

Grace Academy
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2015

Company Registration Number:
04967658 (England and Wales)

Grace Academy
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Reference and Administrative Details

Trustees

T G K Boxall
Lord Edmiston (Chairman)
Lady Edmiston
I Baker
G Spicer
S Chase

Secretary

T G K Boxall

Principals & Directors

J Clarke	Chief Executive Officer		
D Gelder	Principal – GA Solihull	Appointed 1 September 2014	
C Boxall	Principal – GA Coventry		
G Steele	Principal – GA Darlaston	Appointed 1 September 2014	Resigned 20 April 2015
C Salt	Principal – GA Darlaston	Appointed 20 April 2015	
J Wood	Director of Corporate Development		
M Ison	Chief Financial Officer		

Accounting Officer

J Clarke Appointed 1 September 2014

Registered Office

The Pavilion, Manor Drive, Coleshill, West Midlands, B46 1DL

Company Registration Number

04967658

Internal Auditor

R Turton

Independent Auditors

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), St Philips Point, Temple Row, Birmingham, B2 5AF

Bankers

National Westminster Bank Plc, Birmingham City Centre, 1 St Philips Place, Birmingham, B3 2PP

Solicitors

Stone King, 16 St. John's Lane, London EC1M 4BS

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Trustees' Report

The trustees of Grace Academy present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law. The trust operates 3 secondary academies in the Midlands.

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 Grace Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as Grace Academy.

Details of the trustees and governors who served during the year are included in the Reference and Administrative Details starting on page 2.

Members' Liability

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

Trustees and Governors Indemnities

The charitable company has taken out professional indemnity insurance which provides cover for trustees and governors for liabilities arising from negligent acts, errors and omissions committed in good faith during the year. In addition the charitable company has also taken out Fidelity Guarantee insurance to cover losses caused by the dishonesty of Governors. Both of these policies have maximum insured limits which are reviewed on an annual basis.

Method of Recruitment and Appointment or Election of Trustees

In accordance with our Articles of Association the Principal Sponsor, Grace Foundation, is allowed to appoint up to five Members/Trustees as well as being a Member in its own right whilst the Secretary of State is allowed to appoint one Member/Trustee. Existing Members can appoint additional Members, if they so require, by a unanimous resolution. Recruitment of new Members/Trustees is usually carried out on an "as required" basis. The "as required" basis could be either numerical or skills based depending on the Trust requirement.

The names of the Members/Trustees who held office and served during the year are listed on page 2.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Members/Trustees will depend on their existing experience and skill sets. All new Members/Trustees will have a welcome to the Trust meeting which will include a formal induction session part of which will be to identify additional training needs and agreement reached as to how the identified training needs can be fulfilled. Other specific areas for discussion will include educational, legal and financial matters plus a discussion as to how the Member/Trustee role fits into the "bigger picture".

Organisational Structure

The Members/Trustees are responsible for setting strategic direction and policy for the Trust at a corporate level across the group of Academies. The Trustees approve a Scheme of Delegation which covers key functions and levels of responsibility for Trustees, Local Governors and sub committees' members in terms of Governance and levels of responsibility for senior staff in terms of Leadership and Management.

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Trustees' Report

Organisational Structure (*continued*)

The Governing Board has standing sub-committees in each Academy, these committees operate under a Scheme of Delegation which is reviewed and approved by the Trustees.

The committees are:

- Local Governing Bodies (One at each academy. From 1 September 2014 the LGB will be at Darlaston and Coventry Academies) – These have a focus on teaching and learning including all educational matters within the academy.
- Academy Improvement and Monitoring Board (Coventry [until 18/01/15 and replaced by Academy Improvement Board] and Darlaston [until 31/08/15 returned to Local Governing Body]) – these are short term groups designed to bring specialist educational knowledge into the Trust and provide challenge to the Principal and the Local Governing Body to enable rapid improvement of educational outcomes at each location.
- Academy Improvement Board (Solihull as from 01/09/15, Coventry as from 19/01/15) – this is a short term group designed to bring specialist educational knowledge into the Trust and provide challenge to the Principal to enable rapid improvement of educational outcomes at each location.
- Finance Committee – primary focus on finance.
- Audit Committee (as from 01/09/15 this has become a sub-committee of the Finance Committee) – primary focus on risk and compliance.
- Personnel Committee – primary focus on staff matters including equality, training, development and welfare.

Local Governors and committee members are appointed in accordance with the articles of association to be responsible for the affairs of the company and the management of the Academies under the terms of the Scheme of Delegation along with senior staff.

Leadership and management across the Trust is delegated by trustees to the Chief Executive Officer. The Chief Executive Officer is supported by the Principals, Director of Corporate Compliance and the Finance Director.

The management structure within each Academy consists of an Academy Leadership Team, which is led by the Principal and includes Vice Principals, Assistant Principals, Administration Manager and Finance Manager.

The Academy Leadership Team (ALT) is responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students. Some spending control is also devolved to Heads of Faculty or Department.

The Chief Executive Officer is the Accounting Officer for the Trust although certain functions are delegated to the Finance Director. The Academy Principals operate as the Local Accounting Officer for their respective academy location and report back to the Finance Director on accounting matters.

Risk Management

The trustees and governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. They have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate

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Trustees' Report

Risk Management (*continued*)

insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

Connected Organisations including Related Party Relationships

Grace Academy is one Trust with four trading names, Grace Academy, Grace Academy Solihull, Grace Academy Coventry and Grace Academy Darlaston.

The trust has the following relationships with Connected Organisations:

- During the year Grace Academy purchased services from Sponne School, an Academy rated "Outstanding" by Ofsted. These services included the Head Teacher of Sponne School filling the role of Chief Executive Officer at Grace Academy on a part time basis from 28 April 2014.
- During the year Grace Academy purchased services from Lode Heath School, an Academy rated "Outstanding" by Ofsted including the services of the role of Deputy Principal at our Darlaston Academy.
- During the year Grace Academy purchased services from J Burton for educational consultancy service to Grace Academy. No payments have been made to J Burton for performing the role of Governor.
- During the year Grace Academy made payments to SGH Martineau LLP for professional legal services.

For information relating to the related parties and to the value of transactions with the related parties please see the notes to the accounts.

Objectives and Activities

Objects and Aims

The principal object and activity of Grace Academy is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, operating and developing secondary schools offering a broad curriculum with a strong emphasis on business and enterprise and their principal applications.

The trustees confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives.

In accordance with the articles of association, the company has adopted a "Scheme of Governance" approved by the Secretary of State for Education. The Scheme of Governance specifies, amongst other things, the basis for admitting students to each Academy location, the catchment areas from which the students are drawn and that the curricula should comply with the substance of the national curriculum with an emphasis on business and enterprise and their practical application.

The sole activity of the company is the operation of Academies, currently based in the following locations: Solihull, Coventry and Darlaston, to provide education for students of different abilities between the ages of 11 and 19 with an emphasis on business and enterprise. The main objectives of the Trust and its Academies are summarised below:

- to raise the standard of educational achievement of all students;
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition, safeguarding and care;
- to improve the effectiveness of each Academy by keeping the 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 industry and commerce; and
- to conduct our business in accordance with the highest standards of integrity, probity and openness.

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Trustees' Report

Objectives, Strategies and Activities

Grace Academy's main strategy is encompassed in its vision statement which is 'our vision is to develop well educated, considerate and caring citizens with a strong sense of values who will succeed and contribute to modern society'. The activities provided which place 'students at the heart' include:

- wide ranging and innovative learning opportunities for all students and the community;
- improvement in the achievement and the aspiration of students;
- development opportunities for all staff;
- developing strong and meaningful links with business in line with the Academies' specialism;
- a programme of extended school and lifelong learning activities for students and the community; and
- a supportive and developmental ethos based on Christian values and standards to guide and develop the 'whole person' and address the every child matters agenda.

Public Benefit

The Trust has complied with its duty to have due regard to the guidance on public benefit as per Appendices GL49 of Charities SORP and section 17 of the Charities Act 2011.

"Public benefit entities are reporting entities whose primary objective is to provide goods or services for the general public or social benefit where any equity has been provided with a view to supporting that primary objective rather than with a view to providing a financial return to shareholders."

This is continually monitored by the Trust through its delegated committees.

Equal Opportunities Policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

Employee Involvement

The organisation consults and shares information with employees via:

- employee representatives;
- regular staff briefings;
- use of internal and external "gateways" and websites for posting policies and procedures for all to see and follow;
- posting minutes of governing board, local governing body, finance and general purpose committees, personnel committee and executive leadership team on the trust's external website.

Strategic Report

Achievements and Performance

Grace Academy Solihull

Grace Academy Solihull is a non-selective secondary school with Business and Enterprise specialist status and a Christian ethos. It serves the community of Chelmsley Wood and the surrounding area and has its own admission policy. Total students in the year to August 2015 numbered 778 of which 92 were in the Sixth Form.

Overall, standards of achievement at the Academy have made tremendous progress during 2014-15 with a significant increase in the 5 A*C including English and mathematics GCSE measure in 2015 to 50% (from 34% the previous year). There has been significant improvement in core subjects in both English, where

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Grace Academy Solihull (*continued*)

standards are now well above national expectations and in mathematics with excellent improvement to 57%, close to the national expectations. Subjects where students made the most progress in 2015 included English, mathematics, science, business studies, ICT, music and Drama with 45% of students making beyond expected progress in English. Results for students in the Sixth Form have remained at a similar level to those in 2014 with 100% achieving at least one A level and an overall pass rate of 96%.

Mathematics outcomes were a concern in previous years but in 2015, these made excellent improvement to 57% from 40% A*-C grades. English outcomes with 78% A*-C grades is well above national average now and progress is likely to place the academy among the top highest performing schools in the country.

An Ofsted inspection took place in March 2015 and the academy was judged to have made significant improvement to be requiring improvement from its serious weaknesses previous category. This has been achieved due to rigorous improvement plans that have been strategically led by the new Principal and the Academy Improvement Board that has been implemented on a temporary basis in place of the Local Governing Body. The Ofsted inspection was followed by a routine HMI visit in July 2015 that concluded that very positive improvement has continued to take place.

Grace Academy Coventry

Grace Academy Coventry is a non-selective secondary school with Business and Enterprise specialist status and a Christian ethos. It serves the community of North Coventry and has its own admission policy. Total students number 828 with Year 7 entries remaining stable but it is forecast that demand will increase after decline in 2015 and 2016. The Academy is moving towards being over-subscribed for entry into Year 7 by 2018.

Overall, standards of achievement at the Academy made a significant improvement on the previous year with 45% of students gaining 5 A*-C including English and mathematics. Students achieved particularly well in English with 70% gaining a grade A*-C, up 29% from 2013. Outcomes in mathematics improved significantly to 60% A*-C from 49% in 2014. It is disappointing that only 45% of students gained 5 A*-C grades including English and mathematics given these high outcomes separately in both English and mathematics that are close to national averages. Many students are making good progress and the value that is added to students in Year 11 is above the national figure although challenges remain in improving standards in the some subjects. The trend at AS and A level is upwards with 100% of students achieving at least one A level.

The Academy had an Ofsted inspection in January 2014 where it was placed in special measures as a result of the significant decline in outcomes for students in 2013. Tremendous hard work has taken place with appointment of a new Principal during 2014 and outcomes are set to significantly improve in the coming years. Regular HMI monitoring visits have taken place, three during 2014-15. Initially findings were raising some concerns about performance but this picture quickly changed to one of recognising the improvements taking place. The academy is planning to be removed from its current Ofsted category during the next academic year, in line with government expectations.

Standards of uniform, attainment and behaviour remain high in relation to all aspects of Academy life. Beyond its academic attainment, the Academy is rightly proud of its opportunities offered to all students to develop them fully into exceptional adults – opportunities such as visits to Zambia, Japan and Mexico to support charitable causes has had a significant impact on our young people whilst locally a range of community service initiatives have shown our students the benefits of serving others.

Grace Academy Darlaston

Grace Academy Darlaston is a non-selective secondary school with Business and Enterprise specialist status and a Christian ethos. It serves the community of Darlaston and some surrounding areas and has its own admission policy. The Academy opened in September 2009 and this was its fifth year of operation moving to its purpose-built new site in September 2013. It has a student population of 681 although it is envisaged to expand to well over a thousand in the coming years. Sixth Form numbers have remained positive in 2014, at around a 100 with expansion likely in the next year. Year 7 student numbers are slightly up on last year despite the significant demographic challenges experienced.

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Grace Academy Darlaston (continued)

The overall achievement of students in the Academy declined slightly in 2015 with 35% achieving the 5 A*-C including English and mathematics GCSE measure (38% in 2014). However, this masks some significant improvement in some subject areas such as science. Standards in English declined to 48% of students gaining an A*-C grade and those in mathematics remained at 54% as in the previous year. Rates of progress have improved and are now at expected levels in mathematics. Results for students in the Sixth Form have improved significantly and are now above national averages with 100% of students gaining at least one A level qualification.

The Academy had an Ofsted inspection in May 2015 where it was found to require improvement. However, the team recognised the tremendous improvement that has taken place in some aspects judging both behaviour and leadership and management to be good. The Academy is now well placed to see this increased capacity in the quality of provision translated into much more effective outcomes for students, beginning in 2015-16.

The improvements made to the quality of teaching during the year have enabled students to increase the amount of progress they are making in each lesson, particularly in English and mathematics. Ofsted found that "work seen in books show that the attainment gaps of disadvantaged [pupil premium] students in English and mathematics in the current Year 11 are narrowing" and in the Sixth Form, "disadvantaged students perform similarly to their peers".

Going concern

After making appropriate enquiries the trustees have 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 financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

Most of the Academy's income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year the Academy received capital grants from the EFA of £55,000. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2015, total expenditure was £19,372,000. Included in this expenditure was depreciation of £2,714,000 and a charge of £7,000 relating to adjustments for FRS17 charged to current year expenditure. If these two items were eliminated then recurrent expenditure would be £16,651,000 compared to recurrent income of £15,853,000.

At 31 August 2015 the net book value of fixed assets was £72,624,000 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively in providing education and the associated support services to the students of the Academy.

Reserves Policy

The trustees review the level of reserves annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The policy of the trustees is to build reserves to discharge any liabilities with regard to lifecycle and refresh of both ICT and Facilities equipment, to meet any statutory liabilities, to provide an adequate level of working capital for the academies and to build reserves which can be used for future educational purposes or objectives of the Trust.

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Trustees' Report

Reserves Policy (*continued*)

With effect from 1 September 2013 the Trust entered into a new Funding Agreement with the Secretary of State which removed any carry forward limits on reserves and enables the Trust to "pool" monies received to impact educational outcomes as the Trust "deem fit".

The level of GAG reserves available to be used for future educational purposes is £1,337,000 (2014 - £2,131,000).

Investment Policy

The trustees have a conservative outlook to investments and are content to look at investments with minimal risk. The current strategy is to use a "sweep" facility to move excess cash over £10,000 into a special interest bearing account on which an enhanced interest rate is paid. The enhanced interest plus the lack of transactional bank charges on our current account leaves us to believe we are getting a satisfactory return on the excess cash we hold.

Principal Risks and Uncertainties

The principal financial focus affecting each academy has been to understand the low intake in Year 7 student numbers in September 2013 and how we can increase this in future years. Work has been undertaken to identify, market trends, demographics in each local authority, our offer, our reputation, our competition and to work out strategies that will increase the student numbers choosing Grace Academy. This work will lead to improvements in the next two to three years.

A continuing risk is our pension liability, valued in line with FRS17, which continues to cause concern for Grace Academy, as it does with all other academies in the UK. Note 26 to the accounts explains these commitments more clearly and shows that as at 31 August 2015 we had a shortfall of £2,671,000 for the West Midlands Metropolitan Authorities Pension Fund, an increase of £612,000 during the year. Academies are in discussion with the DfE to determine how these commitments will be satisfied.

In November 2013 the DfE issued to Grace Foundation, the Principal Sponsor of the academies, 'sponsor pre-warning letters' for Grace Academy Coventry and Grace Academy Darlaston indicating the level of progress of the students was not at an acceptable rate. Discussions have taken place with the DfE and monitoring visits have been conducted at these academies, and acceptable improvement plans have been agreed and are being implemented.

Plans for future periods

The Trust continues to focus on its key objective of improving student performance and raising aspirations in areas of relatively high deprivation. Operationally the focus is on improving the quality of teaching taking place in each of its academies with a strong held belief that improvements in the quality of teaching will improve both the pace of improvement and the academic outcomes for our students. Each academy has its own challenges in raising standards and to development the "whole person" so as the students become caring, confident and compassionate citizens. The Trustees, Governors and Grace Academy Staff are committed to this objective.

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Trustees' Report

Auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

A resolution proposing that RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) be reappointed auditors of the Charitable Company will be put to the Annual General Meeting.

The report of the Trustees, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10 Feb 2015 2015 and signed on the board's behalf by:



Lord Edmiston
Chair of Trustees

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Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Grace 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 trustees have delegated the day to day responsibility to the Chief Executive Officer, 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 Grace Academy Trust and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the 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 several committees that each focus on specific aspects associated with effective governance. These include Finance, Audit, Personnel, Staffing, Appeals, Local Governing Bodies, Academy Improvement and Monitoring Board and Academy Interim Board.

The board of trustees has formally met 4 times during the year. The main challenge of the Governing Board was to ensure that all three academies in the group become more effective through the improvement in outcomes for students. As part of this, the Board considered and discussed the challenges of students numbers both when these increase and decrease along with the "Requires Improvement" Ofsted judgement at Grace Academy Solihull and Darlaston and the route to the removal of "Special Measures" categorisation at Grace Academy Coventry.

The board of trustees also commissioned a review of governance across the group. This review supported the current structure and made some recommendations regarding further clarification of roles and expectations which the board is keen to implement.

Attendance during the year at meetings of the board of trustees was as follow:

Name	Appointed	Resigned	Possible Meetings	Number of Meetings Attended
T Boxall	18/11/2003	N/A	4	1
S Chase	17/10/2014	N/A	4	1
T Edmiston	18/11/2003	N/A	4	4
R Edmiston	18/11/2003	N/A	4	4
G Spicer	12/06/2014	N/A	4	4
I Baker	22/01/2013	N/A	4	4

New trustees were appointed through the period and none resigned in the period indicated above.

The board of trustees regularly reviews its membership to ensure a good level of experience exists at this level.

The Finance and Audit Committees met at least 6 times in the year. The principle functions of these committees included, but was not limited to:

- Acting as the Audit Committee and oversee the preparation, presentation and submission of the annual accounts;
- To appoint and oversee all arrangements pertaining to internal and external audit;
- To oversee the setting, monitoring and reporting of the group academy budget and financial procedures.

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Governance Statement

Governance (*continued*)

Audit Committee attendance during the year was as follows:

Name	Possible Meetings	Number of Meetings Attended
T Boxall	6	6
G Spicer	6	6
I Baker	6	5
J Clarke	6	5
R Turton	6	5

Each Academy has a Local Governing Body (LGB) except where the board of trustees has put in place an Academy Interim Board (AIB) on a temporary basis to help drive up standards and achievement more rapidly. The board of trustees suspended the LGB at Grace Academy Solihull as from 31 August 2014 and put an AIB to replace this as from 1 September 2014. The board of trustees suspended the LGB at Grace Academy Coventry as from 18 January 2015 and put an AIB to replace this as from 19 January 2015.

These groups are accountable for ensuring that high quality provision leading to high outcomes exists by working closely with the Principal and senior leaders in their academy. They meet on at least 6 occasions a year although the AIB at both Grace Academy Solihull and Grace Academy Coventry met much more frequently than this.

Review of Value for Money

The educational focus of the trust continues to be ensuring that our students achieve the highest level of success that they are able to. Each Academy has improved its overall educational performance since becoming a part of the Trust, however significant challenges remain as to the pace of improvement, the comparison with the national benchmarks for academies achievement and the individual performance of a cohort within a particular academic year. The Grace Academy Trust remains fully committed to the sustainable improvement and transformation of educational standards and performance in the Academies to ensure that each Academy delivers good and outstanding educational performance. In addition Grace is committed to developing the whole student to be a "considerate and inspiring individual who contributes to society" and any students have realised goals and ambitions in line with this aim over the past twelve months.

To ensure that the operation of the Trust demonstrates good value for money and efficient and effective use of resources, the Trust regularly benchmarks financial performance of each academy against other academies.

Tender exercises are carried out to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts remain competitive.

The Trust believes that the academy should be at the heart of the community and to that end the Trust endeavours to ensure that academy facilities are not only used for the benefit of the students but also the wider community. In addition the Trust considers all ways to generate additional income and reliable revenue streams.

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Governance Statement

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks 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 Grace Academy Trust for the period of 1 September 2014 to 31 August 2015 and up to date of the 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 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.

The Risk and Control Framework

The Academy'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 Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- Identification and management of risks.

In addition, the trustees have considered the guidance for directors of public listed companies contained within the UK Corporate Governance code issued by the London Stock Exchange in June 2010. They believe that although it is not mandatory for the Academy it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have set policies on internal controls which cover the following:

- the type of risks the Academy faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks materialising;
- the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise;
- the costs of operating particular controls relative to the benefits obtained;
- clarified the responsibility of the Academy Leadership Team to implement the governors' policies and to identify and evaluate risks for the governors' consideration;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy;
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being undertaken.

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Governance Statement

The trustees have considered the need for a specific internal audit function and have decided to appoint R Turton as an internal auditor. The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the auditor reports to the finance committee and the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Review of Effectiveness

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

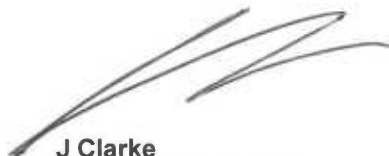
- the work of the Internal Auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of the review of the system of internal control by the Finance and General Purposes Committees and a plan to address any weaknesses identified and ensure continuous improvement of the system is in place.

Approved by the board of trustees on 12 *herben* 2015 and signed on its behalf by:



Lord Edmiston
Chair



J Clarke
Accounting Officer

Grace Academy
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of Grace 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 academies trust 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.

Signed



J Clarke
Accounting Officer

Grace Academy
(A company limited by guarantee)

Statement of Trustees' Responsibilities

The trustees (who 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 in 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; 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 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 to 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 10 *Feb* 2015 and signed on its behalf by:



Lord Edmiston
Chair of Trustees

Grace Academy
(A company limited by guarantee)

**Independent Auditor's Report to the Members of Grace Academy
for the year ending 31 August 2015**

We have audited the financial statements of Grace Academy for the year ended 31 August 2015 on pages 20 to 44. 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the trustees (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

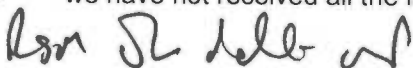
Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees' Report and the incorporated Strategic 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:

- the charity has not kept adequate accounting records, 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.



PAUL OXTOBY (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP), Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

10 February 2015

Grace Academy
(A company limited by guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity
to Grace Academy and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 12 August 2014 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 Grace Academy during the period 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 Grace Academy and the EFA in accordance with the terms of our engagement letter dated 12 August 2014. Our work has been undertaken so that we might state to Grace Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Grace Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Grace Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Grace Academy's funding agreement with the Secretary of State for Education dated 4 August 2014 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 period 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 the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

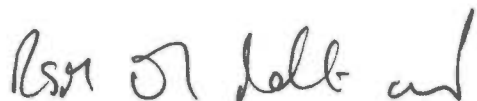
Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Grace Academy
(A company limited by guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity
to Grace Academy and the Education Funding Agency**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP)
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

10 June 2015

Grace Academy
(A company limited by guarantee)

**Statement of Financial Activities including Income and Expenditure Account and
Statement of Total Recognised Gains and Losses for the year ended 31 August 2015**

	Note	Un- restricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	2015 Total £000	2014 Total £000
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	1	62	202	-	264	22,597
Activities for generating funds	2	151	24	-	175	157
Investment income	3	10	-	-	10	21
Incoming resources from charitable activities:						
Funding for the Academies' educational operations	4	283	15,121	-	15,404	19,107
Total incoming resources		506	15,347	-	15,853	41,882
Resources expended						
Cost of generating funds:						
Fundraising trading: cost of goods sold and other costs	6	25	4	-	29	62
Charitable activities:						
Academies' educational operations	7	473	16,065	2,714	19,252	20,489
Governance costs	8	-	91	-	91	82
Total resources expended		498	16,160	2,714	19,372	20,633
Net (outgoing)/incoming resources before transfers		8	(813)	(2,714)	(3,519)	21,249
Transfers						
Gross transfers between funds	18	-	(161)	161	-	-
Net (outgoing)/incoming resources before other recognised gains and losses and net (expenditure)/income for the year		8	(974)	(2,553)	(3,519)	21,249
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension scheme	26	-	(605)	-	(605)	821
Net movement in funds		8	(1,579)	(2,553)	(4,124)	22,070

Grace Academy
(A company limited by guarantee)

**Statement of Financial Activities including Income and Expenditure Account and
Statement of Total Recognised Gains and Losses for the year ended 31 August 2015**

	Note	Un- restricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	2015 Total £000	2014 Total £000
Reconciliation in funds						
Net movement in funds						
Fund balances brought forward at 31 August 2014		-	593	75,913	76,506	54,436
Fund balances carried forward at 31 August 2015	19	8	(986)	73,360	72,382	76,506

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

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

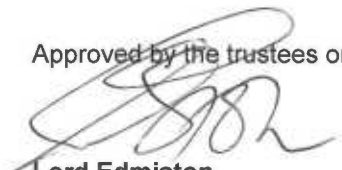
The notes on pages 27 to 44 form part of the financial statements.

Grace Academy
(A company limited by guarantee)
Registered Number 04967658

Balance Sheet as at 31 August 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Tangible assets	14		72,624		74,889
Current assets					
Stock	15	46		28	
Debtors	16	598		657	
Cash at bank and in hand		3,567		5,283	
Total current assets		4,211		5,968	
Creditors – amounts falling due within one year	17	(1,782)		(2,292)	
Net current assets			2,429		3,676
Total assets less current liabilities			75,053		78,565
Defined benefit pension scheme liability	26		(2,671)		(2,059)
Net assets including pension liability			72,382		76,506
Funds					
Restricted funds					
Restricted fixed asset funds	18	73,360		75,913	
Restricted general funds	18	1,685		2,652	
Pension reserve	18	(2,671)		(2,059)	
			72,374		76,506
Unrestricted funds					
General fund	18	8		-	
			8		-
Total funds			72,382		76,506

Approved by the trustees on 10 *Feb* 2015, authorised for issue and signed on their behalf by:


Lord Edmiston
Trustee


T G K Boxall
Trustee

The notes on pages 27 to 44 form part of the financial statements.

Grace Academy
(A company limited by guarantee)

Cashflow Statement
for the year ended 31 August 2015

	Note	2015 £000	2014 £000
Net cash (outflow) from operating activities	22	(1,332)	(227)
Returns on investment and servicing of finance	23	10	21
Capital (expenditure)/income	24	(394)	349
		<hr/>	<hr/>
Increase in cash in the year		(1,716)	143
		<hr/>	<hr/>
		2015 £000	2014 £000
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the year	25	(1,716)	143
Net funds at 1 September 2014	25	5,283	5,140
		<hr/>	<hr/>
Net funds at 31 August 2015	25	3,567	5,283
		<hr/>	<hr/>

The notes on pages 27 to 44 form part of the financial statements.

Grace Academy
(A company limited by guarantee)

Accounting Policies
for the year ended 31 August 2015

Status

The Company is a Company Limited by Guarantee and not having a Share Capital. The liability of every member is limited to an amount not exceeding £10.

Accounting Policies

(a) *Accounting convention*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) *Compliance with accounting standards*

The accounts have been prepared in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice, Accounting and Reporting by Charities (theSORP) issued in March 2005 (2nd edition), the Academies Accounts Direction 2014/15 issued by the Education Funding Agency and the Companies Act 2006.

(c) *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 company to continue as a going concern. Having considered budgets and forecasts the trustees consider it appropriate to draw up the accounts on a going concern basis. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

(d) *Donations*

Donations are included in the statement of financial activities on a cash received basis.

(e) *Gifts in kind*

The value of gifts in kind provided to the academy trust is 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.

(f) *Interest receivable*

Interest receivable is included within the statement of financial activities on a receivable basis.

(g) *Grants receivable*

Grants are included in the statement of financial activities on an accruals basis. The balance of income received for specific purposes but not matched to relevant expenditure during the year is shown in the restricted fund on the balance sheet.

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. Accruals are made for anticipated clawback due to lower pupil numbers, if relevant.

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 grants are reflected in the balance on the restricted fixed asset fund.

(h) *Expenditure*

Expenditure is recognised in the period in which a liability is incurred. Direct charitable expenditure comprises all expenditure directly relating to the specific objectives of the charity. All expenses incurred are treated on the accruals basis. All resources expended are inclusive of irrecoverable VAT.

Grace Academy
(A company limited by guarantee)

Accounting Policies
for the year ended 31 August 2015

(i) *Allocation of costs*

In accordance with the SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Staff costs are allocated on the basis of time spent on each activity; premises and technology costs and depreciation are allocated by the area of principal activity.

(j) *Governance costs*

Governance costs include the costs attributable to Grace Academy's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

(k) *Leased assets*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease.

(l) *Stocks*

Stocks are stated at the lower of cost and net realisable value. Items purchased for resale to students are the only significant stock holdings at the end of the year.

(m) *Fund accounting*

General funds are those monies which may be used towards meeting the charitable objectives of the charity. They are available for use at the discretion of the governors in furtherance of the general objectives of the charity and are retained for working capital purposes.

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 grants and donations from DfE and others to be used for specific purposes.

(n) *Tax status*

The Academy 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 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.

(o) *Tangible fixed assets*

Where tangible fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life, once they have been brought into use. 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 depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

(p) *Depreciation*

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, at rates calculated to write them down to their estimated residual values over their useful lives. The principal annual rates used are:

Leasehold buildings	2.5%	Computer equipment	25%
Building improvement	20%	Furniture and equipment	25%
Equipment	25%	Software	25%
Motor vehicles	33.3%		

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.

Grace Academy
(A company limited by guarantee)

Accounting Policies
for the year ended 31 August 2015

(q) Pensions

The Academy has two principal pension schemes for staff; the Teachers' Pension Scheme (TPS) and the West Midlands Metropolitan Authorities Pension Fund (WMMAPF). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

Pension costs in respect of the TPS charged to the statement of financial activities and income and expenditure account are equal to the contributions paid to the scheme as they are in a multi employer scheme whose assets and liabilities cannot be separately identified on a consistent and reasonable basis. It is therefore accounted for as a defined contribution scheme. The contribution rate is calculated in such a way that it is a substantially level percentage of current and future pensionable payroll. Not less than every four years, with a supporting interim valuation in between, the Government Actuary conducts a formal actuarial review of the TPS in order to specify the level of future contributions.

The WMMAPF 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 settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

(r) Liabilities

Liabilities are recognised when either a constructive or legal obligation exists.

Grace Academy
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 August 2015

1	Voluntary income	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
	Related Party donations	57	202	259	182
	Local Authority capital project gift in kind	-	-	-	22,385
	Miscellaneous grants and donation	5	-	5	30
		<u>62</u>	<u>202</u>	<u>264</u>	<u>22,597</u>
2	Activities for generating funds	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
	Hire of facilities	88	-	88	90
	Uniform sales	29	-	29	30
	Miscellaneous sales income	34	24	58	37
		<u>151</u>	<u>24</u>	<u>175</u>	<u>157</u>
3	Investment income	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
	Bank interest	10	-	10	21
4	Funding for the Academy's educational operations	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
	Education Funding Agency (EFA) & Department for Education (DfE) grants				
	General Annual grant (GAG)	-	13,724	13,724	15,230
	Start Up grants	-	39	39	33
	Pupil Premium grants	-	1,096	1,096	1,121
	16-19 Bursary grants	-	25	25	47
	Capital grants	-	55	55	73
	Other DfE/EFA grants	-	19	19	23
		<u>-</u>	<u>14,958</u>	<u>14,958</u>	<u>16,527</u>
	Total EFA/DfE grants	-	14,958	14,958	16,527

Grace Academy
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 August 2015

4 Funding for the Academy's educational operations (<i>continued</i>)	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
Total EFA/DfE grants (brought forward)	-	14,958	14,958	16,527
Local Authority grants	-	62	62	57
Local Authority capital grants	-	-	-	2,158
Catering income	267	-	267	254
Income from educational trips and activities	16	70	86	57
Other education-related income	-	31	31	54
	<u>283</u>	<u>15,121</u>	<u>15,404</u>	<u>19,107</u>

5 Resources expended	Staff costs £000	Depreciation £000	Other costs £000	Total 2015 £000	Total 2014 £000
Fundraising trading: cost of goods sold and other costs	-	-	29	29	62
Academies' educational operations					
Direct costs	9,756	2,578	1,015	13,349	14,140
Allocated support costs	2,827	136	2,940	5,903	6,349
	<u>12,583</u>	<u>2,714</u>	<u>3,955</u>	<u>19,252</u>	<u>20,489</u>
Governance costs					
Including allocated support costs	12	-	79	91	82
	<u>12,595</u>	<u>2,714</u>	<u>4,063</u>	<u>19,372</u>	<u>20,633</u>

The method used for the apportionment of support costs is disclosed in the accounting policies on page 25.

(Outgoing)/Incoming resources for the year include:	2015 £000	2014 £000
Operating lease expenditure	<u>14</u>	<u>7</u>

Grace Academy
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 August 2015

5 Resources expended (continued)

Included within resources expended are the following transactions:

	2015 £000	2014 £000
Costs of hospitality given	-	2
Loss on disposal of fixed assets	-	(62)
Write-offs of unrecoverable debts	-	1

In the prior year there were three losses on disposal of fixed assets over £5,000. These were for £6,561, £6,312 and £16,283 and were due to the move from old buildings to a new building and the assets not being transferrable.

6 Fundraising trading: cost of goods sold and other costs

	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
Support staff costs	-	-	-	19
Provision of facilities	-	-	-	12
Uniform costs	25	4	29	30
Costs of generating miscellaneous sales	-	-	-	1
	<u>25</u>	<u>4</u>	<u>29</u>	<u>62</u>

7 Charitable activities: Academies' Educational Operations

	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
Direct costs				
Teaching and educational support staff costs	4	9,752	9,756	10,418
Staff training and development	1	102	103	79
Depreciation	-	2,578	2,578	2,679
Books, apparatus and stationery	-	275	275	396
Bought out courses and pupil activities	2	417	419	316
Examination fees	-	218	218	252
	<u>7</u>	<u>13,342</u>	<u>13,349</u>	<u>14,140</u>

Grace Academy
(A company limited by guarantee)

Notes to the Financial Statements
for the year ended 31 August 2015

7 Charitable activities: Academies' Educational Operations (continued)

	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
Allocated support costs				
Support staff costs	116	2,711	2,827	2,789
Recruitment, training and development	-	169	169	281
Depreciation	-	136	136	159
Pupil recruitment and support	-	150	150	317
Maintenance of premises and equipment	4	340	344	379
Security, cleaning and waste	-	61	61	72
Rent, rates and water charges	59	238	297	252
Heat and light	-	362	362	384
Insurance	-	143	143	143
Catering	257	301	558	580
Technology costs	2	276	278	525
Bank interest and cash handling charges	1	3	4	6
Other support costs	27	547	574	462
	<u>466</u>	<u>5,437</u>	<u>5,903</u>	<u>6,349</u>
	<u>473</u>	<u>18,779</u>	<u>19,252</u>	<u>20,489</u>

Expenditure is analysed between the cost of generating funds, charitable activities and governance. Items of expenditure which involve more than one cost category are apportioned on a reasonable, justifiable and consistent basis for the cost category concerned.

8 Governance costs

	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
Support staff costs	-	-	-	17
Legal and professional fees	-	39	39	31
Auditors' remuneration:				
Audit of financial statements	-	40	40	25
Internal audit and Responsible Officer costs	-	-	-	4
Governors' training and support	-	12	12	5
	<u>-</u>	<u>91</u>	<u>91</u>	<u>82</u>

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**Notes to the Financial Statements
for the year ended 31 August 2015**

9 Staff costs

The average number of persons (including senior management) employed by Grace Academy during the year ended 31 August 2015 expressed as full time equivalents (headcount) was as follows:

	2015 Number		2014 Number	
Management	30	(31)	32	(33)
Teachers	140	(149)	147	(156)
Educational support and administration	141	(198)	157	(212)
	311	(378)	336	(401)

	2015 £000	2014 £000
Staff costs comprise:		
Wages and salaries	9,573	9,924
Social security costs	748	783
Other pension costs	1,273	1,188
	11,594	11,895
Agency staff	558	795
Seconded staff	113	20
Other staff costs	330	533
	12,595	13,243

Included in other staff costs are non-statutory/non-contractual severance payments totalling £45,702 (2014 - £47,981). The individual amounts were £15,702 and £30,000.

Eight (2014 - seven) employees earned more than £60,000 (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2015. The total emoluments for these employees were in the following ranges:

	2015 Number	2014 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	2	3
£90,001 - £100,000	2	1
£100,001 - £110,000	3	2

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Notes to the Financial Statements
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9 Staff costs (continued)

Six of the employees earning more than £60,000 participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £72,260 (2014 - £57,740). Two of the employees earning more than £60,000 participated in the West Midlands Metropolitan Authorities Pension Fund. During the year ended 31 August 2015, pension contributions for these staff amounted to £22,368 (2014 - £19,837).

10 Central services

The academy trust has provided the following central services to its academies during the year:

Human resources;	Financial services;	ICT Technical support and helpdesk;
Educational support services;	Audit services;	Purchasing and procurement services;
Public relations services;	Insurance;	Community services.
Communications services;	Marketing services;	

The trust charges for these services based on 7.5% of the total grant income.

	2015 £000	2014 £000
The actual amounts charged during the year were as follows:		
Grace Academy Coventry	434	540
Grace Academy Darlaston	372	530
Grace Academy Solihull	352	496
	<hr/> 1,158	<hr/> 1,566
	<hr/>	<hr/>

11 Trustees' and governors' remuneration and expenses

Trustees of the company did not receive any payment from the company (2014: £nil) in respect of their role as trustees. Reimbursement of travel and subsistence expenses of £796 were paid to one trustee (2014 £nil).

12 Governor's and officers' liability insurance

In accordance with normal commercial practice, Grace Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,913 (2014 - £1,999).

13 Related party transactions

Grace Academy entered into a number of related party transactions which are for the benefit of the trust. During 2014 the trust invited the Education Funding Agency to take a view on related party transactions and their view was "we are fully satisfied that the related party transactions disclosed in the trust's Financial Statements to 31 August 2013 do not represent an improper use of the EFA's funds."

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Notes to the Financial Statements
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13 Related party transactions (continued)

All procurement transactions involving related parties are required to be conducted in accordance with the trust's financial regulations and the EFA's Academies Financial Handbook, and are on a comparable basis to previous years. The following related party transactions took place in the period of account.

- a) Included within administration expenses is £2,317 (2014 - £24,246) in respect of the reimbursement at cost of taxable benefits for senior employees and office expenses incurred on behalf of Grace Academy payable to International Motors Limited, a company which is 100% owned by I.M. Group Limited. The ultimate controlling party is Lord Edmiston, who owns 100% of the issued share capital of I.M. Group Limited. The balance due to this company at 31 August 2015, included within creditors, was £1,087 (2014 - £1,147).
- b) Included within incoming resources is £nil (2014 - £527) gifted by I.M. Group Limited, a company for which Lord Edmiston is the controlling party. The balance due from this company at 31 August 2015 was £nil (2014 - £nil).
- c) Included within incoming resources is £200,000 (2014 - £120,000), gifted by Grace Foundation, a charity set up by Lord Edmiston. Four of the trustees of Grace Academy are also trustees of Grace Foundation.
- d) G Spicer, who is related to two of the trustees, was employed by Grace Academy until 31 May 2014. During the year ended 31 August 2015 Grace Academy paid to G Spicer gross salary and taxable benefits of £nil and made pension contributions of £nil (2014- £57,587 gross salary and taxable benefits, £6,421 pension contributions).
- f) Included within resources expended is £nil (2014 - £1,269 in respect of the reimbursement of taxable benefits for senior employees payable to Subaru (UK) Ltd, a company where the ultimate controlling party is Lord Edmiston. The balance due to this company at 31 August 2015, included within creditors, was £nil (2014 - £nil).
- g) Included within incoming resources is £nil (2014 - £22,312) in respect of income earned from Christian Vision, a charity set up by Lord Edmiston, due to the secondment of staff. Three of the trustees of Grace Academy are also trustees of Christian Vision. The balance due from this charity at 31 August 2015, included within debtors, was £nil (2014 - £nil).
- i) Christian Vision made a gift to Grace Academy of the use of premises. As required by charity accounting, included within incoming resources and within resources expended is £59,040 (2014 - £57,960). Christian Vision is a charity set up by Lord Edmiston. Three of the trustees of Grace Academy are also trustees of Christian Vision.
- j) Grace Foundation made a gift of goods to Grace Academy. As required by charity accounting, included within incoming resources and within resources expended is £nil (2014 - £2,993). Grace Foundation is a charity set up by Lord Edmiston. Four of the trustees of Grace Academy are also trustees of Grace Foundation.

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Notes to the Financial Statements
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14 Tangible fixed assets

	Equipment £000	Fixtures & fittings £000	Long Leasehold buildings £000	Motor Vehicles £000	Computer Equipment £000	Furniture & Equipment £000	Software £000	Total £000
Cost								
At 31 August 2014	6,694	2,009	83,168	78	-	-	-	91,949
Additions	325	32	40	52	-	-	-	449
Disposals	(16)	(60)	-	-	-	-	-	(76)
Reclassification	(7,003)	(1,649)	(73)	-	4,795	3,568	362	-
At 31 August 2015	-	332	83,135	130	4,795	3,568	362	92,322
Depreciation								
At 31 August 2014	5,133	1,996	9,857	74	-	-	-	17,060
Charge for the year	603	9	2,093	9	-	-	-	2,714
Disposals	(16)	(60)	-	-	-	-	-	(76)
Reclassification	(5,720)	(1,781)	(10)	-	3,976	3,306	229	-
At 31 August 2015	-	164	11,940	83	3,976	3,306	229	19,698
Net book value								
At 31 August 2015	-	168	71,195	47	819	262	133	72,624
At 31 August 2014	1,561	13	73,311	4	-	-	-	74,889

The depreciation at 31 August 2015 represents fixed assets whose usage has been allocated as follows:

	Equipment £000	Fixtures & fittings £000	Long Leasehold buildings £000	Motor Vehicles £000	Total £000
Educational provision	573	9	1,987	9	2,578
Support services	30	-	106	-	136
At 31 August 2015	603	9	2,093	9	2,714

Grace Academy leases the land it occupies from both Solihull Metropolitan Borough Council and Coventry City Council on long leases of 125 years for a peppercorn rent, if demanded, and from Walsall Metropolitan Borough Council on a temporary lease until the completion of the new premises for a peppercorn rent, if demanded. No such charges have been made in the current year (2014 - £nil).

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Notes to the Financial Statements
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14 Tangible fixed assets (continued)

Fixed assets includes the gift of land and buildings under a lease for an agreed period of time from Walsall Metropolitan Borough Council.

15 Stock	2015 £000	2014 £000
Goods for sale	46	28
	<u>46</u>	<u>28</u>
16 Debtors	2015 £000	2014 £000
Trade debtors	3	-
Grants receivable	122	225
Prepayments and accrued income	270	204
Other debtors	83	22
HMRC debtor	120	206
	<u>598</u>	<u>657</u>
17 Creditors – amounts falling due within one year	2015 £000	2014 £000
Trade creditors	594	399
Other taxes and social security costs	277	232
Pension costs	107	163
Accruals	219	458
Deferred income	31	19
Other creditors	5	6
EFA creditor	549	1,015
	<u>1,782</u>	<u>2,292</u>
Deferred income	2015 £000	2014 £000
Deferred income at 1 September 2014	19	16
Resources deferred in the year	31	19
Amounts released from previous years	(19)	(16)
	<u>31</u>	<u>19</u>
Deferred in come at 31 August 2015	31	19

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Notes to the Financial Statements
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17 Creditors – amounts falling due within one year (*continued*)

At 31 August 2015 Grace Academy was holding in deferred income funds received in advance for lettings, income received for trips taking place in the next academic year and income for unfulfilled uniform sales.

18 Funds

The funds of Grace Academy comprise the following balances:

	Balance At 1 September 2014 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance At 31 August 2015 £000
Restricted fixed asset funds	75,913	-	(2,714)	161	73,360
Restricted general funds					
General Annual Grant (GAG)	2,131	13,724	(14,390)	(128)	1,337
Other restricted funds	521	1,623	(1,763)	(33)	348
Pension reserve	(2,059)	-	(7)	(605)	(2,671)
Total restricted general funds	593	15,347	(16,160)	(766)	(986)
Total restricted funds	76,506	15,347	(18,874)	(605)	72,374
Unrestricted funds					
Unrestricted funds	-	506	(498)	-	8
Total unrestricted funds	-	506	(498)	-	8
Total funds	76,506	15,853	(19,372)	(605)	72,382

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Notes to the Financial Statements
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18 Funds (continued)

Funds transfers can be analysed as follows:

	General annual grant (GAG) £000	Other restricted grant £000
GAG used for fixed assets	128	-
Other DfE grant used for fixed assets	-	33
	<u>128</u>	<u>33</u>

Restricted funds can be analysed across the three Academy locations as follows:

	Balance At 1 September 2014 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance At 31 August 2015 £000
Grace Academy Coventry	30,159	5,852	(7,068)	-	28,943
Grace Academy Darlaston	24,125	4,945	(6,094)	-	22,976
Grace Academy Solihull	23,184	4,770	(5,904)	-	22,050
Grace Foundation	1,097	286	(299)	-	1,084
Pension reserve	(2,059)	-	(7)	(605)	(2,671)
	<u>76,506</u>	<u>15,853</u>	<u>(19,372)</u>	<u>(605)</u>	<u>72,382</u>

Notes:

- a. General Annual Grant (GAG) must be used for the normal running costs of an Academy. 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.
- b. Other restricted general funds were funded by government grants or donations from sponsors. Any unexpended balances of these grants must be surrendered to the grant-maker or donor at the end of the contract.
- c. Restricted fixed asset funds were funded by government grants or sponsor donations.

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Notes to the Financial Statements
for the year ended 31 August 2015

19 Analysis of net assets between funds

Fund balances at 31 August 2015 were represented by:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Tangible fixed assets	-	-	72,624	72,624
Current assets	8	3,467	736	4,211
Current liabilities	-	(1,782)	-	(1,782)
Pension scheme liability	-	(2,671)	-	(2,671)
	<u>8</u>	<u>(986)</u>	<u>73,360</u>	<u>72,382</u>

20 Capital Commitments

	2015 £000	2014 £000
Contracted for, but not provided in the financial statements	-	-

21 Commitments under operating leases

Grace Academy has annual commitments under non-cancellable operating leases as set out below:

	2015 £000	2014 £000
Operating leases for equipment which expire:		
Within one year	2	-
In two to five years	43	7
	<u>45</u>	<u>7</u>

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Notes to the Financial Statements
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22 Reconciliation of net outgoing resources to net cash inflow from operating activities

	2015 £000	2014 £000
Net (outgoing)/incoming resources	(3,519)	21,249
Depreciation	2,714	2,838
Capital grants from DfE and other capital income	(55)	(24,616)
Interest receivable	(10)	(21)
FRS17 pension cost less contributions payable	59	249
FRS17 pension finance costs	(52)	36
(Increase)/Decrease in stocks	(18)	7
Decrease in debtors	59	88
(Decrease) in creditors	(510)	(119)
Loss on disposal of fixed assets	-	62
	<u>(1,332)</u>	<u>(227)</u>
Net cash (outflow)/inflow from operating activities	<u>(1,332)</u>	<u>(227)</u>

23 Return on investments and servicing of finance

	2015 £000	2014 £000
Interest received	10	21
	<u>10</u>	<u>21</u>
Net cash inflow from return on investments and servicing of finance	<u>10</u>	<u>21</u>

24 Capital expenditure and financial investment

	2015 £000	2014 £000
Purchase of tangible fixed assets	(449)	(1,882)
Capital grants from DfE	55	73
Other capital funding received	-	2,158
	<u>(394)</u>	<u>349</u>
Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(394)</u>	<u>349</u>

25 Analysis of changes in net funds

	At 1 September 2014 £000	Cash flows £000	At 31 August 2015 £000
Cash in hand and at bank	5,283	(1,716)	3,567
	<u>5,283</u>	<u>(1,716)</u>	<u>3,567</u>

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**Notes to the Financial Statements
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26 Pension and Similar Obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Metropolitan Authorities Pension Fund (WMMAPF). 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.

Contributions amounting to £107,000 (2014: £163,000) were payable to the schemes at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme (TPS)

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014 by the Teachers' Pensions Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as-you-go' basis, and along with employers' contributions, are credited to the Exchequer.

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. 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 was carried out as at 31 March 2012 in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation being published in June 2014. The key elements of the valuation and subsequent consultations are:

- Total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million
- Value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.75%
- 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 1 September 2015 and an employer cost cap of 10.9%. The employer contribution rate will be payable 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.

The pension costs paid to TPS in the year amounted to £705,000.

Under the definitions set out in Financial Reporting Standard (FRS17) 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 FRS17 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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Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £725,000 (2014 - £610,000) of which employer's contributions totalled £510,000 (2014 - £399,000) and employees' contribution totalled £215,000 (2014 - £211,000). The agreed contribution rates for future years are 13.1 per cent for employers and between 5.5 and 12.5 per cent for employees, depending on annual salary.

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.

26 Pension and Similar Obligations (*continued*)

Principal Actuarial Assumptions

	At 31 August 2015 %	At 31 August 2014 %
Rate of increase in salaries	4.15	3.95
Rate of increase for pensions in payment/inflation	2.40	2.20
Discount rate for scheme liabilities	4.00	4.00
Inflation assumption (CPI)	2.40	2.20

Sensitivity Analysis

	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a Inflation	Sensitivity 3 1 year increase in life expectancy
	£000	£000	£000
Liabilities	11,035	11,770	11,638
Assets	(8,655)	(8,655)	(8,655)
Deficit	2,380	3,115	2,983
Projected Service Cost for next year	621	605	637

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

	At 31 August 2015 Years	At 31 August 2014 Years
Retiring today		
Males	23.00	22.90
Females	25.20	25.50
Retiring in 20 years		
Males	25.60	25.10
Females	28.00	27.80

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Notes to the Financial Statements
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26 Pension and Similar Obligations (*continued*)

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

Asset category	Expected rate of return %	Assets at 31 August 2015 £000	Expected rate of return %	Assets at 31 August 2014 £000
Equities/absolute return	N/A	5,176	7.0	3,514
Government bonds	N/A	640	2.9	617
Other bonds	N/A	874	4.4	804
Property/infrastructure	N/A	736	5.7	679
Cash/liquidity	N/A	433	0.5	344
Other	N/A	796	7.0	1,851
		8,655		7,809
		8,655		7,809

The actual return on scheme assets was £368,000 (2014: £ 740,000)

	2015 £000	2014 £000
Amounts recognised in the balance sheet		
Present value of funded obligation	(11,326)	(9,868)
Fair value of plan assets	8,655	7,809
	(2,671)	(2,059)
Net amount recognised	(2,671)	(2,059)
 Amounts recognised as		
Liabilities	(2,671)	(2,059)
Assets	-	-
	(2,671)	(2,059)
Net amount recognised	(2,671)	(2,059)
 Components of pension cost		
Current service cost	569	648
Interest cost	405	445
Expected return on assets	(473)	(409)
Effect of curtailments or settlements	16	-
	517	684
Total pension cost recognised in the SOFA	517	684
 Actuarial loss/(gains) recognised in the SOFA	605	(821)
	605	(821)

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Notes to the Financial Statements
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26 Pension and Similar Obligations (*continued*)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £216,000 (2014 - £821,000) gain.

	2015 £000	2014 £000
Movements in the present value of defined benefit obligations were as follows:		
Benefit obligation at beginning of year	9,868	9,245
Current service cost	569	648
Interest cost	405	445
Member contributions	215	211
Actuarial gains	500	(664)
Curtailments	16	-
Benefits/transfers paid	(247)	(17)
	<hr/>	<hr/>
Benefit obligation at end of year	11,326	9,868
	<hr/>	<hr/>
Movements in the fair value of academy's share of scheme assets:		
Fair value of assets at beginning of year	7,809	6,650
Expected return on assets	473	409
Actuarial gains	(105)	157
Employer contribution	510	399
Member contributions	215	211
Benefits/transfers paid	(247)	(17)
	<hr/>	<hr/>
Fair value of assets at end of year	8,655	7,809
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 August 2016 is £396,000 (2015: £470,000)

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**Notes to the Financial Statements
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26 Pension and Similar Obligations (*continued*)

The five-year history of experience adjustments is as follows:

Financial year ending	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Benefit obligation at end of year	(11,326)	(9,868)	(9,245)	(7,940)	(6,500)
Fair value of plan assets at end of year	8,655	7,809	6,650	5,430	4,531
(Deficit)	(2,671)	(2,059)	(2,595)	(2,510)	(1,969)

Difference between actual and expected scheme returns:

Amount (£000)	105	157	255	32	1,615
Percentage of scheme assets (%)	1.2	2.0	3.8	0.6	35.6

Experience gains and (losses) on scheme liabilities:

Amount (£000)	500	664	-	-	(2,739)
Percentage of scheme assets (%)	4.4	6.7	-	-	(42.1)

Total amount recognised in statement of total recognised gains and (losses):

Amount (£000)	216	821	255	(241)	(323)
Percentage of scheme liabilities (%)	1.9	8.3	2.8	(3.0)	(5.0)