictions. The funding received in

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**20. STATEMENT OF FUNDS (continued)**

the year was fully spent.

**Pension Reserve** - This represents the defined benefit pension scheme liability as at 31 August 2013.

**FIXED ASSET FUND**

**Fixed assets transferred on conversion** - This represents the buildings and equipment transferred from the Local Authority on conversion to an Academy. Resources expended represents depreciation charged on these assets for the year ended 31 August 2013.

**Fixed assets purchased from GAG** - This represents fixed assets which were funded from general GAG funding. Resources expended represents depreciation charged on these assets for the year ended 31 August 2013.

**DfE/EFA grants** - This represents fixed assets which were funded from devolved formula capital grants and capital maintenance grants. Resources expended represents depreciation charged on these assets for the year ended 31 August 2013.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	475,983	58,929	(34,568)	-	-	500,344
Restricted funds	(1,618,512)	6,382,077	(6,152,627)	(152,249)	(115,000)	(1,656,311)
Restricted fixed asset funds	20,403,146	24,385	(979,009)	152,249	-	19,600,771
	<u>19,260,617</u>	<u>6,465,391</u>	<u>(7,166,204)</u>	<u>-</u>	<u>(115,000)</u>	<u>18,444,804</u>

**21. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	-	19,600,771	19,600,771	20,403,146
Current assets	937,322	760,689	-	1,698,011	1,407,684
Creditors due within one year	(436,978)	-	-	(436,978)	(403,213)
Provisions for liabilities and charges	-	(2,417,000)	-	(2,417,000)	(2,147,000)
	<u>500,344</u>	<u>(1,656,311)</u>	<u>19,600,771</u>	<u>18,444,804</u>	<u>19,260,617</u>

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**22. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Net incoming resources before revaluations	(700,813)	(76,024)
Returns on investments and servicing of finance	(9,752)	(5,047)
Profit on disposal of fixed assets	(5,046)	-
Depreciation of tangible fixed assets	979,009	962,464
Capital grants from DfE	(24,385)	-
Decrease/(increase) in debtors	2,046	(22,158)
Decrease in creditors	(9,631)	(212,158)
FRS17 pension finance (income)/cost	70,000	71,000
FRS17 pension costs less contributions paid	85,000	37,000
<b>NET CASH INFLOW FROM OPERATIONS</b>	<b>386,428</b>	<b>755,077</b>

**23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2013 £	2012 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	9,752	5,047
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(140,843)	(922,008)
Sale of tangible fixed assets	12,651	-
Capital grants from DfE	24,385	-
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<b>(103,807)</b>	<b>(922,008)</b>

**24. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	1,267,008	292,373	-	1,559,381
<b>NET FUNDS</b>	<b>1,267,008</b>	<b>292,373</b>	<b>-</b>	<b>1,559,381</b>

**25. PENSION COMMITMENTS**

The Academy 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 Somerset County Council. Both are defined benefit schemes.

**25. PENSION COMMITMENTS (continued)**

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.

Contributions amounting to £74,189 were payable to the scheme at 31 August 2013 (2012: 67,567) and are included within creditors.

**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

**25. PENSION COMMITMENTS (continued)**

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 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 Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy Trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £209,000, of which employer's contributions totalled £154,000 and employees' contributions totalled £55,000. The agreed contribution rates for future years are 15.1% for employers and 5.5 - 7.5% for employees.

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.



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**25. PENSION COMMITMENTS (continued)**

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.

The amounts recognised in the Balance sheet are as follows:

	<b>2013</b>	2012
	£	£
Present value of funded obligations	<b>(3,836,000)</b>	(3,245,000)
Fair value of scheme assets	<b>1,419,000</b>	1,098,000
	<hr/>	<hr/>
Net liability	<b>(2,417,000)</b>	(2,147,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2013</b>	2012
	£	£
Current service cost	<b>(239,000)</b>	(177,000)
Interest on obligation	<b>(131,000)</b>	(129,000)
Expected return on scheme assets	<b>61,000</b>	58,000
Past service cost	<b>(1,668)</b>	(1,564)
	<hr/>	<hr/>
Total	<b>(310,668)</b>	(249,564)
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2013</b>	2012
	£	£
Opening defined benefit obligation	<b>3,245,000</b>	2,287,000
Current service cost	<b>239,000</b>	177,000
Interest cost	<b>131,000</b>	129,000
Contributions by scheme participants	<b>55,000</b>	56,000
Actuarial Losses	<b>220,000</b>	607,000
Benefits paid	<b>(54,000)</b>	(11,000)
Liability transferred on conversion	<b>-</b>	-
	<hr/>	<hr/>
Closing defined benefit obligation	<b>3,836,000</b>	3,245,000
	<hr/> <hr/>	<hr/> <hr/>

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**25. PENSION COMMITMENTS (continued)**

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

	<b>2013</b>	2012
	£	£
Opening fair value of scheme assets	<b>1,098,000</b>	840,000
Expected return on assets	<b>61,000</b>	58,000
Actuarial gains and (losses)	<b>105,000</b>	15,000
Contributions by employer	<b>154,000</b>	140,000
Contributions by employees	<b>55,000</b>	56,000
Benefits paid	<b>(54,000)</b>	(11,000)
	<b>1,419,000</b>	1,098,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £707,000 loss (2012: £592,000 loss).

The Academy Trust expects to contribute £143,000 to its Defined benefit pension scheme in 2014.

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

	<b>2013</b>	2012
Equities	<b>79.00 %</b>	76.00 %
Property	<b>8.00 %</b>	10.00 %
Gilts	<b>11.00 %</b>	13.00 %
Cash	<b>2.00 %</b>	1.00 %

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

	<b>2013</b>	2012
Discount rate for scheme liabilities	<b>4.70 %</b>	3.90 %
Expected return on scheme assets at 31 August	<b>5.90 %</b>	5.20 %
Rate of increase in salaries	<b>5.10 %</b>	4.10 %
Rate of increase for pensions in payment / inflation	<b>2.90 %</b>	1.90 %

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

	<b>2013</b>	2012
Retiring today		
Males	<b>20.1</b>	20.0
Females	<b>24.1</b>	24.0
Retiring in 20 years		
Males	<b>22.1</b>	22.0
Females	<b>26.0</b>	25.9

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**25. PENSION COMMITMENTS (continued)**

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	<b>2013</b>	2012
	<b>£</b>	£
Defined benefit obligation	<b>(3,836,000)</b>	(3,245,000)
Scheme assets	<b>1,419,000</b>	1,098,000
Deficit	<b>(2,417,000)</b>	(2,147,000)
Experience adjustments on scheme liabilities	<b>(220,000)</b>	(607,000)
Experience adjustments on scheme assets	<b>105,000</b>	15,000

**26. RELATED PARTY TRANSACTIONS**

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

Other than remunerations received by staff governors (see note 14), no related party transactions took place in the period of accounts.