

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(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

Members

Carl Bond, Trustee^{1,2}
Michael Dyer, Vice Chair²
Josephine Ellis, Trustee^{1,2}
Irene Jones, Trustee²
John Kailofer, Chair of Trustees¹
Alan Sutton, Trustee²

Trustees

Laura Evans, Principal Finance Officer
Sam Langridge, Trustee (appointed 7 October 2013)
Luke Marvell, Staff Trustee (appointed 1 October 2013)
Noel Melvin, Principal and Accounting Officer¹
Edward Purver, Trustee (resigned 30 April 2014)
Susan Trickett, Trustee

¹ Members of the Finance/Audit committees

² Board Members

Company registration number

08158225

Principal and registered office

Warren Hills Road
Coalville
Leicestershire
LE67 4UW

Company secretary

Lorraine Newton

Independent auditors

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

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

Administrative details (continued)

Bankers

Lloyds Bank
20 Belvoir Road
Town Centre
Coalville
LE67 3QH

KING EDWARD VII SCIENCE AND SPORT COLLEGE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of King Edward VII Science and Sport College (the Academy) for the year ended 31 August 2014. The Trustees confirm that the Annual Report and financial statements of the Academy comply with current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The Trust operates an Academy for pupils aged 14 to 19 serving a catchment area in Coalville, North West Leicestershire. It has a pupil capacity of 1,193 and had a roll of 938 in the school census on 17 January 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

The Academy Trust is a company incorporated in England and Wales, limited by guarantee with no share capital (registration number 08158225). The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of King Edward VII Science and Sport College (who are also the Governors) are the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as King Edward VII Science and Sport College.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

b. 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.

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

There are currently six Trustees who are also members of the Trust. Recruitment of Trustees is outlined in the Memorandum and Articles of Association. Members may appoint additional Trustees. Trustees, who are not members, may also co-opt additional Trustees. The appointment of Staff Trustees is via a process of a staff ballot. Appointment of Parent Trustee is made via parent ballot.

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

Trustee induction training alongside a menu of extensive specialised training is available through the local network of schools to support all new Trustees. The Academy also buys in to the Local Authority Governor Development Service who offer further training. Training is tailored to the needs of individual Trustees to assist with their membership of specific committees.

e. ORGANISATIONAL STRUCTURE

The management structure within the Academy has three levels: the Board of Trustees, the Senior Leadership Team and other Leadership Groups. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

The Board of Trustees perform a strategic role. Acting on the advice of the Principal, the Board of Trustees sets aims and objectives for the Academy Trust, adopts and monitors the strategic development plan and monitors the Academy Trust's use of central government funding. The Board of Trustees are also responsible for making major decisions on behalf of the Academy Trust, including budget setting, capital expenditure and senior staff appointments.

Some functions are delegated to the Principal and/or Senior Leadership Team, or designated Board of Trustees Committees of which there are five; Finance, Audit, Curriculum, Health and Safety and Pastoral and Personnel.

The Senior Leadership Team consists of the Principal/Accounting Officer, two Vice Principals, two Assistant Principals and three non-teaching managerial support staff including the Business Manager/Principal Finance Officer. Under the direction of the Academy Financial Handbook and the Academy's Financial and Accounting Policies, the Principal/Accounting Officer has overall responsibility for the financial management of the Academy Trust while the Business Manager/Principal Finance Officer manages all day-to-day financial procedures and processes.

The Principal, supported by the Senior Leadership Team, implements the strategic direction set by the Board of Trustees and manages the Academy Trust. Middle Leadership staff, including department and faculty heads, help to cascade the strategic direction and ensure consistent leadership and management across the Academy Trust.

f. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Academy Trust is part of an informal network of six local secondary schools. Founded in 2011, the main purpose of the ACE Partnership (Ashby and Coalville Educational Partnership) is to improve the educational outcomes and life chances of all secondary aged students attending the member schools by:

- Supporting each young person to develop potential and raise aspiration and achievement
- Creating cost-effective, structured and transparent opportunities for schools to share best practice, work effectively together and create a more diverse range of educational experiences
- Maximising opportunity to address local and national issues through collaborative working and the use of more effective pooled resources

The six ACE Head Teachers meet regularly to ensure that the shared vision and objectives are being embedded consistently across all six schools. The partnership work and the linked strategic plan are coordinated by a Senior Educational Consultant whose skills are procured part time by the ACE Partnership. This collaborative approach filters down to senior leadership teams, who are increasingly working together on joint projects and via shared CPD sessions. The ACE Partnership also developed and implemented strategies to improve quality assurance across the member schools.

The Academy is also an active member of the Forest Way Teaching Alliance and the highly successful North West Leicestershire School Sports Partnership. In addition, the Academy also works closely with the NHS, Leicestershire Police, The Youth Offending Team and other local agencies to support vulnerable students.

g. TRUSTEES' INDEMNITIES

Trustees benefit from indemnity insurance to cover the liability of the Trustees, which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £2,530.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

h. PRINCIPAL ACTIVITIES

King Edward VII Science and Sport College's principal activities, as set out in its Articles of Association and Funding Agreement are to establish and maintain, and to carry on a school in England to be known as King Edward VII Science and Sport College.

OBJECTIVES AND ACTIVITIES

a. OBJECTS AND AIMS

The main objectives of the Academy Trust are:

- To advance for the public benefit of education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum: and
- To promote for the benefit of individuals living in Leicester and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives and activities of the Academy Trust during the year ended 31 August 2014 in accordance with agreed policies and development plan strategies are appended below:

Educational Objectives:

- Maximise the academic, social and personal development of every student
- Develop enquiring minds and a sense of curiosity
- Develop attitudes and values together with skills and knowledge
- Work independently and collaboratively
- Carry out self review and set targets
- Develop high self esteem, respecting themselves, others and the environment
- Extend themselves in mind, body and spirit
- Be flexible and adaptable to the modern world
- Respond to 'The Art of Brilliance' and fulfill their potential
- Increase attainment

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

- Comply with all statutory requirements
- Conduct the Academy's business in accordance with high standards of integrity, probity and transparency
- Ensure value for money
- Act upon the recommendations of OfSTED and work towards the achievement of improved outcomes
- Continue the work of the ACE Partnership, establishing an effective virtual through school for the member schools and students

The Academy Trust achieves its objectives by having high expectations and ambitions and a relentless drive to achieve. Effective staff are recruited and robust performance management and CPD procedures ensure that standards are consistently being raised.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

d. PUBLIC BENEFIT

The Board of Trustees 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 activities undertaken to further the Academy Trust's purpose for the Public Benefit include:

- The provision of education to secondary school aged students residing in and around the catchment area
- The making of appropriate decisions to ensure that the beneficiaries of the Academy Trust (the students, staff, parents, carers and other stakeholders) benefit from the purpose of the activities undertaken and that the risk to the wider public is minimised during the carrying out of the Charity's activities

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

a. GOING CONCERN

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

b. KEY FINANCIAL PERFORMANCE INDICATORS

The Academy Trust prepares management accounts and an annual budget against which the actual income and expenditure are closely monitored. The management accounts and budget are presented to the Finance Committee together with relevant supporting documentation. Any material budget variations are agreed with Trustees prior to commitment of the expenditure. The annual budget is approved by the Full Board of Trustees.

The Academy Trust continued to explore opportunities to invest surplus funds during the year to maximise income and minimise risk.

The Academy Trust continued to monitor the ratio of staff costs to income to remain within prescribed guideline limits.

The Academy Trust has successfully reduced its carbon emissions and energy costs during the period by continuing to implement energy efficiency measures across the College.

c. REVIEW OF ACTIVITIES

The Trustees of the Academy Trust have referred to the guidance on Public Benefit published by the Charity Commission when reviewing the Charity's aims and objectives and in planning future activities. In particular the Trustees consider how planned activities will contribute to the aims and objectives they have set.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Progress towards the achievement of the objectives listed under the heading 'Objectives, Strategies and Activities' is detailed below:

- Average point score per student 340.5
- 5 A*-G remains above the national average of 93.9% (2012/13) with 94% of all students achieving 5 passes at GCSE
- AS results up from 77% in 2012/2013 to 87% in 2013/2014
- Alternative curriculum provision again contributed to zero permanent exclusions during the year and the successful engagement of, and outcomes for, students who would otherwise have failed to achieve

The Academy Trust also tracks the attendance and behaviour of all students. Attendance remains in line with the national average at 94.02 %. Behaviour was noted as good in both lessons and around the college in the most recent OfSTED report. Additional monitoring by HMI has recognised the achievements of the Senior Leadership Team and College staff in working towards a 'Good' grading in the forthcoming inspection. Details of the most recent report are available by accessing the link www.kinged.org.uk_files/ofsted_2013

FINANCIAL REVIEW

a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The Academy Trust practices through its Board, namely the Board of Trustees and the constituted Sub-Committees, 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 Board of Trustees 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 Board of Trustees collectively, whilst more minor risks are dealt with by the Senior Leadership Team.

b. PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have a duty to identify and review the risks to which the Academy Trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud, error or other risk. Using a risk register and a risk policy, which is reviewed annually, the Trustees prioritise the type of risk, likelihood of occurrence and operational, financial or other impact.

The Trustees reviewed the risks to which the Academy is exposed and identified that the Principal risks facing the Academy during the period were:

- Reputational risk
- Operational and Performance risk
- Financial risk
- Risks associated with personnel

Control measures are in place to manage the identified risks, the key risks being that of reduced pupil numbers affecting the level of funding and future Government cuts. Active promotion of the Academy Trust is maintained and budgets projected and monitored carefully over a 5 year period to manage any reduction in funding.

c. RESERVES POLICY

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of cash

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

reserves. The Trustees have determined that the appropriate level of free reserves should be equivalent to 1 month of expenditure, approximately £450,000. The reason for this is to provide sufficient working capital to enable the Academy Trust to manage its cash flow efficiently thus to cover delays between spending and receipt of grants, to manage annual variations in student numbers and to provide a buffer for unexpected emergencies. The Academy Trust also aims to carry forward a prudent level of received income for future capital development. The Academy Trust holds unrestricted reserves totaling £20,000.

At 31 August 2014 the total funds comprised:

Unrestricted		20,000
Restricted:	Fixed Asset funds	4,348,000
	GAG	235,000
Pension Reserve		(1,511,000)
Total		3,092,000

The deficit on the pension reserve, £1,511,000 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 Trustees.

d. PRINCIPAL FUNDING

The majority of the Academy Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2014, the total expenditure of £5,466,000 was covered by recurrent grant funding from the DfE, together with extended services income and the balance of funding carried forward from the previous year. The total income during the year ended 31 August 2014 was £5,423,000. The excess of expenditure over income for the year was £43,000.

The number of students on roll (excluding post 16 students) used as a basis for our grant income during the period was 675.

A full review of Financial Policies has been conducted during the year, and where appropriate, policies have been amended to reflect updated Academy Financial Handbook and Audit guidance.

Pupil Premium funding received during the year allowed the Academy Trust to provide in whole or in part, interventions including specific learning groups, additional mentoring, breakfast and after school revision activities and revision resources to targeted students. Full details can be found on the Academy Trust's website www.kinged.org.uk

At 31 August 2014, the net book value of fixed assets was £4,348,000 and the movement in tangible fixed assets noted in note 15 to the financial statements. Significant investment was made to the IT infrastructure during the year through the procurement and implementation of WiFi across the campus.

Devolved Formula Capital received during the year 2013/14 has been targeted within the prescribed purposes of the grant.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

PLANS FOR FUTURE

a. FUTURE DEVELOPMENTS

The Academy Trust will continue to strive to improve academic performance through rigorous performance management techniques and targeted curriculum development strategies. The Academy Trust will continue to pursue the opportunity for capital development through CIF and PSBP bids.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy does not hold any such funds on behalf of any other organisations.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report, incorporating the Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 15 December 2014 and signed on the board's behalf by:

.....
John Kailofer
Chair of Trustees

.....
Noel Melvin
Accounting Officer

KING EDWARD VII SCIENCE AND SPORT COLLEGE
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that King Edward VII Science and Sport College 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 King Edward VII Science and Sport College and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The Board of Trustees has formally met 7 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
Carl Bond, Trustee	6	7
Michael Dyer, Vice Chair	5	7
Josephine Ellis, Trustee	7	7
Laura Evans, Principal Finance Officer	7	7
Irene Jones, Trustee	6	7
John Kailofer, Chair of Trustees	7	7
Sam Langridge, Trustee	6	6
Luke Marvell	6	6
Noel Melvin, Principal and Accounting Officer	7	7
Edward Purver, Trustee	2	5
Alan Sutton, Trustee	7	7
Susan Trickett, Trustee	3	7

During the period, Edward Purver resigned his position, Samantha Langridge was appointed as a Parent Governor and Luke Marvell was appointed as a Staff Governor.

The Board of Trustees have continued to match the skills and strengths of each Trustee to appropriate Committee membership.

Trustee Training remains a high priority and is co-ordinated by Samantha Langridge and the Clerk to the Board of Trustees, Karen Barraclough.

The Trust intends to conduct its next self-evaluation and review of governance in 2014/15.

The Finance and General Purposes Committee is a Sub-Committee of the main Board of Trustees. Its purpose is to provide guidance and assistance to the Principal and Board of Trustees in matters relating to budgeting, finance and audit matters within the agreed terms of the Academy's Funding Agreement and other Government pronouncements.

The major issues addressed during the course of the year have been ensuring that all statutory returns have been completed on time, ensuring continued focus on value for money, and ensuring that all issues in respect of budget control and audit have been appropriately managed.

During the year Edward Purver resigned his position on the Committee.

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GOVERNANCE STATEMENT (continued)

Attendance during the year at the meetings of the Finance and Audit Committee was as follows:

Trustee	Meetings attended	Out of a possible
Carl Bond, Trustee	4	4
Josephine Ellis, Trustee	4	4
Laura Evans, Staff Trustee *	4	4
John Kailofer, Chair of Trustees	4	4
Noel Melvin, Principal and Accounting Officer *	4	4
Edward Purver, Trustee	0	2

* Laura Evans and Noel Melvin have no voting rights with the Finance and Audit Committee

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 King Edward VII Science and Sport College for the year ended 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year ended 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 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 Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council (LCC) Internal Audit Service to provide an independent oversight of the Academy's financial affairs. The main assurance to be provided includes:

- ensuring the financial responsibilities of the Board of Trustees are being properly discharged;
- ensuring resources are being managed in an efficient, effective and economical manner;
- ensuring sound systems of internal financial control are being maintained and financial considerations are

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GOVERNANCE STATEMENT (continued)

fully taken into account in reaching decisions.

LCC Internal Audit Services will undertake a programme of activity (including audits) set out in a service level agreement.

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 internal auditor;
- the work of the external auditors; and
- the work of managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee. LCC Internal Audit Services judged the Academy Trust's financial management to be of a high standard. Two recommendations made by LCC Internal Audit Services were considered by the Board of Trustees and changes implemented in line with an agreed action plan and to ensure continuous improvement of the system is in place

Approved by order of the members of the Board of Trustees on 15 December 2014 and signed on its behalf, by:

.....
John Kailofer
Chair of Trustees

.....
Noel Melvin
Accounting Officer

KING EDWARD VII SCIENCE AND SPORT COLLEGE
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of King Edward VII Science and Sport College I have considered my responsibility to notify the Academy 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 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 Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy'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.

.....
Noel Melvin
Accounting Officer

Date: 15 December 2014

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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees (who act as Governors of King Edward VII Science and Sport College and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction 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 the year. In preparing these financial statements, the Trustees are required to:

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

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

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

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

Approved by order of the members of the Board of Trustees on 15 December 2014 and signed on its behalf by:

.....
John Kailofer
Chair of Trustees

.....
Noel Melvin
Accounting Officer

KING EDWARD VII SCIENCE AND SPORT COLLEGE
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF KING EDWARD VII SCIENCE AND SPORT COLLEGE

We have audited the financial statements of King Edward VII Science and Sport College 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 Trustees, 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 Trustees 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 Trustees, 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.

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF KING EDWARD VII SCIENCE AND SPORT COLLEGE

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.

Robert Nelson BA FCA DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

18 December 2014

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KING EDWARD VII SCIENCE AND SPORT COLLEGE AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 9 October 2013 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 King Edward VII Science and Sport College during the year ended 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 King Edward VII Science and Sport College and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to King Edward VII Science and Sport College 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 King Edward VII Science and Sport College and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF KING EDWARD VII SCIENCE AND SPORT COLLEGE'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of King Edward VII Science and Sport College's funding agreement with the Secretary of State for Education dated 1 October 2012, and the Academies Financial Handbook extant from 1 September 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 ended 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.

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KING EDWARD VII SCIENCE AND SPORT COLLEGE AND THE EDUCATION FUNDING AGENCY (continued)

The work undertaken to draw our conclusions includes:

- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditor of the Academy
- testing of a sample of grants received and other income streams
- testing of a sample of payments to suppliers and other third parties
- testing of a sample of payroll payments to staff
- evaluating the internal control procedures and reporting lines, and testing as appropriate
- reviewing the Minutes of the meetings of the Board of Trustees and other evidence made available to us, relevant to our consideration of regularity

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 ended 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.

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

18 December 2014

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(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 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	11 months ended 31 August 2013 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Assets transferred on conversion	2	-	-	-	-	3,925
Voluntary income	2	-	-	-	-	5
Activities for generating funds	3	174	-	4	178	118
Investment income	4	2	-	-	2	1
Funding for the Academy's educational operations	5	-	5,243	-	5,243	4,740
TOTAL INCOMING RESOURCES		176	5,243	4	5,423	8,789
RESOURCES EXPENDED						
Costs of activities for generating funds						
	6	81	63	-	144	4
Charitable activities	7	-	5,220	90	5,310	4,904
Governance costs	8	-	12	-	12	22
TOTAL RESOURCES EXPENDED	9	81	5,295	90	5,466	4,930
NET INCOMING/ (OUTGOING) RESOURCES BEFORE TRANSFERS		95	(52)	(86)	(43)	3,859

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	11 months ended 31 August 2013 £000
Transfers between Funds	18	(45)	22	23	-	-
NET INCOME FOR THE YEAR		50	(30)	(63)	(43)	3,859
Actuarial losses on defined benefit pension schemes		-	(554)	-	(554)	(170)
NET MOVEMENT IN FUNDS FOR THE YEAR		50	(584)	(63)	(597)	3,689
Total funds at 1 September 2013		185	(907)	4,411	3,689	-
TOTAL FUNDS AT 31 AUGUST 2014		235	(1,491)	4,348	3,092	3,689

All activities relate to continuing operations.

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

The notes on pages 23 to 44 form part of these financial statements.

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08158225

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Tangible assets	15		4,348		4,411
CURRENT ASSETS					
Debtors	16	105		157	
Cash at bank		549		368	
		<u>654</u>		<u>525</u>	
CREDITORS: amounts falling due within one year	17	(399)		(340)	
NET CURRENT ASSETS			<u>255</u>		185
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	23		(1,511)		(907)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>3,092</u>		<u>3,689</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	18	20		-	
Restricted fixed asset funds	18	4,348		4,411	
		<u>4,368</u>		<u>4,411</u>	
Restricted funds excluding pension liability				4,411	
Pension reserve		(1,511)		(907)	
		<u></u>		<u></u>	
Total restricted funds			2,857		3,504
Unrestricted funds	18		235		185
TOTAL FUNDS			<u>3,092</u>		<u>3,689</u>

The financial statements were approved by the Trustees, and authorised for issue, on 15 December 2014 and are signed on their behalf, by:

.....
John Kailofer
Chair of Trustees

.....
Noel Melvin
Accounting Officer

The notes on pages 23 to 44 form part of these financial statements.

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	31 August 2014 £000	11 months ended 31 August 2013 £000
Net cash flow from operating activities	20	206	4,571
Returns on investments and servicing of finance	21	2	1
Capital expenditure and financial investment	21	(27)	(4,477)
Cash transferred on conversion to an Academy Trust		-	273
INCREASE IN CASH IN THE YEAR		181	368

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

	31 August 2014 £000	11 months ended 31 August 2013 £000
Increase in cash in the year	181	368
MOVEMENT IN NET FUNDS IN THE YEAR	181	368
Net funds at 1 September 2013	368	-
NET FUNDS AT 31 AUGUST 2014	549	368

The notes on pages 23 to 44 form part of these financial statements.

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. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 and The Education Funding Agency.

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

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. For legacies, entitlement is the earlier of the Academy being notified of an impending distribution or the legacy being received.

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 funds.

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

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

1. ACCOUNTING POLICIES (continued)

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.

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

Charitable activities are costs incurred in the Academy'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.

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 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.

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

Long leasehold property	-	2% straight line per annum
Fixtures, fittings and equipment	-	10% straight line per annum
Computer equipment	-	33.33% straight line per annum

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

1. ACCOUNTING POLICIES (continued)

The value of land included in long leasehold property is not being depreciated.

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.

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.

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

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

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	11 months ended 31 August 2013 £000
Local Authority surplus transferred on conversion at 1 October 2012	-	-	-	202
School fund on conversion	-	-	-	71
Fixed assets transferred on conversion	-	-	-	4,377
Pension deficit on conversion	-	-	-	(725)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	-	-	-	3,925
	<hr/>	<hr/>	<hr/>	<hr/>
School fund income	-	-	-	5
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	-	-	-	3,930
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	11 months ended 31 August 2013 £000
Lettings and facilities income	148	4	152	104
Catering income	5	-	5	5
Other income	17	-	17	5
Fundraising income	4	-	4	4
	<hr/>	<hr/>	<hr/>	<hr/>
	174	4	178	118
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	11 months ended 31 August 2013 £000
Bank interest receivable	2	-	2	1
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	11 months ended 31 August 2013 £000
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	4,810	4,810	4,378
Pupil Premium	-	170	170	91
Capital grants	-	20	20	20
Start up grants	-	-	-	25
Other EFA/DfE grants	-	58	58	-
	-	5,058	5,058	4,514
Other government grants				
Local Authority grants	-	78	78	62
	-	78	78	62
Other funding				
Other recoverable charges	-	30	30	44
Parental contributions	-	29	29	38
Contributions to educational expense	-	45	45	82
Other non-government grants	-	3	3	-
	-	107	107	164
	-	5,243	5,243	4,740

6. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	11 months ended 31 August 2013 £000
Catering expenses	5	47	52	-
Other expenditure	8	-	8	-
Fundraising expenditure	4	-	4	4
Lettings and facilities expenditure	10	-	10	-
Voluntary income staff costs	54	16	70	-
	81	63	144	4

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

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

7. CHARITABLE ACTIVITIES

	Total funds 2014 £000	11 months ended 31 August 2013 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	2,649	2,435
National insurance	192	189
Pension cost	387	324
Depreciation	90	66
Educational supplies	286	52
Examination fees	164	200
Staff development	15	10
Other direct costs	73	140
	3,856	3,416
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	567	586
National insurance	32	29
Pension cost	91	96
Pension finance cost (note 15)	32	27
Travel and subsistence	2	4
Recruitment and support	9	7
Maintenance of premises and equipment	151	122
Cleaning	23	22
Rent and rates	35	24
Energy costs	159	132
Insurance	87	80
Security and transport	3	1
Legal and professional	12	26
Other support costs	190	208
Other services	61	123
	1,454	1,487
	5,310	4,903

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

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

8. GOVERNANCE COSTS

	Total funds 2014 £000	11 months ended 31 August 2013 £000
Internal audit costs	1	1
External auditor remuneration	11	8
Legal and professional fees	-	13
	<u>12</u>	<u>22</u>

9. RESOURCES EXPENDED

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2014 £000	2014 £000	2014 £000	2014 £000	2013 £000
Costs of generating voluntary income	70	6	68	144	4
Costs of generating funds	<u>70</u>	<u>6</u>	<u>68</u>	<u>144</u>	<u>4</u>
Educational Operations	3,228	62	566	3,856	3,418
Support costs - Educational Operations	722	386	346	1,454	1,486
Charitable activities	<u>3,950</u>	<u>448</u>	<u>912</u>	<u>5,310</u>	<u>4,904</u>
Governance	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>	<u>22</u>
	<u><u>4,020</u></u>	<u><u>454</u></u>	<u><u>992</u></u>	<u><u>5,466</u></u>	<u><u>4,930</u></u>

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

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

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	31 August 2014 £000	11 months ended 31 August 2013 £000
Depreciation on fixed assets: - owned by the charity	90	66
Auditor's remuneration for audit services	11	8
Internal audit costs	1	1
	<hr/> <hr/>	<hr/> <hr/>

11. STAFF

a. Staff costs

Staff costs were as follows:

	31 August 2014 £000	11 months ended 31 August 2013 £000
Wages and salaries	3,197	2,908
Social security costs	225	218
Other pension costs	484	419
	<hr/> 3,906	<hr/> 3,545
Supply teacher costs	78	113
Compromise payments	4	-
FRS 17 pension costs (note 14)	32	27
	<hr/> 4,020 <hr/>	<hr/> 3,685 <hr/>

b. Staff severance payments

Included in staff costs are non-statutory/non-contractual compromise payments totalling £4,578.

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

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

11. STAFF (continued)

c. Staff numbers

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

	31 August 2014 No.	11 months ended 31 August 2013 No.
Teaching	54	54
Admin and support	52	57
Management	5	5
	<hr/> 111 <hr/>	<hr/> 116 <hr/>

d. Higher paid staff

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

	31 August 2014 No.	11 months ended 31 August 2013 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	2
In the band £100,001 - £110,000	1	1
	<hr/> 4 <hr/>	<hr/> 4 <hr/>

The above employees contribute to the Teachers Pension Scheme. During the year end 31 August 2014, pension contributions for these members of staff amounted to £9,043, £9,267, £9,975 and £15,139 respectively.

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

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

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 (including employer's pension contributions) fell within the following bands:

	31 August	11 months ended
	2014	31 August
	£000	2013
		£000
Noel Melvin (Principal)	120-125	115-120
Staff Trustee 1	0-5	40-45
Staff Trustee 2	45-50	35-40
Staff Trustee 3	30-35	

During the year, travel and subsistence expenses totalling £50 (2013: £Nil) were reimbursed to 1 trustee.

Other related party transactions involving the Trustees are set out in note 23.

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 £3,000,000 on any one claim and the cost for the year ended 31 August 2014 was £2,530 (2013 - £3,306). The cost of this insurance is included in the total insurance cost.

14. PENSION FINANCE COST

	31 August	11 months ended
	2014	31 August
	£000	2013
		£000
Expected return on pension scheme assets	57	31
Interest on pension scheme liabilities	(89)	(58)
	(32)	(27)

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

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

15. TANGIBLE FIXED ASSETS

	Long leasehold property £000	Fixtures, fittings and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2013	4,329	72	76	4,477
Additions	-	19	8	27
At 31 August 2014	<u>4,329</u>	<u>91</u>	<u>84</u>	<u>4,504</u>
Depreciation				
At 1 September 2013	49	3	14	66
Charge for the year	53	9	28	90
At 31 August 2014	<u>102</u>	<u>12</u>	<u>42</u>	<u>156</u>
Net book value				
At 31 August 2014	<u>4,227</u>	<u>79</u>	<u>42</u>	<u>4,348</u>
At 31 August 2013	<u>4,280</u>	<u>69</u>	<u>62</u>	<u>4,411</u>

Included in long leasehold property is land at a valuation of £1,666,440 which is not depreciated.

16. DEBTORS

	2014 £000	2013 £000
Trade debtors	10	3
Other debtors	34	12
Prepayments and accrued income	61	142
	<u>105</u>	<u>157</u>

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

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

17. CREDITORS:

Amounts falling due within one year

	2014	2013
	£000	£000
Partnership funds held	224	99
Tax and social security	70	75
Other creditors	66	99
Accruals and deferred income	39	67
	<hr/> 399 <hr/>	<hr/> 340 <hr/>
		£000
Deferred income		
Deferred income at 1 September 2013		13
Resources deferred during the year		13
Amounts released from previous period		(13)
Deferred income at 31 August 2014		<hr/> 13 <hr/>

At the balance sheet date the Academy Trust was holding funds received in advance for rates reimbursement.

KING EDWARD VII SCIENCE AND SPORT COLLEGE
(A Company Limited by Guarantee)

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

18. STATEMENT OF FUNDS

	Brought forward £000	Incoming resources £000	Resources expended £000	Transfers in/(out) £000	Gains/ (losses) £000	Carried forward £000
Unrestricted funds						
General Funds	185	176	(81)	(45)	-	235
Restricted funds						
General Annual Grant (GAG)	-	4,810	(4,832)	22	-	-
Other DfE/EFA grants	-	58	(58)	-	-	-
Pupil Premium	-	170	(170)	-	-	-
Capital grants	-	20	-	-	-	20
Local Authority grants	-	78	(78)	-	-	-
Other recoverable charges	-	30	(30)	-	-	-
Parental contributions	-	29	(29)	-	-	-
Contributions to educational expense	-	45	(45)	-	-	-
Other non-government grants	-	3	(3)	-	-	-
LGPS Defined Benefit Pension Scheme	(907)	-	(50)	-	(554)	(1,511)
	<u>(907)</u>	<u>5,243</u>	<u>(5,295)</u>	<u>22</u>	<u>(554)</u>	<u>(1,491)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	4,411	4	(90)	23	-	4,348
Total restricted funds	<u>3,504</u>	<u>5,247</u>	<u>(5,385)</u>	<u>45</u>	<u>(554)</u>	<u>2,857</u>
Total of funds	<u><u>3,689</u></u>	<u><u>5,423</u></u>	<u><u>(5,466)</u></u>	<u><u>-</u></u>	<u><u>(554)</u></u>	<u><u>3,092</u></u>

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

18. STATEMENT OF FUNDS (continued)

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

General Annual Grant (GAG)

Funds from the Education Funding Agency for the provision of education, in line with the funding agreement. 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. A transfer has been made between GAG and Restricted Fixed Asset Funds in respect of fixed asset additions purchased out of GAG. A transfer has also been made between unrestricted funds and restricted funds due to an over spend on restricted funds.

Other DfE/EFA Grants

Other funds provided by the DfE/EFA for particular purposes within the Academy's educational operations.

Pupil premium

Additional funds from the Education Funding Agency to support their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

Capital grants

This consists of Devolved Formula Capital (DFC) and other capital funding from the Education Funding Agency. The DFC is to be used for ICT items, improvements to building and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

Other grants

These are funds and grants received from the local authority and other institutions for use on specific educational projects.

Other income

These consist of income from all other sources to be used primarily for the Academy's educational operations.

LGPS Defined Benefit Pension Scheme

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. The fund is in deficit given the nature of the liability, however, this is not payable immediately.

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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	11 months ended 31 August 2013 £000
Tangible fixed assets	-	-	4,348	4,348	4,411
Current assets	235	419	-	654	525
Creditors due within one year	-	399	-	(399)	(340)
Pension scheme liability	-	(1,511)	-	(1,511)	(907)
	<u>235</u>	<u>(1,491)</u>	<u>4,348</u>	<u>3,092</u>	<u>3,689</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2014 £000	11 months ended 31 August 2013 £000
Net incoming resources before revaluations	(43)	3,859
Returns on investments and servicing of finance	(2)	(1)
Pension transferred from Local Authority on conversion	-	725
Depreciation of tangible fixed assets	90	66
Decrease/(increase) in debtors	52	(157)
Cash transferred on conversion to an Academy Trust	-	(273)
Increase in creditors	59	340
FRS 17 adjustments	50	12
Net cash inflow from operations	<u>206</u>	<u>4,571</u>

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

	31 August 2014 £000	11 months ended 31 August 2013 £000
Returns on investments and servicing of finance		
Interest received	<u>2</u>	<u>1</u>

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21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	31 August 2014 £000	11 months ended 31 August 2013 £000
Capital expenditure and financial investment		
Fixed assets transferred from Local Authority on conversion	-	(4,377)
Purchase of tangible fixed assets	(27)	(100)
Net cash outflow capital expenditure	<u>(27)</u>	<u>(4,477)</u>

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £000	Cash flow £000	Other non-cash changes £000	31 August 2014 £000
Cash at bank and in hand	368	181	-	549
Net funds	<u>368</u>	<u>181</u>	<u>-</u>	<u>549</u>

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 Leicestershire County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £65,576 were payable to the scheme at 31 August 2014 (2013 - £61,187) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) 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.

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

23. PENSION COMMITMENTS (continued)

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
FOR THE YEAR ENDED 31 AUGUST 2014

23. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

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.

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

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 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 £255,000, of which employer's contributions totalled £196,000 and employees' contributions totalled £59,000. The agreed contribution rates for future years are 18.2% for employers and 6.1% for employees.

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

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 £000	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £000
Equities	6.30	937	6.60	572
Bonds	3.30	228	3.80	233
Property	4.50	134	4.70	81
Cash	3.30	40	3.60	9
Total market value of assets		1,339		895
Present value of scheme liabilities		(2,850)		(1,802)
Deficit in the scheme		(1,511)		(907)

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23. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance Sheet are as follows:

	31 August 2014 £000	11 months ended 31 August 2013 £000
Present value of funded obligations	(2,850)	(1,802)
Fair value of scheme assets	1,339	895
Net liability	(1,511)	(907)

The amounts recognised in the Statement of Financial Activities are as follows:

	31 August 2014 £000	11 months ended 31 August 2013 £000
Interest on obligation	(89)	(58)
Expected return on scheme assets	57	31
Past service cost	(6)	-
Current service cost	(214)	(134)
Total	(252)	(161)
Actual return on scheme assets	122	78

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

	31 August 2014 £000	11 months ended 31 August 2013 £000
Opening defined benefit obligation	1,802	1,346
Interest cost	89	58
Contributions by scheme participants	59	46
Actuarial Losses	701	218
Current service costs	214	134
Estimated benefits paid	(15)	-
Closing defined benefit obligation	2,850	1,802

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23. PENSION COMMITMENTS (continued)

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

	31 August	11 months
	2014	ended
	£000	31 August
		2013
		£000
Opening fair value of scheme assets	895	621
Expected return on assets	57	31
Actuarial gains	147	48
Contributions by employer	196	149
Contributions by employees	59	46
Estimated benefits paid	(15)	-
	<u>1,339</u>	<u>895</u>

The Academy expects to contribute £208,000 to its Defined Benefit Pension Scheme in 2015.

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

	2014	2013
Equities	70.00 %	64.00 %
Bonds	17.00 %	26.00 %
Property	10.00 %	9.00 %
Cash	3.00 %	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	5.50 %	5.70 %
Rate of increase in salaries	4.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	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	22.2	20.9
Females	24.3	23.3
Retiring in 20 years		
Males	24.2	23.3
Females	26.6	25.6

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

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014	2013
	£000	£000
Defined benefit obligation	(2,850)	(1,802)
Scheme assets	1,339	895
Deficit	(1,511)	(907)
Experience adjustments on scheme liabilities	(701)	(218)
Experience adjustments on scheme assets	147	48

24. 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 a 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.

No related party transactions took place during the year.

25. CONTROLLING PARTY

The Academy is ultimately controlled by the Governing Body, which includes the Principal and the Vice Principals.

26. 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.

27. COMPANY LIMITED BY GUARANTEE

The Academy trust is a company limited by guarantee and does not have capital.