

**Company Registration No. 08203228 (England and Wales)**

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2013**

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**REFERENCE AND ADMINISTRATIVE DETAILS**

Company registration number:	08203228 (England and Wales)
Registered office:	c/o Oliver & Co Solicitors Ltd Douglas House 117 Foregate Street Chester Cheshire England CH1 1HE
Governors (Trustees):	M Colledge (appointed 12 October 2012 and resigned 12 February 2013) I Colledge (appointed 05 September 2012) K Cook (appointed 12 November 2012) S Docking (appointed 05 September 2012) N Mitchell-Fidling (appointed 05 September 2012) B Wignall (chairman - appointed 05 September 2012) W Smith (appointed 05 September 2012 and resigned 12 October 2012) A Walmsley (appointed 12 February 2013) L Leadson (appointed 6 May 2013) L Appleton (appointed 6 May 2013)
Corporate Secretary:	Oliver & Co Secretarial Services Limited
Solicitors:	Oliver & Co Solicitors Limited Douglas House 117 Foregate Street Chester Cheshire England CH1 1HE
Independent Auditor:	White & Company (UK) Limited Blackfriars House Parsonage Manchester M3 2JA
Bankers:	Lloyds TSB Bank PLC 8 Foregate Street Chester CH1 1XP
Senior Management Team:	
- Principal:	W Smith
- Accounting Officer:	S Noble

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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# **NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS**

## **GOVERNORS' REPORT**

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

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **CONSTITUTION**

The Academy Trust is a Company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The governors act as the trustees for the charitable activities of North West Academies (St. Martin's) Limited and are also the directors of the Company for the purposes of Company law. The charitable company is known as St Martin's Academy. Details of the governors who served throughout the year are included in the Reference and Administrative Details.

### **MEMBERS LIABILITY**

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

### **PRINCIPAL ACTIVITIES**

The Company incorporated on 5 September 2012 and commenced activities on the same day. Approval was received after date for the company to operate as an Academy. The principal activity of the Charitable Company is the advancement of education for the benefit of the public.

### **METHOD OF RECRUITMENT AND APPOINTMENT OF GOVERNORS.**

The number of Governors shall be not less than four nor more than twenty except for appointments of any Additional Governors made by the Secretary of State.

All Governors shall upon their appointment give a written undertaking to the Foundation Members/ Trustees to uphold the object of the Academy Trust.

The Members as designated in the articles of association may appoint up to ten Governors. They may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Governors.

Further, the Foundation Members may appoint additional Foundation Governors provided that the total number of Foundation Governors (including ex officio Foundation Governors) would not thereby exceed 25% of the total number of Governors (excluding any additional or further Governors)

The Local Authority may appoint the Local Authority Governor.

The Parent Governors shall be elected by parents of the registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time that they are elected.

# **NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

### **GOVERNORS' REPORT / Continued....**

The Secretary of State may appoint such Additional Governors as he thinks fit (after consultation with the Diocesan Board of Education) if he has given the Governors a warning notice and the Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

### **ORGANISATIONAL STRUCTURE**

Subject to provisions of the Companies Act 2006, the Articles of Association and any directions given by special resolution, the business of the Academy Trust is managed by the Governors who may exercise all the powers of the Academy Trust. The Governors also have the power to expend the funds of the Academy Trust in such manner as they consider most beneficial and enter into contracts on behalf of the Academy Trust should they deem it to be necessary.

### **RISK MANAGEMENT**

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured that they have adequate insurance cover.

### **AUDITOR**

In so far as the Governors are aware:

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

A resolution proposing that White and Company (UK) Limited be reappointed as auditors to the Academy will be put to the annual general meeting.

### **OBJECTIVES AND ACTIVITIES**

#### **OBJECTS AND AIMS**

The Academy Trust's object is specifically restricted in the Articles of Association to the following; to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

# **NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS**

## **GOVERNORS' REPORT / Continued....**

### **OBJECTIVES, STRATEGIES AND ACTIVITIES**

The main objectives of the Academy during the period ended 31 August 2013 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of the Academy by keeping curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with the local community;
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

### **PUBLIC BENEFIT**

In setting objectives and planning activities, the Governors have paid due regard to the published guidance from the Charity Commission on the operation of the public benefit requirement under the Charities Act 2006.

### **GOING CONCERN**

After making appropriate enquiries the Governors have a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt a going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### **KEY FINANCIAL PERFORMANCE INDICATORS**

The reporting period represents the Academy's first year of operation. The strategic goals relating to achievement, progress, engagement and provision are monitored closely by the Governors.

Most of the Academy's income is obtained from the Department of Education (formerly the YPLA) in the form of recurrent grants, the use of which is restricted for a particular purpose. The grants received and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2013 the Academy was issued a start-up grant and also acquired the lease of a building at a lease premium of £250,000 over the lease term of sixty years. In accordance with FRS 5 "Reporting the Substance of Transactions", SSAP 21 "Accounting for Leases and Hire Purchase Contracts" and the EFA Accounts Direction 2012/13, the land and buildings have been recognised on the balance sheet as a fixed asset with a corresponding entry to voluntary income as a gift in kind as it is deemed that substantially all of the risks and rewards of ownership of the asset have transferred to the academy trust.

## **NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS**

### **GOVERNORS' REPORT / Continued....**

During the period ending 31 August 2013, total expenditure of £200,000 was funded by a one off start up grant from the Department of Education. The surplus for the year (excluding restricted fixed asset funds) was £22,000 which will be transferred to the school on official opening as required by the Funding Agreement.

At 31 August 2013 the net book value of fixed assets was £1,039,853. Movements in tangible fixed assets are shown in note 9 to the financial statements. The assets were used exclusively for providing education and the associated support services of the pupils of the Academy.

### **FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES**

The Academy is exposed to a variety of financial risks including interest rate and cash flow risk.

Given the size of the Academy, the Governors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Governors are implemented by the Principal.

### **PRINCIPLE RISKS AND UNCERTAINTIES**

The Board of Governors have a comprehensive risk management process to identify and monitor the risks faced by the Academy. The key areas identified are; Strategic and Reputational, Operational, Compliance, Financial, Curriculum and IT and Property related.

### **RESERVES POLICY**

The Governors review the level of reserves on an annual basis. The reserves of the Academy consist of both general unrestricted funds and restricted funds.

### **INVESTMENT POLICY**

The Governors have the ability to invest to funds of the Academy as they see fit. Currently the Academy does not have any long term investments with the cash reserves of the Academy being held in bank accounts. The Governors have no plans for any long term investment purchases in the near future.

### **PLANS FOR FUTURE PERIODS**

In September 2013, the Academy took its first intake of pupils, who commenced schooling in the reception class. Building work will continue on the property, which will allow the school to prepare for the next academic year's intake.

Approved by order of the members of the Governing Body on 3 February 2014 and signed on its behalf by:

**B WIGNALL**  
(Chairman)

# **NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS**

## **GOVERNANCE STATEMENT SCOPE OF RESPONSIBILITY**

As Governors, we acknowledge we have overall responsibility for ensuring that North West Academies (St. Martin's) Limited has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Principal, and 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 North West Academies (St. Martin's) Limited and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

## **GOVERNANCE**

The information on governance included here supplements that described in the statement of Governors' responsibilities. The governing body has met 7 times during the period. Attendance during the year at meetings of the governing body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
M Colledge	1	7
I Colledge	1	7
K Cook	7	7
S Docking	7	7
N Mitchell-Fidling	6	7
B Wignall	7	7
L Walmsley	6	6
L Leadson	3	3
L Appleton	3	3

All meetings were also attended by the Head of the School, W Smith.

## **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 St. Martin's Academy for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

## **CAPACITY TO HANDLE RISKS**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

## **NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS**

The Governing Body 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 period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

### **RISK AND CONTROL FRAMEWORK**

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

### **REVIEW OF EFFECTIVENESS**

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

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

Approved by order of the members of the Governing Body on 3 February 2014 and signed on its behalf by:

**B WIGNALL**  
(Chairman)

**W SMITH**  
(Principal)

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer of North West Academies (St. Martin's) Limited I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

**S NOBLE**  
(Accounting Officer)

## **NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS**

### **STATEMENT OF GOVERNORS' RESPONSIBILITIES**

The governors (who act as trustees for charitable activities of North West Academies (St Martin's Limited) and are also the directors of the Company for the purposes of Company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Governing Body on 3 February 2014 and signed on its behalf by:

**B WIGNALL**  
(Chairman)

## **NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS**

### **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES OF NORTH WEST ACADEMIES (ST MARTIN'S) LIMITED**

We have audited the financial statements of North West Academies (St. Martin's) Limited for the period ended 31 August 2013, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein. 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 2012/13 issued by the Education Funding Agency (EFA).

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

#### **RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

As explained more fully in the Statement of Governors' Responsibilities set out on page 8, the Governors' (who are also directors of the Company for the purposes of Company Law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB) 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's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Governors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION**

In our opinion the financial statements:

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

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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**INDEPENDENT AUDITOR'S REPORT / Continued....**

**OPINION ON OTHER MATTERS AS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

**Emma White (Senior Statutory Auditor)**

for and on behalf of White & Company (UK) Limited

4 February 2014

**Chartered Accountants  
Statutory Auditor**

Blackfriars House  
Parsonage  
Manchester  
M3 2JA

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO  
NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED AND THE EDUCATION FUNDING  
AGENCY**

In accordance with the terms of our engagement letter dated 19 December 2013 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2013 we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by North West Academies (St Martin's) Limited during the period 5 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 North West Academies (St. Martin's) and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the North West Academies (St Martin's) Trust and the EFA those matters we are required to state to them in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the North West Academies (St Martin's) Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE NORTH WEST ACADEMIES (ST MARTIN'S)  
GOVERNING BODY'S ACCOUNTING OFFICER AND THE REPORTING AUDITOR**

The accounting officer is responsible, under the requirements of North West Academies (St. Martin's) Limited's funding agreement with the Secretary of State for Education dated 5 September 2013 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 Annual Accounts Direction. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 5 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.

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO  
NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED AND THE EDUCATION FUNDING  
AGENCY/ Continued...**

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 5 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Emma White (Senior Statutory Auditor)**  
for and on behalf of White & Company (UK) Limited

4 February 2014

**Chartered Accountants  
Statutory Auditor**

Blackfriars House  
Parsonage  
Manchester  
M3 2JA

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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**STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD FROM 5 SEPTEMBER 2012 TO  
31 AUGUST 2013**

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2013 £000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
- Voluntary income	<b>2</b>	-	-	-	-
<i>Incoming resources from charitable activities:</i>					
- Funding for the Academy's educational operations	<b>3</b>	-	220	290	510
<b>Total incoming resources</b>		-	220	290	510
<b>Resources expended</b>					
<i>Charitable activities:</i>					
- Academy's educational operations	<b>4,5</b>	-	109	2	111
<i>Governance costs</i>	<b>6</b>	-	89	-	89
<b>Total resources expended</b>		-	198	2	200
<b>Net incoming resources before transfers</b>	<b>12</b>	-	22	288	310
Gross transfers between funds		-	-	-	-
<b>Other recognised gains and losses</b>					
Gains on revaluation of property		-	-	750	750
<b>Net movement in funds</b>		-	22	1,038	1,060
<b>Reconciliation of funds</b>					
Funds at 05 September 2012		-	-	-	-
<b>Funds carried forward at 31 August 2013</b>		-	22	1,038	1,060

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

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

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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**BALANCE SHEET AS AT 31 AUGUST 2013**

	Note	2013 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	9		1,040
<b>Current assets</b>			
Debtors	10	70	
Cash at bank and in hand		27	
		97	
<b>Creditors:</b> Amounts falling due within one year	11	(77)	
<b>Net current liabilities</b>			20
<b>Total assets less current liabilities</b>			1,060
<b>Net assets excluding pension liability</b>			-
Pension scheme liability			-
<b>Net assets including pension liability</b>			1,060
<b>Funds of the academy:</b>			
<b>Restricted income funds</b>			
- Fixed asset fund	12		1,038
- General fund	12		22
- Pension reserve	12		-
<b>Total restricted funds</b>			1,060
<b>Unrestricted funds</b>			
- General fund(s)	12		-
<b>Total unrestricted funds</b>			-
<b>Total funds</b>			1,060

The financial statements were approved by the Governors, and authorised for issue on 3 February 2014 and are signed on their behalf by:

**B WIGNALL**  
(Chairman)

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2013**

	<b>Note</b>	<b>2013 £000</b>
<b>Net cash inflow from operating activities</b>	<b>15</b>	69
Returns on investments and servicing of finance		-
Capital expenditure	<b>16</b>	(42)
<b>Increase in cash in the year</b>		<hr/> <b>27</b> <hr/>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Net funds at 5 September 2012		-
<b>Net funds at 31 August 2013</b>		<hr/> <b>27</b> <hr/>

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

**1. STATEMENT OF ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

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

**GOING CONCERN**

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

**INCOMING RESOURCES**

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

**GRANTS RECEIVABLE**

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

Any specific fixed asset grants received in the period are allocated to the restricted fixed asset fund on a receivable basis. Depreciation in relation to the assets for which the funds were received is then charged to the fund over the useful economic life of the assets in accordance with the academy trust's policies.

**DONATIONS**

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

**OTHER INCOME**

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

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

**1. STATEMENT OF ACCOUNTING POLICIES / Continued...**

**DONATED SERVICES AND GIFTS IN KIND**

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

**LONG LEASEHOLD PROPERTY**

The property occupied by the school was recognised on the balance sheet as a fixed asset at the date the lease agreement was signed. The value of the building in excess of the lease premium has been treated as a revaluation gain to the restricted fixed asset fund. This is then depreciated on a straight line basis over the term of the lease. As the property was not brought into use until after the balance sheet date, no depreciation has been charged.

**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**

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

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations.

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013**

**1. STATEMENT OF ACCOUNTING POLICIES / Continued...**

**TANGIBLE FIXED ASSETS**

Assets with an estimated useful economic life of two years or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Long leasehold buildings	on a straight line basis over the term of the lease (60 years)
Fixtures, fittings and equipment	25% reducing balance

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.

**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.

**PENSIONS BENEFITS**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme, 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.

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

**1. STATEMENT OF ACCOUNTING POLICIES / Continued...**

As stated in Note 19, 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.

**FUND ACCOUNTING**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, Department for Education or other 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 Education Funding Agency.

**2. VOLUNTARY INCOME**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>
Parental donations	-	-	-
Other donations	-	-	-
	-	-	-

**3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>
<b>DfE/EFA revenue grants</b>			
- General Annual Grant (GAG)	-	-	-
- Start-Up Grant	-	220	220
- IT Capital Grant	-	40	40
- Bursary 2011/12	-	-	-
	-	260	260
<b>Other</b>			
Introduction of long leasehold on conversion	-	250	250
	-	510	510

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013**

**4. RESOURCES EXPENDED**

	<b>Staff Costs £000</b>	<b>Premises £000</b>	<b>Other Costs £000</b>	<b>Total 2013 £000</b>
Academy's educational operations				
- Direct costs	26	-	78	104
- Allocated support costs	-	-	7	7
	<hr/> 26	<hr/> -	<hr/> 85	<hr/> 111
Governance costs including allocated support costs	-	-	89	89
	<hr/> -	<hr/> -	<hr/> 89	<hr/> 89

<b>Incoming / outgoing resources for the year include:</b>	<b>2013 £000</b>
Operating leases	-
Audit fees	3
Depreciation of tangible fixed assets	<hr/> 2

**5. CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>
<b>Direct costs</b>			
Teaching and educational support staff costs	-	26	26
Educational supplies	-	78	78
Staff development	-	-	-
Uniform costs	-	-	-
	<hr/> -	<hr/> 104	<hr/> 104
<b>Allocated support costs</b>			
Admissions costs	-	-	-
Depreciation	-	2	2
Maintenance of premises and equipment	-	3	3
Rates & water	-	-	-
Insurance	-	-	-
Printing, postage & stationery	-	-	-
Light & heat	-	-	-
Refreshments	-	-	-
Other support costs	-	2	2
	<hr/> -	<hr/> 7	<hr/> 7
	<hr/> -	<hr/> 111	<hr/> 111

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013**

**6. GOVERNANCE COSTS**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>
Legal and professional fees	-	13	13
Consultancy fees	-	63	63
Accountancy fees	-	10	10
Audit fees	-	3	3
	<hr/>	89	<hr/>
	-	89	89

**7. STAFF COSTS**

Staff costs during the period were:

	<b>2013 £000</b>
Wages and salaries	21
Social security costs	2
Pension costs	3
	<hr/>
	26

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

	<b>2013 £000</b>
Teachers	-
Administration and support	-
Management	1
	<hr/>
	1

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

	<b>2013 £000</b>
£60,001 - £70,000	-
	<hr/>

There were no employees whose emoluments exceeded £70,000.

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

**8. GOVERNORS' REMUNERATION AND EXPENSES**

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 the Principal's remuneration for the year ended 31 August 2013 was £nil. The value of staff governor's remuneration for the year was £nil.

Other related part transactions involving the trustees are set out in note 21.

**9. TANGIBLE FIXED ASSETS**

	<b>Leasehold Land and Buildings £000</b>	<b>Furniture and Equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 5 September 2012	-	-	-
Additions	250	42	292
Disposals	-	-	-
Revaluation	750	-	750
At 31 August 2013	<u>1,000</u>	<u>42</u>	<u>1,042</u>
<b>Depreciation</b>			
At 5 September 2012	-	-	-
Charge for the period	-	2	2
Disposals	-	-	-
At 31 August 2013	<u>-</u>	<u>2</u>	<u>2</u>
<b>Net book value</b>			
At 31 August 2013	<u>1,000</u>	<u>40</u>	<u>1,040</u>
At 5 September 2012	<u>-</u>	<u>-</u>	<u>-</u>

The leasehold property additions comprise the lease premium payable by the EFA in respect of the school premises at Hoole Road, Chester which the academy occupies under a long-term lease agreement with Cheshire Borough Council at a peppercorn rental rate.

In accordance with FRS 5 "Reporting the Substance of Transactions", SSAP 21 "Accounting for Leases and Hire Purchase Contracts" and the EFA Accounts Direction 2012/13, the land and buildings have been recognised on the balance sheet as a fixed asset with a corresponding entry to voluntary income as a gift in kind as it is deemed that substantially all of the risks and rewards of ownership of the asset have transferred to the academy trust.

At the period end (31 August 2013) the leasehold property was revalued by the trustees on a cost of replacement basis at £1,000,000. The property has not been professionally valued and represents an informal valuation prepared by the academy's insurance brokers. The trustees have considered the valuation in comparison to the cost of construction of other academies and are of the opinion that the valuation represents a true and fair view of the value of the property as at 31 August 2013.

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

**9. TANGIBLE FIXED ASSETS / Continued ...**

On a historical cost basis the property would have been included at an original cost of £250,000.

The leasehold property has not been depreciated during the accounting period as the asset has not yet been brought into use by the academy.

**10. DEBTORS**

	<b>2013 £000</b>
VAT recoverable	14
Prepayments and accrued income	56
	<hr/> 70 <hr/>

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

	<b>2013 £000</b>
Trade creditors	64
Tax and social security	10
Accruals and deferred income	3
	<hr/> 77 <hr/>

**12. FUNDS**

	<b>Balance at 5 September 2012 £000</b>	<b>Incoming Resources £000</b>	<b>Resources Expended £000</b>	<b>Gains, Losses and Transfers £000</b>	<b>Balance at 31 August 2013 £000</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	-	-	-	-
Start Up Grant	-	220	(198)	-	22
Pension reserve	-	-	-	-	-
	<hr/> -	220	(198)	-	22
<b>Restricted fixed asset funds</b>					
Introduction of leasehold	-	250	-	-	250
Capital grant	-	40	(2)	-	38
Revaluation	-	-	-	750	750
	<hr/> -	290	(2)	750	1,038
Total restricted funds	<hr/> -	510	(200)	750	1,060
<b>Unrestricted funds</b>					
Unrestricted funds	-	-	-	-	-
Transfer to restricted general funds	-	-	-	-	-
Total unrestricted funds	<hr/> -	-	-	-	-
<b>Total funds</b>	<hr/> -	510	(200)	750	1,060

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013**

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

- The General Annual Grant (GAG) must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the GAG. Of the carried forward amount up to 2% of the GAG can be used for general purposes at the discretion of the Academy but any balance over 2% must be used for capital purposes.
- The Restricted Fixed Asset Fund comprises the deemed gifting of the school premises against which depreciation will be charged over the 125 year term of the lease. Also contained in the fund are grants for the extension of the school building against which depreciation will be charged on the additions over the remainder of the lease term.

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

Fund balances at 31 August 2013 are represented by:

	<b>Unrestricted Funds</b>	<b>Restricted General Funds</b>	<b>Restricted Fixed Asset Funds</b>	<b>Total Funds</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tangible fixed assets	-	2	1,038	1,040
Current assets	-	50	47	97
Current liabilities	-	(30)	(47)	(77)
Pension scheme liability	-	-	-	-
	-	22	1,038	1,060

**14. FINANCIAL COMMITMENTS**

The Charitable Company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2013:

	<b>2013 £000</b>
Operating leases which expire: Between two and five years	-

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

**15. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2013 £000</b>
Net income	1,060
Depreciation (note 9)	2
Deemed gifting of long leasehold property	(250)
Revaluation of leasehold property	(750)
(Increase) / decrease in debtors	(70)
Increase / (decrease) in creditors	77
Net cash inflow from operating activities	<u>69</u>

**16. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<b>2013 £000</b>
Purchase of tangible fixed assets (note 9)	(42)
Net cash outflow from capital expenditure and financial investment	<u>(42)</u>

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

	<b>At 5 September 2012 £000</b>	<b>Cash Flows £000</b>	<b>At 31 August 2013 £000</b>
Cash at bank and in hand	-	27	<u>27</u>

**18. MEMBERS' LIABILITY**

Each member of the 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.

**19. PENSION AND SIMILAR OBLIGATIONS**

The Academy's employees belong to the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff. The scheme is a defined-benefit scheme.

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

**NORTH WEST ACADEMIES (ST. MARTIN'S) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

**19. PENSION AND SIMILAR OBLIGATIONS / Continued...**

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

**TEACHERS PENSION SCHEME**

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.

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.

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 - 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%.

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**19. PENSION AND SIMILAR OBLIGATIONS / Continued...**

The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these 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.

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 1/57<sup>th</sup>; 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 is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

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

**20. POST BALANCE SHEET EVENTS**

In September 2013 the Academy opened with one reception class. Building works funded by a grant from the EFA began on the building in order to prepare the Academy for future periods and class additions in coming years. The total grant from the EFA is £768,988 and relates to construction, ICT costs, and fixtures, fittings and equipment.

**21. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

North West Academies (St. Martin's) Limited paid £42,861 to World Academies, £61,076 to ACT Education and £14,904 to Quality Solicitors, all of which are governor related entities.