

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

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

CONTENTS

	Page
Reference and administrative details of the academy, its trustees and advisers	1 - 2
Trustees' report	3 - 9
Trustees' responsibilities statement	10
Governance statement	11 - 14
Statement on regularity, propriety and compliance	15
Independent auditors' report	16 - 17
Independent reporting accountant's assurance report on regularity	18 - 19
Statement of financial activities	20
Balance sheet	21
Cash flow statement	22
Notes to the financial statements	23 - 40

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS/ TRUSTEES
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members and Trustees Mrs A Adams, Chair¹
Mr G Andrews (resigned 17 May 2015)¹
Mr S Cochrane¹
Mr M Brook, Principal¹
Mrs S Parsons, Staff Governor (resigned 17 July 2015)¹
Dr J Patuck (resigned 31 August 2015)
Mr K Wilson, Staff Governor (resigned 17 July 2015)
Mr M Davison¹
Mr R Evans (appointed 25 March 2015)
Mr J Farey
Mr P Nadin (appointed 12 May 2015)
Mr E Cameron (appointed 1 September 2015)
Mr M Collins, Staff Governor (appointed 1 September 2015)
Mrs P Lamond, Staff Governor (appointed 1 September 2015)
Mrs K Seib (appointed 1 September 2015)

¹ members of the Finance and General Purpose Committee

Company registered number 07341523

Principal and Registered office Zembard Lane
Chard
Somerset
TA20 1JL

Company secretary Mrs T Coles

Accounting officer Mr M Brook

Senior management team

Mr M Brook, Principal
Mr M Collins, Vice principal
Mr S Green, Vice principal
Mrs S Davison, Vice principal
Mrs K Seib, Assistant vice principal
Mrs S Parsons, Assistant vice principal
Mr S Hodgson, Assistant vice principal
Mrs C Berry, Assistant vice principal
Mrs T Coles, Director of finance and support services

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

Bankers Lloyds
234 High Street
Exeter
Devon
EX4 3NL

**HOLYROOD ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS/ TRUSTEES
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Administrative details (continued)

Solicitors	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 2015**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2015. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 18 in South Somerset. It has a pupil capacity of 1,300 and had a roll of 1,240 in the Spring 2015 census

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 of Holyrood Academy Trust are also the directors of the Charitable Company for the purposes of company law.

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

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense via DfE Risk Protection Arrangement to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £5,000,000.

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;
- at least 2 Parent Trustees who are elected by Parents of registered pupils at the Academy;
- up to 2 staff Trustees appointed by the board;
- up to 3 co-opted Governors appointed by the board; and
- the Principal 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 Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

Policies and Procedures adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but they will be provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. Where it is appropriate new Trustees are taken on a tour of the Academy with the opportunity to meet with the staff and students. All new Trustees would meet formally with the Chair of Governors and Clerk to the Governing Body. Prospective new Governors are also invited to attend a

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Governing Body meeting prior to formal appointment. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees meets at least once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports from its Committees. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 3 committees as follows:

- Finance and General Purposes Committee this meets at least once a term 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 incorporates the role of an audit committee. It also looks at capital procurement. It also has responsibility for monitoring Health and Safety compliance within the Academy.
- Pay Committee – who meet at twice a year to undertake the Principal's Performance Management, receive recommendations regarding pay progression and to monitor performance management against pupil progression. Recommendations on pay are then made to the Finance and General Purposes Committee
- Admissions Committee which meets at least twice a year to deal with all matters relating to admissions.

Other statutory committees i.e Complaints and Exclusions will meet as and when required.

In addition the Academy has a Health and Safety working group that meets regularly.

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 Principal and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Academy has a leadership structure which consists of the Trustees, The Senior Leadership Team and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Principal is the Accounting Officer.

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 it and the Academy is currently being reviewed.

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

The Academy has established a collaboration with a number of Outstanding Academies within the South West region. The primary aim of this group is to drive up standards by sharing good practice.

The Academy is also a member of SASH (Somerset Association of Secondary Heads) and is part of the Somerset Challenge programme.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities,

The aims of the Academy during the year ended 31 August 2015 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 both academically and non academically;
- 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 all elements of the curriculum under continual review;
- 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 priorities for the year are contained in our Academy Improvement Plan. Improvement focuses identified for this year include:

- Improved the outcomes for students at KS4 and KS5
- 100% of lesson observations to be good or better
- Improve the consistency of marking and feedbacks
- Develop the use of the data management tool at whole school and department level
- Curriculum restructure ready for September 2015 to reflect changes nationally
- Continued improvement of facilities to meet the curriculum needs

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of 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.

STRATEGIC REPORT

Achievements and Performance

Holyrood continues to be a popular school, with the large majority of parents making it their first choice.

The summer of 2015 saw an improved performance compared with the previous year

GCSE

- 5 A* - C including English and Maths increased by 9% to 57%
- 3 levels of progress in English was up from 59% in 2014 to 73% in 2015
- 3 levels of progress in Maths was up from 63% in 2014 to 72% in 2015

GCE

- 99% pass rate for 2015 up from 98% in 2014

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

- Average point score per pupil increased by 89 to 793 in 2015

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Department Heads and the Senior Leadership Team. During the year the Academy also employed the services of an independent external advisor to carry out a team review of the English department..

The Academy was successful with two DfE CIF (Capital Investment Fund) bids during 2014/15. One for flat roof/skylight replacement to the value of £433k and one for fire safety upgrade works to the value of £211k

The Academy has an internal CPD programme for staff during twilight sessions as well as inset days. All staff were supported with their professional development via this programme

Key Performance Indicators

The Trustees monitor Academy performance with reference to the following

- KS5 – use of ALPs data which provides a benchmark on performance by subject and also overall at AS and A2
- KS4 – via the Academy data information system the following KPIs are monitored; 5+ A* – C incl. English and Maths, Progress 8, and levels of progress
- Pupil Premium – gap between PP and non PP students monitored and also the impact of the PP grant spent
- Increased focus on boys achievement and the gender gap.

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. £1,123,587 was carried forward representing 18.5% of GAG. The Governors recognise that this is a higher than normal level of reserve but based on future predictions regarding pupil numbers, funding reductions, national insurance and pension charges, this is required in order to maintain the Academy stability.

At a time when nationally secondary pupil numbers are fluctuating, Holyrood's pupil numbers have remained fairly static, although it is predicted that due to local demographics there will be a reduction over the next 3 years.

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. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

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 2015 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 which 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 2015, total expenditure on restricted funds excluding fixed asset fund and LGPS pension adjustments, of £6,563,889 was covered by recurrent grant funding from the DfE, together with other incoming resources of £6,582,729. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was (£183,438). This represents just (3%) of the General Annual Grant (GAG)

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

income.

At 31 August 2015 the net book value of fixed assets was 18,280,645 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.

Total staff costs of £5,482,435 represent 87% of the GAG income. The Governors recognise that this is higher than the recommended 80% and are looking at ways to reduce costs by non-replacement of staff, curriculum review and staffing re-organisation.

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 24 to the financial statements.

For the year ended 31st August 2015 the Academy received funding protection of £176,161 a decrease of £163,287 over the previous year.

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, Principal, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Staff Sickness Absence Management Policy and the Redundancy Policy

In addition the Academy is currently working with local sporting clubs and the local district council to look at future plans to improve the sports facilities at the Academy for school and community use, The Academy has secured funding from Hockey England (£49k) and South Somerset District Council (£50k) towards the replacement cost of the All Weather Surface – anticipated total cost in the region of £175k. The anticipated completion date for this project is March 2016.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the academy Trust.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should normally be between £350k and £750k.

A higher than average working capital is being carried forward in order to provide stability over the next 3 years where it is known that the level of funding will change due to the following: Reduction in pupil numbers due to local demographics, reduction in national funding levels especially at post 16 and also the added pressure of national changes around NI and pension contributions. Based on budget forecasts completed it is anticipated that this will result in £500k less funding over the next 3 years and an increase in expenditure, in particular re NI and pension of £250k.

Investment Policy

Surplus funds held by Holyrood Academy will be placed in deposit in order to achieve a higher return. The procedures for investment are included in the Academy Reserves and Investment Policy. No other form of investment is authorised.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

The decision to invest will have due regard to the liquidity requirements of the Academy and will depend on the amount, the return being offered and the associated risk.

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy are as follows:

Financial reduction in pupil numbers due to local demographics, reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs, increasing employment costs re NI/pension contributions and premises costs mean that budgets will be increasingly tight in coming years.

Reputational – the Trustees recognise that the Academy is the first choice for local students; however, the continuing success of the Academy is dependent on attracting 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, and appropriate action taken where appropriate.

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 upon the quality and the retention of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff.

The Academy identifies and records its major risks via the Academy Risk Register. This is regularly reviewed by the Academy SLT and also the Trustees. With the Risk Register the Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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

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

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 24 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.

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.

Full details of our plans for the future are included in our Development Plan. The main areas of focus for the forthcoming year include the following

- Further improve the outcomes of students at KS4 and KS5
- Close the achievement gap between boys and girls

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

- Improve outcomes for PP students and close attainment gap
- Improve the quality of homework and tighten procedures supporting it
- Develop subject assessment programme to include internal and external moderation which informs accurate and rigorous tracking of progress over time
- Develop and establish the character pledges programme
- Reduce the in-year deficit budget
- Further develop a curriculum to meet the needs of all our students and meet statutory requirements

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.

AUDITORS

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 9 December 2015 and signed on the board's 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 2015**

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 (including the Strategic 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 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: 9 December 2015

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

GOVERNANCE STATEMENT

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 Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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 6 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
Mrs A Adams, Chair	6	6
Mr G Andrews	5	6
Mr S Cochrane	4	6
Mr M Brook, Principal	6	6
Mrs S Parsons, Staff Governor	5	6
Dr J Patuck	4	6
Mr K Wilson, Staff Governor	5	6
Mr M Davison	3	6
Mr R Evans	2	2
Mr J Farey	6	6
Mr P Nadin	2	2
Mr E Cameron	0	0
Mr M Collins, Staff Governor	0	0
Mrs P Lamond, Staff Governor	0	0
Mrs K Seib	0	0

Governance reviews:

During the year the Governors reviewed the committee structure and have decided to minimise the number of sub-committees to Finance and General Purposes and Pay Committee. All other statutory matters are brought to the Full Governing Body i.e. admissions information. In addition membership of the Academy Trust board is under review and the Trust has moved away from automatic membership onto the board for any new Governors. This will ensure improved accountability across the Trust.

The Governors have all undertaken a skills audit so that areas of expertise and gaps in knowledge are identified.

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.

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs A Adams	2	3
Mr M Davison	2	3
Mr G Andrews	3	3
Mr S Cochrane	3	3
Mr M Brook	2	3
Mrs S Parsons	1	3

REVIEW OF VALUE FOR MONEY

As accounting officer, the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

Raising student achievement

Last year saw an improvement in achievement against a number of key national performance indicators.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations and learning walks, which are undertaken by the Department Heads and the Senior Leadership Team. During the year the Academy also employed the services of an independent external advisor to carry out a team review of the English department.

The Academy has fully embedded tracking systems for individual students to track levels of progress from Key Stage 3 through to Post 16. The use of student progress data is used extensively by all staff across the Academy. Vulnerable groups are tracked and appropriate intervention implemented where there is underachievement.

The Academy has introduced an Academic mentoring system for all Year 11 students, which includes a timetabled programme of support sessions for all subjects

Robust governance and oversight of the Academy Trust Finances

The review of the Academy Trust finances are informed by the following

- The external audit work undertaken by Bishop Fleming Accountants
- Appointed of a responsible officer service from the Local Authority who carry out termly comprehensive reviews of our financial system,
- The on-going work of the senior leaders in the Academy who constantly review and develop the internal control framework
- Annual review of the Academy Finance Policy and Procedure document taking into account changes made in the Academy's Handbook
- Governors term budget monitoring reports
- Budget forecast report for 5 years including known variations around pupil numbers, pay changes and funding changes

The Academy has undertaken an extensive review of the curriculum, in particular at Key Stage 5, to provide a structure which is best for our student population but also is financially viable long term

GOVERNANCE STATEMENT (continued)

Collaboration

The Director of Finance and Support Services is a member of the Senior Leadership Team and collaborates and shares best practice with Business Managers from local schools/Academies. At the termly meeting of Somerset Association of School Business Managers (SASBM), which the Director of Finance attends there are regular presentations by organisations on national issues affecting education. The Director of Finance and Support Services is also a member of the Local Authority Technical Working Group which looks at local budget issues and makes recommendations to the Local Authority Schools Forum.

Reviewing Controls and Managing Risks

- Rigorous financial controls.
- Termly Finance and General Purposes governor committee meetings with regular budget reports.
- Weekly meeting with Principal and Director of Finance and Support Services.
- At least half termly meeting with Principal and Chair of Governors
- Insurance is organised through an DfE Risk Protection Assurance scheme with any additional insurance required organised via a broker, so that advice is more objective and impartial. Adequacy of cover regularly reviewed.
- Assets are maximised and disposed of appropriately with paperwork retained to guard against theft.
- Academy Risk Register is reviewed at least annually by the Senior Leadership Team and also the Governors

Lessons Learned

- Decisions are appraised in the Academy SEF and feed through to the Academy
- Recent examples of where advice from external and internal auditors has resulted in change in practice/procedures are
 - o Introduction of a formal exit interview process for staff leaving
 - o Update segregation of duties following change of personnel within the Finance Department...

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 2014 to 31 August 2015 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, which has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

GOVERNANCE STATEMENT (continued)

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 Purpose 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 Responsible Officer (RO) role was carried out by the Finance department at the Local Authority for the Year ended 31st August 2015.

The RO covers the following four areas - Income, purchasing, payroll, systems and reporting, and produces a written report for the Governors on a termly basis.

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.

REVIEW OF EFFECTIVENESS

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

- the work of the external 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 and General Purpose 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 9 December 2015 and signed on its behalf, by:

Ms A Adams
Chair of Trustees

Mr M Brook
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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.

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.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

**Mr M Brook
Accounting Officer**

Date: 9 December 2015

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOLYROOD ACADEMY TRUST

We have audited the financial statements of Holyrood Academy Trust for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON 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 2015 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 2014 to 2015 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, incorporating the Strategic 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

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 DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

16 December 2015

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

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

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 2014 to 2015, 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 2014 to 31 August 2015 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 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 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 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 ACCOUNTANT**

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 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. 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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by 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 ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HOLYROOD
ACADEMY 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 2014 to 31 August 2015 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 DChA (Reporting Accountant)

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

16 December 2015

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	476	1,501	-	1,977	6,035
Activities for generating funds	3	21,740	942	-	22,682	22,154
Investment income	4	7,266	-	-	7,266	6,265
Incoming resources from charitable activities		54,518	6,580,286	459,084	7,093,888	7,037,650
TOTAL INCOMING RESOURCES		84,000	6,582,729	459,084	7,125,813	7,072,104
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs		5,024	-	-	5,024	6,892
Charitable activities	6,7	48,954	6,748,978	991,694	7,789,626	7,406,445
Governance costs	8	-	9,911	-	9,911	9,105
TOTAL RESOURCES EXPENDED	9	53,978	6,758,889	991,694	7,804,561	7,422,442
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS						
		30,022	(176,160)	(532,610)	(678,748)	(350,338)
Transfers between Funds	17	-	(7,278)	7,278	-	-
NET EXPENDITURE FOR THE YEAR		30,022	(183,438)	(525,332)	(678,748)	(350,338)
Actuarial gains and losses on defined benefit pension schemes		-	69,000	-	69,000	(170,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		30,022	(114,438)	(525,332)	(609,748)	(520,338)
Total funds at 1 September 2014		521,416	(1,551,021)	18,954,070	17,924,465	18,444,803
TOTAL FUNDS AT 31 AUGUST 2015		551,438	(1,665,459)	18,428,738	17,314,717	17,924,465

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 40 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	14		18,280,645		18,695,145
CURRENT ASSETS					
Debtors	15	284,223		384,382	
Cash at bank and in hand		2,323,467		2,125,943	
			<u>2,607,690</u>	<u>2,510,325</u>	
CREDITORS: amounts falling due within one year	16	(662,618)		(496,005)	
			<u>1,945,072</u>	<u>2,014,320</u>	
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES			20,225,717		20,709,465
Defined benefit pension scheme liability	25		(2,911,000)		(2,785,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			17,314,717		17,924,465
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	17	1,245,541		1,233,979	
Fixed asset funds	17	18,428,738		18,954,070	
			<u>19,674,279</u>	<u>20,188,049</u>	
Restricted funds excluding pension liability					
Pension reserve		(2,911,000)		(2,785,000)	
			<u>16,763,279</u>	<u>17,403,049</u>	
Total restricted funds					
Unrestricted funds	17		551,438		521,416
			<u>17,314,717</u>	<u>17,924,465</u>	
TOTAL FUNDS					

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2015 and are signed on their behalf, by:

Mrs A Adams
Chair of Trustees

Mr M Brook
Principal

The notes on pages 23 to 40 form part of these financial statements.

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	19	39,151	582,770
Returns on investments and servicing of finance	20	7,266	6,265
Capital expenditure and financial investment	20	151,107	(22,473)
INCREASE IN CASH IN THE YEAR		197,524	566,562

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase in cash in the year	197,524	566,562
MOVEMENT IN NET FUNDS IN THE YEAR	197,524	566,562
Net funds at 1 September 2014	2,125,943	1,559,381
NET FUNDS AT 31 AUGUST 2015	2,323,467	2,125,943

The notes on pages 23 to 40 form part of these financial statements.

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 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 AGENCY ARRANGEMENTS

The Academy acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The Academy can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 23.

1.3 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 funders 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.

1.4 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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

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.

1.5 RESOURCES EXPENDED

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

Costs of generating funds 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.

1.6 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 Academy 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. The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2015.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

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:

Long term leasehold property	-	2-4% straight line
Plant and machinery	-	20% straight line
Computer equipment	-	33% straight line

1.8 TAXATION

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

1.9 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.

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	476	1,501	1,977	6,035
	<u>476</u>	<u>1,501</u>	<u>1,977</u>	<u>6,035</u>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings	7,264	-	7,264	12,121
Copy Shop	542	-	542	1,308
Fundraising	13,934	-	13,934	5,866
Other	-	942	942	2,859
	<u>21,740</u>	<u>942</u>	<u>22,682</u>	<u>22,154</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest	7,266	-	7,266	6,265
	<u>7,266</u>	<u>-</u>	<u>7,266</u>	<u>6,265</u>

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants				
Capital Grants	-	670,763	670,763	367,397
General Annual Grant	-	6,077,430	6,077,430	6,315,814
Other DfE/EFA grants	-	225,271	225,271	230,427
	<u>-</u>	<u>6,973,464</u>	<u>6,973,464</u>	<u>6,913,638</u>
Other Government grants				
High Needs	-	15,633	15,633	31,217
Other Government grants non capital	-	31,233	31,233	45,383
	<u>-</u>	<u>46,866</u>	<u>46,866</u>	<u>76,600</u>
Other funding				
Income for hosting trainee teachers	7,553	-	7,553	4,105
Sales to students	31,523	-	31,523	23,647
Other	15,442	19,040	34,482	19,660
	<u>54,518</u>	<u>19,040</u>	<u>73,558</u>	<u>47,412</u>
	<u><u>54,518</u></u>	<u><u>7,039,370</u></u>	<u><u>7,093,888</u></u>	<u><u>7,037,650</u></u>

6. DIRECT COSTS

	Total 2015 £	Total 2014 £
Pension finance costs	74,000	98,000
Educational supplies	215,929	220,311
Examination fees	123,506	122,635
Staff development	32,570	29,975
Other costs	96,992	63,142
Supply teachers	91,684	94,928
Wages and salaries	3,845,168	3,625,810
National insurance	306,806	285,099
Pension cost	726,553	643,192
Depreciation	882,608	972,136
	<u>6,395,816</u>	<u>6,155,228</u>

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

7. SUPPORT COSTS

	Total 2015 £	Total 2014 £
Recruitment and support	18,557	18,414
Maintenance of premises and equipment	227,969	93,751
Cleaning	10,842	20,886
Rent and rates	37,875	29,686
Energy costs	80,476	67,701
Insurance	37,724	43,850
Security and transport	24,799	33,938
Catering	54,370	56,802
Technology costs	101,388	108,506
Office overheads	39,520	33,112
Legal and professional	140,485	90,741
Bank interest and charges	1,276	64
Wages and salaries	458,812	487,437
National insurance	8,255	8,838
Pension cost	42,376	36,856
Depreciation	109,086	120,635
	1,393,810	1,251,217

8. GOVERNANCE COSTS

	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	7,500	7,250
Auditors' non audit costs	1,275	1,250
Other costs	855	355
Wages and salaries	281	250
	9,911	9,105

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

9. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	Total
	2015	Premises	Other	2015	2014
	£	2015	2015	£	£
		£	£		
Fundraising expenses	-	-	5,024	5,024	6,892
COSTS OF GENERATING FUNDS	-	-	5,024	5,024	6,892
Education	4,972,711	882,608	540,497	6,395,816	6,155,228
Support costs - Education	509,443	447,298	437,069	1,393,810	1,252,467
CHARITABLE ACTIVITIES	5,482,154	1,329,906	977,566	7,789,626	7,407,695
GOVERNANCE	281	-	9,630	9,911	7,855
	5,482,435	1,329,906	992,220	7,804,561	7,422,442

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	991,694	1,092,771
Auditors' remuneration	7,500	7,250

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	4,304,261	4,113,497
Social security costs	315,061	293,937
Pension costs (Note 25)	768,929	680,048
	5,388,251	5,087,482
Supply teacher costs	91,684	94,928
Staff restructuring costs	2,500	-
	5,482,435	5,182,410

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

11. STAFF (continued)

b. Staff numbers

The average number of persons employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	2015	2014
	No.	No.
Teachers	71	69
Administration and support	59	57
Management	9	8
	<hr/> 139 <hr/>	<hr/> 134 <hr/>

c. Higher paid staff

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

	2015	2014
	No.	No.
In the band £60,001 - £70,000	4	1
In the band £90,001 - £100,000	1	1
In the band £100,001 - £200,000	0	1
	<hr/> 0 <hr/>	<hr/> 1 <hr/>

All the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £43,228 (2014: £23,554).

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any reimbursement of expenses (2014: £NIL).

The Principal and staff trustees 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 trustees' remuneration was as follows: M Hicks: Remuneration £NIL (2014: £40,000 - £45,000), Employer's pension contributions £NIL (2014: £5,000 - £10,000), M Brook: Remuneration £95,000 - £100,000 (2014: £70,000 - £75,000), Employer's pension contributions £10,000 - £15,000 (2014: £10,000 - £15,000), K Wilson: Remuneration £45,000 - £50,000 (2014: £45,000 - £50,000), Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000), S Parsons: Remuneration £50,000 - £55,000 (2014: £45,000 - £50,000), Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000).

Other related party transactions involving the trustees are set out in note 26.

13. 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. For the year ended 31 August 2015 the cover was provided through the Education Funding Agency's Risk Protection Arrangement. Accordingly, the cost of the trustee indemnity element is not separately identifiable (2014: £2,110).

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Plant and machinery £	Computer equipment £	Total £
COST				
At 1 September 2014	21,967,158	187,497	261,186	22,415,841
Additions	505,391	6,105	65,698	577,194
At 31 August 2015	<u>22,472,549</u>	<u>193,602</u>	<u>326,884</u>	<u>22,993,035</u>
DEPRECIATION				
At 1 September 2014	3,413,243	124,919	182,534	3,720,696
Charge for the year	869,451	44,117	78,126	991,694
At 31 August 2015	<u>4,282,694</u>	<u>169,036</u>	<u>260,660</u>	<u>4,712,390</u>
NET BOOK VALUE				
At 31 August 2015	<u>18,189,855</u>	<u>24,566</u>	<u>66,224</u>	<u>18,280,645</u>
At 31 August 2014	<u>18,553,915</u>	<u>62,578</u>	<u>78,652</u>	<u>18,695,145</u>

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

15. DEBTORS

	2015	2014
	£	£
Trade debtors	4,520	14,442
VAT recoverable	95,848	61,588
Prepayments and accrued income	183,855	308,352
	<u>284,223</u>	<u>384,382</u>

16. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Trade creditors	300,469	123,248
Other taxation and social security	88,675	90,545
Other creditors	112,445	78,909
Accruals and deferred income	161,029	203,303
	<u>662,618</u>	<u>496,005</u>

DEFERRED INCOME

Deferred income at 1 September 2014	94,631
Resources deferred during the year	26,881
Amounts released from previous years	(94,631)
Deferred income at 31 August 2015	<u>26,881</u>

At the balance sheet date the Academy was holding funds received in advance relating to advance payments received for educational visits and music lessons.

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

17. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	521,416	84,000	(53,978)	-	-	551,438
RESTRICTED FUNDS						
General Annual Grant (GAG)	1,209,370	6,077,430	(6,155,935)	(7,278)	-	1,123,587
Special needs funding	-	15,633	(15,633)	-	-	-
Pupil premium	-	225,271	(225,271)	-	-	-
Bursary Fund	24,609	-	(24,609)	-	-	-
CIF grant non capital	-	211,679	(89,725)	-	-	121,954
Other Govt Grants	-	31,233	(31,233)	-	-	-
Other restricted funds	-	21,483	(21,483)	-	-	-
Pension reserve	(2,785,000)	-	(195,000)	-	69,000	(2,911,000)
	<u>(1,551,021)</u>	<u>6,582,729</u>	<u>(6,758,889)</u>	<u>(7,278)</u>	<u>69,000</u>	<u>(1,665,459)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	17,643,982	-	(844,472)	-	-	16,799,510
Fixed assets purchased from GAG	303,431	-	(120,699)	7,278	-	190,010
DfE/EFA capital grants	1,006,657	459,084	(26,523)	-	-	1,439,218
	<u>18,954,070</u>	<u>459,084</u>	<u>(991,694)</u>	<u>7,278</u>	<u>-</u>	<u>18,428,738</u>
Total restricted funds	<u>17,403,049</u>	<u>7,041,813</u>	<u>(7,750,583)</u>	<u>-</u>	<u>69,000</u>	<u>16,763,279</u>
Total of funds	<u><u>17,924,465</u></u>	<u><u>7,125,813</u></u>	<u><u>(7,804,561)</u></u>	<u><u>-</u></u>	<u><u>69,000</u></u>	<u><u>17,314,717</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 Needs Funding - funding received from the Local Authority to fund further support for students with additional needs. The funding received in the year was fully spent.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

17. STATEMENT OF FUNDS (continued)

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.

CIF grant non capital - relates to conditional improvement fund income received for a non capital project.

Other government grants - represents other income received with restrictions. The funding received in the year was fully spent.

Other restricted funds - represents donations and contributions from parents with restrictions. The funding received in the year was fully spent.

Pension reserve - This represents the defined benefit pension scheme liability as at 31 August 2014.

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 2015.

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 2015.

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 2015.

OTHER INFORMATION

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 2015.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	18,280,645	18,280,645	18,695,145
Current assets	551,438	1,908,159	148,093	2,607,690	2,510,329
Creditors due within one year	-	(662,618)	-	(662,618)	(496,009)
Pension scheme liability	-	(2,911,000)	-	(2,911,000)	(2,785,000)
	<u>551,438</u>	<u>(1,665,459)</u>	<u>18,428,738</u>	<u>17,314,717</u>	<u>17,924,465</u>

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	(678,748)	(350,338)
Returns on investments and servicing of finance	(7,266)	(6,265)
Depreciation of tangible fixed assets	991,694	1,092,771
Capital grants from DfE	(562,491)	(135,878)
Decrease/(increase) in debtors	100,159	(245,757)
Increase in creditors	803	30,237
FRS17 pension finance (income)/cost	74,000	98,000
FRS17 pension costs less contributions paid	121,000	100,000
	<u>39,151</u>	<u>582,770</u>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>39,151</u>	<u>582,770</u>

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	7,266	6,265
	<u>7,266</u>	<u>6,265</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(411,384)	(158,351)
Capital grants from DfE	562,491	135,878
	<u>151,107</u>	<u>(22,473)</u>
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<u>151,107</u>	<u>(22,473)</u>

21. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	2,125,943	197,524	-	2,323,467
NET FUNDS	<u>2,125,943</u>	<u>197,524</u>	<u>-</u>	<u>2,323,467</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

22. MEMBERS' LIABILITY

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

23. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ended 31 August 2015 the Academy received £14,124 and disbursed £14,074 from the fund. An amount of £24,659 is included in other creditors relating to undistributed funds that is repayable to EFA.

24. CAPITAL COMMITMENTS

At 31 August 2015 the Academy Trust had capital commitments as follows:

	2015	2014
	£	£
Contracted for but not provided in these financial statements	<u>253,626</u>	<u>258,774</u>

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.

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 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

25. PENSION COMMITMENTS (continued)

Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust 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 2015 was £257,000, of which employer's contributions totalled £193,000 and employees' contributions totalled £64,000. 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.

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

25. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	5.90	1,421,000	6.70	1,201,000
Gilts	5.90	135,000	3.00	110,000
Property	5.90	204,000	5.90	166,000
Other Bonds	5.90	210,000	3.60	198,000
Cash	5.90	36,000	2.90	34,000
Total market value of assets		<u>2,006,000</u>		<u>1,709,000</u>
Present value of scheme liabilities		<u>(4,917,000)</u>		<u>(4,494,000)</u>
Deficit in the scheme		<u><u>(2,911,000)</u></u>		<u><u>(2,785,000)</u></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.

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	<u>(4,917,000)</u>	(4,494,000)
Fair value of scheme assets	<u>2,006,000</u>	1,709,000
Net liability	<u><u>(2,911,000)</u></u>	<u><u>(2,785,000)</u></u>

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

	2015 £	2014 £
Current service cost	<u>(314,000)</u>	(258,000)
Interest on obligation	<u>(182,000)</u>	(189,000)
Expected return on scheme assets	<u>108,000</u>	91,000
Past service cost	<u>-</u>	(911)
Total	<u><u>(388,000)</u></u>	<u><u>(356,911)</u></u>

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

25. PENSION COMMITMENTS (continued)

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

	2015	2014
	£	£
Opening defined benefit obligation	4,494,000	3,836,000
Current service cost	314,000	258,000
Interest cost	182,000	189,000
Contributions by scheme participants	64,000	58,000
Actuarial (Gains)/losses	(121,000)	105,000
Benefits paid	(16,000)	48,000
	<hr/>	<hr/>
Closing defined benefit obligation	4,917,000	4,494,000
	<hr/> <hr/>	<hr/> <hr/>

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

	2015	2014
	£	£
Opening fair value of scheme assets	1,709,000	1,419,000
Expected return on assets	108,000	91,000
Actuarial gains and (losses)	(52,000)	(65,000)
Contributions by employer	193,000	158,000
Contributions by employees	64,000	58,000
Benefits paid	(16,000)	48,000
	<hr/>	<hr/>
	2,006,000	1,709,000
	<hr/> <hr/>	<hr/> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of financial activities was £565,000 loss (2014: £634,000 loss).

The Academy Trust expects to contribute £193,000 to its Defined benefit pension scheme in 2016.

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

	2015	2014
Equities	71.00 %	70.00 %
Gilts	7.00 %	6.00 %
Other Bonds	10.00 %	12.00 %
Property	10.00 %	10.00 %
Gilts	- %	- %
Cash	2.00 %	2.00 %

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

	2015	2014
Discount rate for scheme liabilities	4.00 %	3.90 %
Expected return on scheme assets at 31 August	5.90 %	5.90 %
Rate of increase in salaries	4.50 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %

HOLYROOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

25. PENSION COMMITMENTS (continued)

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

	2015	2014
Retiring today		
Males	23.7	23.6
Females	26.1	26.0
Retiring in 20 years		
Males	26.0	25.8
Females	28.4	28.3

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

Defined benefit pension schemes

	2015	2014	2013
	£	£	£
Defined benefit obligation	(4,917,000)	(4,494,000)	(3,836,000)
Scheme assets	2,006,000	1,709,000	1,419,000
Deficit	(2,911,000)	(2,785,000)	(2,417,000)
Experience adjustments on scheme liabilities	121,000	(105,000)	(220,000)
Experience adjustments on scheme assets	(52,000)	(65,000)	105,000

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 12), no related party transactions took place in the period of accounts.