

Company Registration Number: 07689986 (England and Wales)

THE ALBANY SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

THE ALBANY SCHOOL
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Trustees / Governors

Mr R Alexander (appointed 1 June 2014)
Mr B Archer, (Finance, General Purposes & Audit sub-committee)
Mr T Brown, (Chair of Governors) (Finance, General Purposes & Audit sub-committee)
Mr G Bugnatelli, (Finance, General Purposes & Audit sub-committee) (resigned 1 June 2014)
Mr M Clarkson, (Finance, General Purposes & Audit sub-committee)
Mr D Evans
Mr A Freeman (resigned 23 October 2013)
Mrs J Gibson
Miss L Hall
Mr B Hurley (appointed 1 June 2014)
Mr D Jefferys
Mr J Lawrence, (Chair of Curriculum)
Mr R Mitchell
Ms Teresa Parish
Ms L Rice (appointed 1 June 2014)
Mr P Robins, (Responsible Officer) (Finance, General Purposes & Audit sub-committee)
Mrs N Sanwo (appointed 1 June 2014)
Ms E Salter (appointed 1 June 2014)
Mr P Setterfield, (Chair of Finance) (Finance, General Purposes & Audit sub-committee)
Mr A Thorne, (HT) (Finance, General Purposes & Audit sub-committee)
Mr R Welham (appointed 1 June 2014)
Mr B Whitby (resigned)

All Trustees / Governors are members of the company

Company registered number

07689986

Principal and registered office

Broadstone Road
Hornchurch
Essex
RM12 4AJ

Company secretary

Mrs S Howells

Senior management team

Mr A Thorne, Head Teacher
Ms V Masson, Deputy Head
Mrs L Parker, Director of Finance

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Administrative details (continued)

Independent auditors

MHA MacIntyre Hudson
Chartered Accountants
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Bankers

Lloyds TSB Bank PLC
21 Station Lane
Hornchurch
Essex
RM12 6JL

Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 serving a catchment area in Hornchurch. It has a pupil capacity of 980 and had a roll of 870 in the school census on 31 October 2013.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The trustees of The Albany Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as The Albany School. The Trustees are also referred to as Governors.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 12.

Members' Liability

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

Trustees' Indemnities

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £949.

Method of Recruitment and Appointment or Election of Trustees

Governors are subject to retirement by rotation but are eligible for re-election at the meeting which they retire. At each Annual General Meeting of the charitable company one third of the governors retire by rotation. The governors to retire are those who have been longest in office since their last election or appointment. If a vacancy occurs then the positions are advertised on the school's website and all parents of our students are notified by Parent Mail of the vacancy.

Depending on the number of applications received the Chair, Vice-Chair & Head Teacher meet with each applicant and appoint on the skills required to add of expertise to the Governing Body.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new governors will be given a tour of the Academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. As there are normally less than 3 new governors a year, induction tends to be done informally and is tailored specifically to the individual.

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Organisational Structure

The Academy operates a unified management structure. The structure consists of three levels: the Governors, The Senior Managers and the Senior Leadership Team (SLT). The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. The Senior Managers are the Head Teacher, a Deputy Head Teacher and the Director of Finance. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels for posts in the SLT often contain a Governor. Some spending control is devolved to members of the SLT, with limits above which two Senior Managers must always countersign.

Connected Organisations, Including Related Party Relationships

Hylands CASC
Aspire Gymnastics Club
Havering Head Teachers Partnership

Objectives and Activities

Objects and Aims

The Albany School aims to provide the best education for young people in Havering. We specialise in helping young people raise their aspirations and develop their full potential as members of society. We want them to leave us as valued members of our community, able to make a significant contribution to our future. Our aim is that during their education with us and also once they have left, they become articulate, confident young people who are able to make good, informed decisions about their future choices. All their skills are nurtured, encouraged and celebrated.

Our school motto is "Traditional Values, 21st Century Education"
Our ethos centres on "academic excellence and care for each child"

We are committed to empowering our students to become lifelong learners and believe that personalised learning along with the acquisition of independent learning & thinking skills and the embracing of social & moral aspects of development will enable them to achieve their full potential.

Our ethos centres on the belief that every individual deserves respect and that young people are educated in an environment where relationships are key. The 'respect' agenda is fundamental to us being a happy school where social communication is crucial to be successful. If the school community feels safe, secure and valued; and success is celebrated at every level then the school will continue to thrive. We pride ourselves on truly being an Investor in People and Careers as well as a Business and Enterprise Specialist School. Our future aspirations are to ensure that we enable students to learn through the use of new technologies, to move to the provision of an all-through school and to build on our success as a Business and Enterprise Specialist School. Our learning vision is encapsulated in our school motto and the skill set that we expect our students to aspire to. Our specialism continues to be a major lever for change, enabling CPD, outreach and innovation to impact on achievement and learning. The 'capacity to lead change' within the school is good (and we are striving to make this outstanding).

We believe in actively supporting all our students and helping them to overcome barriers to learning. We provide an inclusive learning community for all students, parents, staff and governors, where they feel motivated and

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aspire to realise their full potential. We challenge them to continually learn from each other and also embrace the learning needs and potential of the local community, believing that their learning is mutually beneficial to the school, local and global communities. Our vision and ethos recognises that learning takes place within a context and hence embrace working collaboratively with the local community, businesses, feeder schools, further education colleges and universities, the borough and the region in order that our students see the benefit of learning across a range of institutions.

Through community cohesion and our school provision we will continue to serve the community and the region. The use of more innovative qualifications has led to an increase in our vocational footprint. We believe our recent initiatives at Key Stage 3 to integrate the curriculum and our proposals to reform Key Stage 4 have helped us on our change management journey to building an even more successful school.

Student engagement is at the heart of all we do. Student learning ambassadors and student curriculum advisors provide a strong student voice that informs all current and future whole school development. This forms the base of ensuring student voice as the lead not just an 'add on' to the education process. The student leader body is a well-integrated part of our school which is being developed all the time to ensure students' leadership potential as a voice in school processes is key.

Our focus on the role of extra-curricular opportunities and trips plays a key part in The Albany ethos and forms a particular strength as a tool for developing our young learners in diverse environments. Groups such as the scouts group, Duke of Edinburgh award, sport and science. This enables our students to compete with their peers in the education market.

Objectives, Strategies and Activities

The main objectives of the Academy during the year ended 31 August 2014 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Public Benefit

The Governors of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties.

The charitable company's aims are set out in this report. The trustees have complied with their duty under section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission and the trustees have paid due regard to this guidance in deciding what activities the charitable company should undertake.

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**TRUSTEES' REPORT
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STRATEGIC REPORT**Achievements and Performance**

(1) No. of A*-C	2012	2013	2014	Male:	Female:	Total:	
Art	8	16	29	115	68	183	
Art BTEC	12	14					
Bus Com	95	102	104	5 A*-C inc Maths + Eng	55%	60%	64%
Bus Studs	16	22	22				
CIDA	110	48					
DT	47	24	40				
Drama	2	11	7				
Eng Lang	140	123	127				
Eng Lit	104	113	112				
French	4	31	37				
French NVQ	3	3					
Geography	32	26	31				
History	47	75	68				
Maths	130	120	121				
Media BTEC	44	43	43				
Music BTEC	0	10	17				
PE	43	40	55				
PE BTEC	32	73					
RS	0	5					
Science Additional	25	12	89				
Biology	26	43	16				
Chemistry	26	34	16				
Physics	27	40	16				
Science BTEC	146	47	38				

(2) % entered for 5+ GCSEs				2012	2013	2014	
No of boys	98	98	113	% boys	96	96	97
No of girls	70	73	66	% girls	97	100	97
No of students	168	171	179	% students	97	98	97

(3) % entered for 1+ GCSEs							
No of boys	102	102	115	% boys	100	100	100
No of girls	72	73	68	% girls	100	100	100
No of students	174	175	183	% students	100	100	100

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(4)% of the year group achieving no passes at GCSE:

No of Boys	2	3	0	% Boys	2	2	0
No of Girls	0	0	0	% Girls	0	0	0
No of Pupils	2	3	0	% All pupils	1	2	0

(5)% of the year group achieving 5+A*-G grades:

No of Boys	98	98	110	% Boys	96	96	96
No of Girls	70	73	65	% Girls	97	100	96
No of Pupils	168	171	175	% All pupils	97	98	96

(6)% of the year group achieving A*-C grades in both English and Mathematics:

No of Boys	73	61	67	% Boys	72	60	62
No of Girls	47	50	39	% Girls	65	68	57
No of Pupils	120	111	106	% All pupils	69	63	59

(7)% of the year group achieving 5+A*-C grades:

No of Boys	77	61	80	% Boys	75	60	70
No of Girls	57	51	44	% Girls	79	70	65
No of Pupils	134	122	124	% All pupils	77	70	68

(8)% of the year group achieving 5+A*-C grades including English and Mathematics:

No of Boys	67	58	65	% Boys	66	57	61
No of Girls	44	47	37	% Girls	61	64	56
No of Pupils	111	105	102	% All pupils	64	60	58

(9)% of the year group achieving 5+A*-C grades including Level2 English and Mathematics:

No of Boys	67	58	65	% Boys	66	57	61
No of Girls	44	47	37	% Girls	61	64	56
No of Pupils	111	105	102	% All pupils	64	60	58

(10) % of the year group achieving at least one A*-C grade:

No of Boys	98	98	113	% Boys	96	96	97
No of Girls	70	73	66	% Girls	97	100	97
No of Pupils	168	171	179	% All pupils	97	98	97

(11) % of the year group with A*-C in English Language:

No of Boys	79	66	78	% Boys	77	65	68
No of Girls	61	57	49	% Girls	85	78	72

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No of Pupils	140	123	127	% All pupils	80	70	69
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(12) % of the year group with A*C in Mathematics:

No of Boys	81	73	81	% Boys	79	72	70
No of Girls	49	47	41	% Girls	68	64	60
No of Pupils	130	120	122	% All pupils	75	69	67

(13) % of the year group with A*C in Science:

No of Boys	80	47	63	% Boys	78	46	55
No of Girls	63	35	31	% Girls	88	48	46
No of Pupils	143	82	94	% All pupils	82	47	67

(14) % of the year group with 2 A*Cs in Science:

No of Boys	67	45	48	% Boys	66	44	42
No of Girls	55	26	20	% Girls	76	36	30
No of Pupils	122	71	68	% All pupils	70	41	37

(15) % of the year group with A*C in MFL:

No of Boys	10	15	24	% Boys	10	15	21
No of Girls	10	19	13	% Girls	14	26	19
No of Pupils	20	34	37	% All pupils	11	19	20

(16) Average No of A*-C grades per pupil:

Boys	6.7	6	6.9
Girls	7.2	6.7	6.4
All Pupils	6.9	6.3	6.7

(17) Average No of GCSE points per pupil:

Boys	380	372	50
Girls	405	387	45
All Pupils	392	378	48

(18) Number of GCSE grades A*:

No of Grades	91	76	87
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(19) Number of GCSE grades A*-A:

No of Grades	271	223	282
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(20) Number of GCSE grades A*-C:

No of Grades	1206	1109	1226
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(21) Number of GCSE grades A*-G:

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No of Grades 1265 1320 1730

(22) No of A*-C grades achieved by each pupil:

	Boys	Girls
15 Passes	0	0
14 Passes	2	0
13 Passes	7	0
12 Passes	7	4
11 Passes	9	3
10 Passes	16	11
9 Passes	7	1
8 Passes	8	6
7 Passes	4	8
6 Passes	9	7
5 Passes	11	4
4 Passes	9	4
3 Passes	8	2
2 Passes	10	6
1 Pass	8	9

Key Performance Indicators

The Governing Body continue to use both financial and non-financial key performance indicators to manage the academy. The academy maintains a strong management information function which is focussed on regular and accurate reporting. Financial KPIs are measured continuously, and the academy was successful in delivering its financial surplus in the period.

Going Concern

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

Financial Review

Most of the Academy's income is obtained from the DfES in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfES during the period ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities. The Academy also receives grants for fixed assets from the DfES.

During the period ended 31 August 2014, total expenditure of £5,495,125 was more than covered by recurrent grant funding from the DfES together with other incoming resources. The excess of income over expenditure for the year was £98,588 (excluding the actuarial loss for the year). At 31 August 2014 the net book value of fixed

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assets was £14,600,501 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy

In accordance with FRS17, the Academy received an actuarial assessment of the pension scheme deficit. The deficit balance is included within the balance sheet as at 31 August 2014 and is shown in note 17 to the financial statements

Reserves Policy

- 1- Maintaining an appropriate level of financial reserves is considered essential in protecting the Academy from financial risk generated by, for example:
 - Income reduction due to Government funding changes
 - Unexpected falls in student numbers
 - Cash flow issues due to delays in receipt of funding
 - Emergencies
- 2- In general it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the Academy's primary objective is preserved. At the same time, the Academy wishes to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision.
- 3- Governors will monitor the levels of reserves in financial reports provided to FGPASC and in the annual financial statement prepared by the Auditor. Governors will look to ensure a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves Governors will take into account the following;
 - One month salary bill (2013: £340K)
 - Academy's annual budget (2013: £5.1M)
 - The need for any large project spends, such as facilities development or building improvements.
 - Any uncertainty, turbulence or expected reduction in funding arrangements
 - Anticipated funding over the next three years
- 4- This policy will be reviewed annually by FGPASC.

At 31 August 2014 the total funds comprised:

Unrestricted	61,154
Restricted: Fixed asset funds	14,627,936
GAG	977,969
Pension reserve	(842,000)
Other	624,498
	<u>15,449,557</u>

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The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 23. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Governors, and represent less than a week's worth of Academy expenditure. The aim of the Governors is to increase this reserve to meet future working capital requirements.

Investment Policy

Investments may only be made in accordance with written procedures approved by the Governing Body.

- 1- The Academy must regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments
- 2- The Academy does not have an overdraft facility on any bank accounts and accounts should not be allowed to go overdrawn
- 3- The Academy need to identify funds surplus to the immediate cash requirements and transfer these to an account bearing a higher interest rate
- 4- Periodically (at least annually) review interest rates and compare with other investment opportunities
- 5- The Academy's current policy is to only invest funds in risk free and easily accessible accounts
- 6- Any changes in the policy requires the approval of Governors via the Finance, General Purposes & Audit Sub-Committee
- 7- Any investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated
 - The information to be recorded will normally be the date of purchase, the cost and a description of the investment
- 8- This policy should be reviewed by the Finance, General Purposes & Audit Sub-Committee of the Governing Body.

Principal Risks and Uncertainties

The principal risks and uncertainties are centred around changes in the level of funding from the EFA in light of the forthcoming Funding Review and its implications. In addition, the Academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Academy balance sheet.

The principal risks facing the Academy are:

- Reputational risk – mitigated with the Senior Leadership team being in charge of P.R. & media.
- Performance risk – mitigated by termly moderated, externally verified assessment analysis.

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- Financial Risk – The principal financial risks are a reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs. The risks presented here are mitigated by weekly monitoring meeting between HT & DF for future planning & strategic financial budgeting.
- Risks associated with personnel – mitigated by safer recruitment and strict adherence to personnel policies.

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers.

Plans for Future Periods

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education once they leave. The Academy will also increase its recruitment up to the new agreed levels, accepting transfers from other schools and colleges into future years where possible. The Academy aims in the future to provide the opportunity for a technological education to a greater number of students. To achieve this we are drawing up a community development plan, based on an identification and analysis of need. The plan's aim is to establish ways to benefit the wider community (from links with mainly local secondary and primary schools) and direct access to the Academy's technology facilities, curricular materials and the expertise of Academy staff

Funds held as Custodian Trustee on behalf of others

The Albany holds fund on behalf of the **Havering Partnership** which is a group of Head Teachers from 18 Secondary Schools & one representative from the Havering Sixth Form College. The initial contribution from each was £5,000. The Chair of the Head Teachers Committee authorises various payments during the course of the year which are paid by The Albany on the committee's behalf. The Director of Finance at The Albany supplies the Chair of the Havering Partnership with a monthly update of the group's funds.

Auditor

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.

The independent auditors, MHA MacIntyre Hudson, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

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**TRUSTEES' REPORT
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Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 3 December 2014 and signed on the board's behalf by:



Mr T Brown

Chair of Trustees

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GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Albany Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
T Brown (Chairman)	5	5
R Alexander (Joined June 2014)	2	2
B Archer	4	5
G Bugnatelli (Resigned June 2014)	2	3
M Clarkson	2	5
D Evans (Staff trustee)	2	4
J Gibson	3	5
L Hall (Staff trustee)	5	5
B Hurley (Joined June 2014)	2	2
DJefferys (Staff trustee)	1	4
J Lawrence (Chair of Curriculum)	4	5
R Mitchell	1	5
T Parish	3	5
L Rice (Joined June 2014)	1	2
P Robins (Responsible Officer)	4	5
E Salter (Joined June 2014)	2	2
P Setterfield (Chair of Finance)	2	5
A Thorne (Head Teacher & accounting officer)	3	5
R Welham (Joined 2014)	1	2

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GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

The Finance and General Purposes Committee is a sub-committee of the main board of trustees, which also now includes audit – the new title of the committee being the Finance, General Purposes & Audit sub-committee. Its purpose is to act on all day-to-day matters not within the province of any other committee.

During the year no new trustees have joined the committee. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
B Archer	2	3
T Brown	3	3
G Bugnatelli	2	2
M Clarkson	1	3
P Robins	2	3
P Setterfield	3	3
A Thorne (HT)	3	3

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 The Albany Academy Trust Limited for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

THE ALBANY SCHOOL

(A company limited by guarantee)

**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have appointed MHA MacIntyre Hudson, the external auditor, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the reviewer reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

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

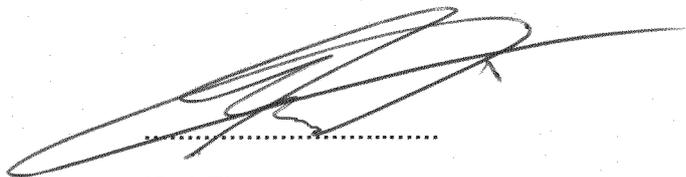
- the work of the responsible officer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the finance, general purposes & audit committee and a plan to address weaknesses (if relevant) and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 3 December 2014 and signed on its behalf by:



Mr T Brown
Chair of Trustees



Mr A Thorne
Accounting Officer

THE ALBANY SCHOOL

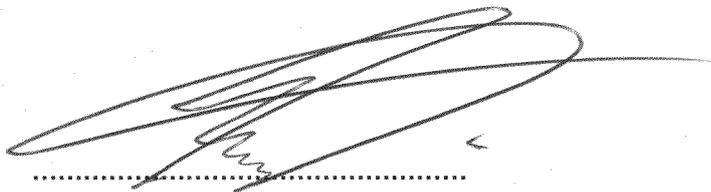
(A company limited by guarantee)

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2014**

As accounting officer of The Albany Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Mr A Thorne

Accounting officer

Date: 3 December 2014

THE ALBANY SCHOOL

(A company limited by guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2014**

The trustees (who act as governors of The Albany Academy Trust Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published 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:

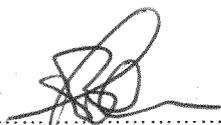
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 3 December 2014 and signed on its behalf by:



Mr T Brown

Chair of Trustees

THE ALBANY SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ALBANY SCHOOL

We have audited the financial statements of The Albany School for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

THE ALBANY SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ALBANY SCHOOL

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



James Gare (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ
Date:

18/12/14

THE ALBANY SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE ALBANY SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 5 September 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Albany School during the year 1 September 2013 to 31 August 2014 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 The Albany School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Albany School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Albany School and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE ALBANY SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Albany School's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2013 (updated October 2013), for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity
- a review of the objectives and activities of the academy, with reference to the income streams and other information
- testing of a sample of payroll payments to staff
- testing of a sample of payments to suppliers and other third parties
- testing of a sample of grants received and other income streams

THE ALBANY SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE ALBANY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)

- evaluating the internal control procedures and reporting lines and testing as appropriate and making enquires of the Accounting Officer.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



James Gare

MHA MacIntyre Hudson

Chartered Accountants

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date:

18/12/14

THE ALBANY SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	3,838	-	-	3,838	43,356
Activities for generating funds	3	91,728	-	-	91,728	114,461
Investment income	4	2,776	-	-	2,776	1,597
Incoming resources from charitable activities:						
Funding for the Academy's educational operations	5	-	5,284,973	18,934	5,303,907	5,601,002
Other incoming resources from educational activities	6	5,616	185,848	-	191,464	239,697
TOTAL INCOMING RESOURCES		103,958	5,470,821	18,934	5,593,713	6,000,113
RESOURCES EXPENDED						
Charitable activities	8	126,386	5,088,576	190,637	5,405,599	5,653,061
Governance costs	9	-	89,526	-	89,526	66,286
TOTAL RESOURCES EXPENDED	7	126,386	5,178,102	190,637	5,495,125	5,719,347
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		(22,428)	292,719	(171,703)	98,588	280,766

THE ALBANY SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	17	-	444,462	(444,462)	-	-
NET INCOME FOR THE YEAR		(22,428)	737,181	(616,165)	98,588	280,766
Actuarial gains and losses on defined benefit pension schemes		-	(220,000)	-	(220,000)	43,000
NET MOVEMENT IN FUNDS FOR THE YEAR		(22,428)	517,181	(616,165)	(121,412)	323,766
Total funds at 1 September 2013		83,582	243,286	15,244,101	15,570,969	15,247,203
TOTAL FUNDS AT 31 AUGUST 2014		61,154	760,467	14,627,936	15,449,557	15,570,969

All activities relate to continuing operations.

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

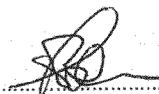
The notes on pages 27 to 45 form part of these financial statements.

THE ALBANY SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07689986

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	14		14,600,501		14,791,138
CURRENT ASSETS					
Debtors	15	13,275		20,551	
Cash at bank		1,993,408		1,595,686	
		<u>2,006,683</u>		<u>1,616,237</u>	
CREDITORS: amounts falling due within one year	16	<u>(315,627)</u>		<u>(253,406)</u>	
NET CURRENT ASSETS			<u>1,691,056</u>		<u>1,362,831</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,291,557</u>		<u>16,153,969</u>
Defined benefit pension scheme liability	23		<u>(842,000)</u>		<u>(583,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>15,449,557</u>		<u>15,570,969</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	17	1,602,467		826,286	
Restricted fixed asset funds	17	14,627,936		15,244,101	
		<u>16,230,403</u>		<u>16,070,387</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(842,000)</u>		<u>(583,000)</u>	
Total restricted funds			<u>15,388,403</u>		<u>15,487,387</u>
Unrestricted funds	17		<u>61,154</u>		<u>83,582</u>
TOTAL FUNDS			<u>15,449,557</u>		<u>15,570,969</u>

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



Mr T Brown
Chair of Trustees

The notes on pages 27 to 45 form part of these financial statements.

THE ALBANY SCHOOL
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	19	376,012	(90,555)
Returns on investments and servicing of finance	20	2,776	1,597
Capital expenditure and financial investment	20	18,934	459,439
INCREASE IN CASH IN THE YEAR		397,722	370,481

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
Increase in cash in the year	397,722	370,481
MOVEMENT IN NET FUNDS IN THE YEAR	397,722	370,481
Net funds at 1 September 2013	1,595,686	1,225,205
NET FUNDS AT 31 AUGUST 2014	1,993,408	1,595,686

The notes on pages 27 to 45 form part of these financial statements.

THE ALBANY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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

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

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

THE ALBANY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.3 Incoming resources

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

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

1.4 Resources expended

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

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

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

All resources expended are inclusive of irrecoverable VAT.

THE ALBANY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate 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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years
Fixtures and fittings	-	5 years
Computer equipment	-	5 years

1.7 Taxation

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.

THE ALBANY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.8 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	3,838	-	3,838	43,356
	<u>3,838</u>	<u>-</u>	<u>3,838</u>	<u>43,356</u>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Catering Income	78,242	-	78,242	102,352
Rental Income	13,486	-	13,486	12,109
	<u>91,728</u>	<u>-</u>	<u>91,728</u>	<u>114,461</u>

THE ALBANY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Interest	2,776	-	2,776	1,597

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Educational Operations	-	5,303,907	5,303,907	5,601,002

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
General Annual Grant (GAG)	-	4,982,424	4,982,424	4,884,497
Pupil Premium	-	244,476	244,476	183,466
DfE/EFA Capital Grants	-	18,934	18,934	459,439
Other EFA/DfE Grants	-	15,000	15,000	10,700
Local Authority Grants	-	43,073	43,073	62,900
	-	5,303,907	5,303,907	5,601,002

6. OTHER INCOMING RESOURCES FROM EDUCATIONAL ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Contributions to school trips	-	86,733	86,733	112,381
Other incoming resources	5,616	99,115	104,731	127,316
	5,616	185,848	191,464	239,697

THE ALBANY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

7. RESOURCES EXPENDED

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2014	2014	2014	2014	2013
	£	£	£	£	£
Educational Operations	3,437,423	-	523,138	3,960,561	3,966,427
Support costs	572,201	559,830	313,007	1,445,038	1,686,634
Charitable activities	4,009,624	559,830	836,145	5,405,599	5,653,061
Governance	-	-	89,526	89,526	66,286
	4,009,624	559,830	925,671	5,495,125	5,719,347

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000
		Amount £ Reason
Ex-gratia/compensation payments	30,179	- Severance payments relating to three members of staff
Staff member 1	-	7,344
Staff member 2	-	7,113
Staff member 3	-	15,722

THE ALBANY SCHOOL
(A company limited by guarantee)

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8. CHARITABLE ACTIVITIES

	Total funds 2014 £	As restated Total funds 2013 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff	3,437,423	3,388,703
Educational Supplies	394,453	454,595
Examination Fees	63,601	70,882
Staff Development and Training	17,213	13,478
Other Direct Costs	47,871	38,769
	<u>3,960,561</u>	<u>3,966,427</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs	572,201	530,154
Depreciation	190,637	185,587
FRS17 pension cost	14,000	20,000
Technology Costs	22,711	30,166
Maintenance of Premises and Equipment	230,485	494,774
Cleaning	14,807	11,801
Rent and Rates	32,539	43,229
Energy Costs	79,910	92,666
Insurance	43,258	40,127
Security and Transport	1,644	3,136
Catering	135,136	136,690
Other Support Costs	107,710	98,304
	<u>1,445,038</u>	<u>1,686,634</u>
	<u><u>5,405,599</u></u>	<u><u>5,653,061</u></u>

9. GOVERNANCE COSTS

	Total funds 2014 £	Total funds 2013 £
Legal and professional fees	71,976	53,755
Fees payable to auditors - Audit	8,500	7,250
Fees payable to auditors - Other services	5,000	2,501
Support costs	4,050	2,780
	<u>89,526</u>	<u>66,286</u>

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10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Auditors' remuneration	8,500	7,250
Auditors' remuneration - non-audit	5,000	2,501
Operating lease rentals: - plant and machinery	21,334	24,915
Depreciation of tangible fixed assets: - owned by the charity	190,637	185,587
	<u>190,637</u>	<u>185,587</u>

11. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	As restated 2013 £
Wages and salaries	3,317,400	3,268,830
Social security costs	246,711	242,645
Other pension costs (Note 23)	445,513	407,382
	<u>4,009,624</u>	<u>3,918,857</u>

b. Staff numbers

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

	2014 No.	2013 No.
Teachers	54	47
Administration and support	37	41
Management	7	10
	<u>98</u>	<u>98</u>

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11. STAFF (continued)

c. Higher paid staff

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

	2014 No.	As restated 2013 No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	1	0
	<u>2</u>	<u>2</u>

All of the above employees participate in the Teachers Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £20,895 (2013 - £20,426).

12. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	2014 £	2013 £
A Thorne	92,512	78,444
D Evans	55,000-60,000	45,000-50,000
D Jeffreys	55,000-60,000	45,000-50,000
L Hall	10,000-15,000	10,000-15,000

During the year, no Trustees received any reimbursement of expenses (2013 - £1,714).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £949 (2013 - £34,607). The cost of this insurance is included in the total insurance cost.

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14. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2013 and 31 August 2014	14,950,000	77,247	150,532	15,177,779
Depreciation				
At 1 September 2013	316,667	7,253	62,721	386,641
Charge for the year	149,099	4,821	36,717	190,637
At 31 August 2014	465,766	12,074	99,438	577,278
Net book value				
At 31 August 2014	14,484,234	65,173	51,094	14,600,501
At 31 August 2013	14,633,333	69,994	87,811	14,791,138

Included in land and buildings is freehold land at cost of £1,350,000 which is not depreciated. The freehold property was professionally valued by Hilbery Chaplin at conversion.

15. DEBTORS

	2014 £	2013 £
VAT repayable	12,806	18,068
Other debtors	-	2,483
Prepayments and accrued income	469	-
	<u>13,275</u>	<u>20,551</u>

**16. CREDITORS:
Amounts falling due within one year**

	2014 £	2013 £
Other taxation and social security	137,465	128,479
Other creditors	57,751	82,943
Accruals and deferred income	120,411	41,984
	<u>315,627</u>	<u>253,406</u>

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16. CREDITORS:
Amounts falling due within one year (continued)

	£
Deferred income	
Deferred income at 1 September 2013	24,792
Resources deferred during the year	36,554
Amounts released from previous years	(24,792)
	<u>36,554</u>
Deferred income at 31 August 2014	<u>36,554</u>

At the balance sheet date the academy trust was holding funds received in advance of the 14/15 financial year in respect of school trips taking place in 14/15.

17. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	83,582	103,958	(126,386)	-	-	61,154
	<u>83,582</u>	<u>103,958</u>	<u>(126,386)</u>	<u>-</u>	<u>-</u>	<u>61,154</u>
Restricted funds						
General Annual Grant (GAG)	360,794	4,982,424	(4,809,711)	444,462	-	977,969
Pupil premium	-	244,476	(123,216)	-	-	121,260
Other DfE/EFA revenue grants	465,492	15,000	(5,077)	-	-	475,415
Local authority revenue grants	-	43,073	(43,073)	-	-	-
Other activities	-	185,848	(158,025)	-	-	27,823
Pension reserve	(583,000)	-	(39,000)	-	(220,000)	(842,000)
	<u>243,286</u>	<u>5,470,821</u>	<u>(5,178,102)</u>	<u>444,462</u>	<u>(220,000)</u>	<u>760,467</u>

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17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Transfer from local authority on conversion	14,791,138	-	(190,637)	-	-	14,600,501
Dfe/EFA capital grants	452,963	18,934	-	(444,462)	-	27,435
	<u>15,244,101</u>	<u>18,934</u>	<u>(190,637)</u>	<u>(444,462)</u>	<u>-</u>	<u>14,627,936</u>
Total restricted funds	15,487,387	5,489,755	(5,368,739)	-	(220,000)	15,388,403
Total of funds	<u>15,570,969</u>	<u>5,593,713</u>	<u>(5,495,125)</u>	<u>-</u>	<u>(220,000)</u>	<u>15,449,557</u>

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

Unrestricted Funds

These funds relate to unrestricted income to be used to support the academy's objectives and educational activities.

Restricted General Funds

These grants relate to the Academy's development and operational activities. The pension fund represents the LGPS obligation to the employees of the Academy trust.

Restricted Fixed Asset Fund

These grants relate to fixed assets or unspent capital funding to carry out works of a capital nature. The brought forward capital grant relates to grants for the refurbishment of the tennis courts. This was expended through repairs and maintenance with the exception of £9,412, therefore a transfer for the expenditure has been made against the GAG fund.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	83,582	103,958	(126,386)	-	-	61,154
Restricted funds	243,286	5,470,821	(5,178,102)	444,462	(220,000)	760,467
Restricted fixed asset funds	15,244,101	18,934	(190,637)	(444,462)	-	14,627,936
	<u>15,570,969</u>	<u>5,593,713</u>	<u>(5,495,125)</u>	<u>-</u>	<u>(220,000)</u>	<u>15,449,557</u>

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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	14,600,501	14,600,501	14,791,138
Current assets	61,154	1,918,094	27,435	2,006,683	1,616,237
Creditors due within one year	-	(315,627)	-	(315,627)	(253,406)
Pension scheme liability	-	(842,000)	-	(842,000)	(583,000)
	<u>61,154</u>	<u>760,467</u>	<u>14,627,936</u>	<u>15,449,557</u>	<u>15,570,969</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	98,588	280,766
Returns on investments and servicing of finance	(2,776)	(1,597)
Depreciation of tangible fixed assets	190,637	185,587
Capital grants from DfE	(18,934)	(459,439)
Decrease/(increase) in debtors	7,276	(4,245)
Increase/(decrease) in creditors	62,221	(120,627)
FRS 17 adjustments	39,000	29,000
Net cash inflow/(outflow) from operations	<u>376,012</u>	<u>(90,555)</u>

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	<u>2,776</u>	<u>1,597</u>
Capital expenditure and financial investment		
Capital grants from DfE	<u>18,934</u>	<u>459,439</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	1,595,686	397,722	-	1,993,408
Net funds	1,595,686	397,722	-	1,993,408

22. MEMBERS' LIABILITY

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

23. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Havering. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%));
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

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

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

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23. PENSION COMMITMENTS (continued)

academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £173,000, of which employer's contributions totalled £140,000 and employees' contributions totalled £33,000. The agreed contribution rates for future years are 25% for employers and employee contributions are dependent on the level of their full-time equivalent salary ranging from 5.5% to 12.0%.

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

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.50	809,000	6.60	692,000
Bonds	3.30	311,000	4.00	200,000
Property	4.50	62,000	4.70	48,000
Cash	3.30	62,000	3.60	10,000
Total market value of assets		<u>1,244,000</u>		<u>950,000</u>
Present value of scheme liabilities		<u>(2,086,000)</u>		<u>(1,533,000)</u>
(Deficit)/surplus in the scheme		<u><u>(842,000)</u></u>		<u><u>(583,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(2,086,000)	(1,533,000)
Fair value of scheme assets	<u>1,244,000</u>	<u>950,000</u>
Net liability	<u><u>(842,000)</u></u>	<u><u>(583,000)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Current service cost	(139,000)	(127,000)
Interest on obligation	(75,000)	(56,000)
Expected return on scheme assets	61,000	36,000
Gains on curtailments and settlements	(26,000)	-
Total	(179,000)	(147,000)
 Actual return on scheme assets	 108,000	 117,000

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

	2014 £	2013 £
Opening defined benefit obligation	1,533,000	1,280,000
Current service cost	139,000	127,000
Interest cost	75,000	56,000
Contributions by scheme participants	33,000	33,000
Actuarial Losses	289,000	37,000
Losses on curtailments	26,000	-
Benefits paid	(9,000)	-
Closing defined benefit obligation	2,086,000	1,533,000

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

	2014 £	2013 £
Opening fair value of scheme assets	950,000	683,000
Expected return on assets	61,000	36,000
Actuarial gains and (losses)	69,000	80,000
Contributions by employer	140,000	118,000
Contributions by employees	33,000	33,000
Benefits paid	(9,000)	-
Total	1,244,000	950,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(333,000) (2013 - £(113,000)).

The academy expects to contribute £133,000 to its Defined benefit pension scheme in 2015.

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23. PENSION COMMITMENTS (continued)

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

	2014	2013
Equities	65.00 %	73.00 %
Bonds	25.00 %	21.00 %
Property	5.00 %	5.00 %
Cash	5.00 %	1.00 %

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

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.60 %
Expected return on scheme assets at 31 August	5.40 %	6.00 %
Rate of increase in salaries	3.40 %	4.60 %
Rate of increase for pensions in payment / inflation	2.60 %	2.80 %

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

	2014	2013
Retiring today		
Males	22.1	21.9
Females	24.1	24.6
Retiring in 20 years		
Males	24.2	23.8
Females	26.7	26.5

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

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(2,086,000)	(1,533,000)	(1,280,000)
Scheme assets	1,244,000	950,000	683,000
Deficit	(842,000)	(583,000)	(597,000)
Experience adjustments on scheme liabilities	(289,000)	(37,000)	-
Experience adjustments on scheme assets	69,000	80,000	(14,000)

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24. OPERATING LEASE COMMITMENTS

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2014	Other
	2014	2013		
	£	£	£	£
Expiry date:				
Between 2 and 5 years	-	-	26,566	24,915

25. RELATED PARTY TRANSACTIONS

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

The following related party transactions took place in the period of account:

Mrs A Thorne - who is the wife of the headteacher was paid £929 for providing Drama teaching support (2013 : £1,621).

Mrs T Brown - who is the wife of the chair of governors works at the school and was paid £17,040 during the course of the year (2013 : £16,021).

Mr G Bugnatelli - who was a governor during the year, is also a trustee of Hylands CASC with whom the academy has an agreement which allowed them free use of the tennis courts during the year.

There were no amounts outstanding at 31 August 2014 (2013 : £NIL).