The Blue Coat School

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended
31 August 2014

Company Registration No. 07687709

The Blue Coat School

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The Blue Coat School
REFERENCE AND ADMINISTRATIVE INFORMATION

Members

HENSHAW TRUST represented by J GRAYSON
CHAIR OF GOVERNORS represented by J LEES
AREA DEAN, OLDHAM WEST DEANERY represented by Reverend D PENNY
MANCHESTER DIOCESAN BOARD OF EDUCATION represented by Right Reverend M DAVIES Bishop of Middleton

Governors (Trustees)

G. BENTLEY
J. DAVY(Resigned August 2014)
J. GRAYSON
D. HALFORD
A. HARRIS
C. HAYNES (Resigned September 2014)
J. A. HOLLIS (Headteacher and Accounting Officer)
E. JONES
J. LEES (Chair)
S. McKENNA (Resigned from Responsible Officer role September 2013)
T. MITCHELL
E. MOORES
C. NODEN (Resigned December 2013)
D. PALMER
J.F.D. PIERCE
C. PLATT
M. TOMLINSON
M. UNSWORTH (Appointed December 2013)
M. WALKER
R WOOD
T COTTON (Appointed September 2014)

Headteacher: J.A. Hollis
Clerk: B. Harper (Appointed 1 September 2013)

Senior Leadership Executive Team
Deputy Headteacher: C Anderson (Appointed 1 September 2013)
Deputy Headteacher: B. Devenport (Retired 31 August 2014)
Deputy Headteacher: M Griffin (Appointed 1 September 2014)
Deputy Headteacher: R Higgins (Appointed 1 September 2014)
Director of Business & Resources: M. Duncan

Principal and Registered Office:	The Blue Coat School Egerton Street Oldham OL1 3SQ
Company Registration Number:	07687709 (England and Wales)
Independent Auditor :	Baker Tilly UK Audit LLP 9th Floor, 3 Hardman Street Manchester M3 3HF

The Blue Coat School

REFERENCE AND ADMINISTRATIVE INFORMATION

Bankers:	Lloyds TSB Church Street Blackburn BB2 1JQ
Solicitors:	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB

The governors and directors present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Blue Coat School is a Church of England Academy which offers a broad and balanced curriculum in accordance with the tenets of the Church of England. The school is an academy for pupils aged 11 to 18 serving a wide catchment area across North East Manchester. The school had a pupil capacity of 1490 for 13/14 and had a roll of 1454 pupils in the spring 2014 school census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Blue Coat School was incorporated on 29th June 2011 as a company limited by guarantee with no share capital, registration no: 07687709, and is an exempt charity. The company commenced operation as an academy on 1st August 2011. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The governors act as the trustees for the charitable activities of The Blue Coat School Limited and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Blue Coat School.

Details of the governors who were in office at 31st August 2014 and served during the period are included in the Reference and Administrative Details on page 1.

Members' Liability

Each of the four members 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

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.

Governance Method of Recruitment and Appointment or Election of Governors

The governors are the directors of the Charitable Company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. All members of the Governing Body are appointed and/or elected in accordance with the Articles of Association of The Blue Coat School. In summary:

- Not less than 11 Foundation Governors, 8 of whom are appointed by the Trustees of the Oldham, Henshaw and Church of England Educational Trust, 2 of whom are appointed by the Diocesan Board of Education and 1 appointed by the Area Dean
- 3 Staff Governors appointed through such process as the Governing Body determine
- 1 Local Governor appointed by the Governing Body provided that the total number of Local Governor, Staff Governors, the Headteacher and the Parent Governors does not exceed the number of Foundation Governors
- 3 Parent Governors elected by parents of registered pupils at the Academy as laid out in the Articles of Association

- Up to 2 Co-opted Governors provided that if such governors are appointed the number of Foundation Governors shall increase proportionately to ensure that a majority of Governors are Foundation Governors as laid out in the Articles of Association
- The Headteacher as an ex officio Governor

The term of office for all governors (with the exception of the Headteacher) is 4 years. Any governor may be re-appointed or re-elected.

During the year under review the Governing Body and its Committees held a total of 18 meetings (5 Full Governing Body, 3 Human Resources, 3 Finance & Development, 2 Achievement & Attainment, 2 Every Child Matters, , 2 Ethos, 1 Pupil Discipline Committees.)

Policies and Procedures Adopted for the Induction and Training of Governors
The training and induction provided for new governors depends on their existing experience. Where appropriate, induction training is provided on charitable, educational, legal and financial matters. All governors have access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents appropriate to their specific roles as governors.

Organisational Structure
The Governing Body is collectively responsible for the strategic direction and strategic management of The Blue Coat School. This involves determining the guiding principles within which the Academy operates, approving general policy, adopting an annual development plan and budget, and monitoring the Academy activities and making major decisions regarding capital expenditure and senior staff appointments. The Governing Body is also responsible for ensuring that the Academy meets all its statutory financial obligations through the Headteacher, Director of Business and Resources and Principal Finance Officer. The Headteacher is the Accounting Officer of the Academy.

The Governing Body has delegated responsibility to its committees for some functions and its responsibilities are discharged through the Headteacher and the Senior Management Team of the Academy.

The Academy's senior leadership team during the year comprised the Headteacher, two Deputy Headteachers, Director of Business & Resources, Principal Finance Officer, Data Analyst and Information Manager and six Assistant Headteachers who met weekly to discuss matters concerning educational direction and improvement, attainment and progress, the personal, moral, spiritual and cultural development of students and their welfare and safeguarding, and issues relating to personnel, estates, finance and the coordination of the day-to-day management of the organisation. Outcomes of these meetings were recorded and reported to Governors' Committees, where they affected the strategic direction of the school. From 1 September 2014, the Senior Leadership Team also includes a further Deputy Headteacher.

An executive group including the Headteacher, Deputy Headteachers and Director of Business and Resources meets weekly to ensure the clear and purposeful leadership and management of the Academy in line with its policies and ethos at executive level.

In addition to the Senior Leadership Team, Heads of subject disciplines, Directors of Learning and Lead Practitioners who lead on teaching and learning, all hold responsibility for the achievement, progress, welfare and development of students and the effective and efficient running of the Academy. Senior support staff officers are responsible for the management of data and information, personnel records and recruitment processes, the management of the Academy's finances, the management of ICT and connectivity, the management of site and technical services, pastoral support services for students and the organisation of administration and communication.

Connected Organisations, including Related Party Relationships
The Blue Coat School is partnered with Christ Church CofE Primary School which is a Voluntary-Aided primary school for girls and boys from 4 to 11, with Liverpool Hope University in the provision of School Direct for Initial Teacher Education, and is a lead partner with Manchester Metropolitan University for Initial Teacher Education.

The Academy was designated a National Teaching School and a National Support School in 2013. The Headteacher is a National Leader of Education (accredited 2012) and School Improvement Partner/Professional (accredited 2008). As a National Teaching School, The Blue Coat School has established an Alliance (The Northern Alliance) to promote the professional development of teachers and other education staff, so as to improve provision and outcomes for young people. Sixteen schools/colleges, from all phases and from 6 Local Authority areas have signed the Alliance's Statement of Commitment and ten of these Alliance members have agreed to a memorandum of understanding to become strategic partners of the Alliance. During the current period the Alliance has received an allocation of places for School Direct training across the Alliance resulting in the recruitment of ten trainees for the Alliance from September 2014. The Alliance has also established a designated network of Specialist Leaders of Education and provided school to school support through this network. New projects were initiated in the period in relation to Mental Toughness and Mindset work with A Level students which will be rolled out to Alliance member schools and other schools during 2014/15 and work continues on a Research and Development project to close the attainment gap experienced nationally by disadvantaged pupils, and the post-16 extension programme.

As a National Support School, The Blue Coat School has continued to provide intensive bespoke support for Hazel Grove High School, Stockport, in establishing its own post-16 provision. The school has brokered support for technology from a partner school in the Alliance, Rastrick High School. The school has also continued to open up its programme for intensive professional development (ACTIVE) to schools in and beyond the Alliance with nine schools taking part this year and has again been appointed as Quality assessor for newly qualified teachers by the Local Authority and offered training for newly qualified teachers within the school and to other schools in the area.

The Headteacher, as School Improvement Professional, supported Headteachers and school self-evaluation in 2 schools in Bolton.

The school is commissioned by the Local Authority to provide Quality Assurance for provision for Newly Qualified Teachers in Oldham, and leads a support network for staff responsible for that provision.

The school also works with Oldham College to offer work-related learning opportunities for students, and with Myerscough College for the provision of Horticulture.

OBJECTIVES AND ACTIVITIES

Objects and Aims
The principal object and activity of the Charitable Company is the operation of The Blue Coat School as an academy to advance for the public benefit, education in the Diocese by managing and developing a Church of England School offering a broad, balanced, rich and differentiated curriculum, and sustained improvement in teaching and learning.

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

The Charitable Company has agreed within the provisions of the Funding Agreement between the Trustees and Secretary of State the following characteristics of the Academy:

- As a Church of England school the Academy will offer a broad and balanced curriculum in accordance with the tenets of the Church of England.
- The Academy will provide education for pupils of different abilities.

The Academy members pledge that:

- The school will retain and maintain its distinctive Anglican and Christian ethos and character.
- Collective worship will continue to be distinctly Christian in character and central to the daily life of the school.
- Religious Education will remain part of the core curriculum for all students, and the curriculum will faithfully reflect the Diocesan scheme.
- The leadership and management of the school will engage with distinctive Christian values in developing the vision for the school.
- The school will maintain its close association with the Henshaw Trust as part of the Academy Trust, and this relationship will be reflected in governance.
- Governance will include the representation of all stakeholders – the Henshaw Trust, parents, staff, the Deanery, the Diocese and the community.
- The school will retain its Admissions Policy and will give priority to the children of practising Anglican families.
- The school will play a full and committed part in the family of Oldham schools, working in partnership to build the best for provision and opportunities for all our young people.
- National agreements on pay and terms and conditions for teaching and support staff will be upheld by the Academy.

Values
'Faith, vision, nurture' drive the school philosophy for both students and staff in line with the school motto 'May we always seek what is good'.

Aim
Blue Coat is dedicated to serve young people, to help and enable them to become everything they can be and everything that they are meant to be.

Objectives, Strategies and Activities
The main objectives of the Academy during the period ended 31st August, 2014 were as follows:

1. Teaching and Learning - The maximum attainment and progress of all students in line with targets set by the school against national and school benchmarks. With particular focus on KS4 and 5.

2. Closing the gap – continue to identify and work to eliminate the gaps in attainment and achievement of disadvantaged students.

3. Estate matters - Resolve the school's desperate need for extra space and major repairs refurbishment.

   Focus areas:
   - Main building window and classroom refurbishment
   - Completion of the Hall refurbishment
   - Refurbishment of the Lees building – cladding and windows
   - Construction of a new Special Educational Needs space and training room
   - Increase Published Admission Numbers (PAN) to 8 form entry in consultation with and investment from OMBC resulting in additional classroom space.
4. Development of the Teaching School Alliance.

Public Benefit
In setting objectives and planning activities the Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The key public benefit which the Academy aims to develop is the provisioning of continued high quality education for all students through the objects, aims and strategies detailed above. The achievements against the annual objectives are detailed below.

STRATEGIC REPORT

Achievements and Performance
Achievements against objectives
1. Teaching and Learning

GCSE
Considering the volatility reported in 2014 by Ofqual, schools, Local Authorities and the Diocese, Blue Coat was cautiously pleased with student outcomes against national benchmarks.

	Best	First	2013	2012
5 x A*CEM	77.2%	74%	74.4%	76.4%
5 x A*-C	84%	84%	(90.1%)	(97.3%)
% A*-A	34.3%	34.3%	33.6%	34.6%
APS Capped 8	355	354	Target: 353	
3LP English (expected progress)	79	79	80	70
4LP English	46	46	42	33
3LP Maths (expected progress)	75	80	87	90
4LP Maths	42	43	52	61

The school had been committed to entering some students in exams early. Early entry ("first" result in the table above) was used as a motivator for borderline students. Some of these students then resat the exams later in the year ("best" result in the table above). This option of early entry will not be available in the future.

Analysis of actual performance by groups shows that girls' performance was significantly better than boys', especially in English, against the 5 A* -C grades including English and Maths (5A*CEM) benchmark, and amongst middle and higher achieving pupils in Key Stage 2. The accuracy of tracking and monitoring in English across Key Stages 3 and 4 is an improvement priority, particularly re the performance and progress of boys.

We are unable to report of analysis of overall Value-Added pre RAISE online because the 2013 model was set under an earlier dispensation which included best entry, BTECs and equivalents counting as multiple entries. However, subject analysis indicates that progress measures will be strong in:

- Modern Languages - 1002 – top 25%
- English – 1001.6 – top 35%
- Science – 1001.6 – top 35%
- Maths (first) – 1000.3
- Maths (best) – 1001.2
- Humanities – 999.5

The improvement of progress and outcomes of students in Humanities, and especially History, is a school priority.

There was strong departmental performance and achievement in

- Art
- Drama
- MFL
- RS (169 pupils achieved A*/A = 56.2%)
- Music (75% A*/A)
- PE (47% A*/A; 92% A*-C)
- IS (64% A*/A; 86% A*-C)
- Product Design (60% A*/A; 95% A*-C)
- Textiles (39% A*/A; 89% A*-C)
- Media (33% A*/A; 87% A*-C)

Geography, Child Development and Food all improved.

Student Destinations

(labels shown in bold show the numbers and percentage in learning)	%	Number
Further Education College	20.4%	46
School Sixth Form	55.6%	125
Sixth Form College	19.1%	43
Training - Non Employed	2.2%	5
Employed - Apprenticeships	2.2%	5
Employed - With NVQ or locally recognised training	0.0%	0
Employed with no recognised training	0.0%	0
NEET Available	0.4%	1
NEET Not available	0.0%	0
Moved out of local area	0.0%	0
Unable to contact	0.0%	0
	100.0%	225

%age	**Numbe**
99.6%	224

A-Level

The impact of the high grades strategy can be seen in improvements at A*/A (39.2%). A*/A/B remained strong at 59.9%.

	2014	**2013**	**2012**
A* - E	99.6%	99.7%	99.6%
A*	10.5%	9.6%	7.3%
A* - A	28.7%	26.8%	27.8%
A* - B	59.9%	57.8%	60.4%
A* - C	84.8%	84.6%	87.9%
Points Per Candidate	436.8	465.0	469.4
Points Per Candidate (Minus GS)	383.0	397.1	400.8

9 subjects achieved progress in the top 10% (ALPs 2) or top 25% (ALPs 3) nationally.

- Economics – 2
- English Language & Literature – 2
- Government and Politics – 2
- Applied Science – 3
- Art – 3
- Photography – 3
- Health & Social Care – 3
- Further Maths – 3
- Sociology – 3

Overall the school's ALPs grade for A2 performance is 2 – in the top 10% nationally. Our strength is our breadth, with students achieving high across 4 or 5 A-levels and EPQ. Our improvement target is to further increase the proportion of A*s/As to ensure all our most able students are achieving at the level they would at the top-performing colleges and schools nationally.

Destinations

All five students who achieved Oxbridge offers secured their places. Two students achieved places for medicine and two for dentistry.

Destination	Number	%
University	123	78.85
Foundation Diploma in Art and Design	8	5.13
Other Training	1	0.64
Employment	6	3.85
Seeking Employment	1	0.64
Gap Year	11	7.05
Advanced Apprenticeship	1	0.64
Seeking Apprenticeship	4	2.56
Year in Industry	1	0.64

AS Level
Although AS results dipped slightly on 2013, nevertheless student progress remains in the top 1% nationally (ALPs).

	2014	**2013**	**2012**
A – E	94.4%	91.3%	95.4%
A	21.7%	23.4%	23.8%
A – B	42.2%	46.2%	48.2%
APS	199.3	200.3	206.8

Departments performing in the top 10% (2) and the top 25% (3) nationally for student progress:

- Geography – 2
- Media Studies – 2
- Government & Politics – 2
- Music - 2
- Art – 3

- Photography – 3
- English Literature – 3
- PE – 3
- RS – 3
- Sociology - 3

Sixth Form Number as of Autumn Census
Year 13: 181
Year 12: 189

Student numbers in Year 12 were lower than predicted.

Improvements have been put in place to clarify accurately the intentions of Blue Coat pupils in Year 11 so that we are not unnecessarily turning away external applicants because groups appear to be full.

2. Closing the Gap

On average there was a gap of 31% between Pupil Premium and non-Pupil Premium students on the 5A*-CEM measure, with disadvantaged students on average making less progress in maths, and fewer (23% compared to 40%) successfully completing the EBacc. However, when the starting point of the 22 individual Pupil Premium students is taken into account, the gap substantially disappears for higher ability Pupil Premium students, who outperformed non-Pupil Premium students on the 5ACEM and 3 and 4 levels progress measures in maths. 100% lower ability Pupil Premium students made expected progress in maths (compared with 15% of non-Pupil Premium students from the lower ability band). There was greatest variation in the middle band, which included 3 In-Year Fair Access pupils who joined the school in Year 10, and a further student who joined in Year 10 from abroad with no English and no prior attainment data. When these students are taken into account progress of Pupil Premium students in that band is:

63% 5A*CEM compared to 71% middle ability non-Pupil Premium.
75% 3LP English compared to 77% middle ability non-Pupil Premium.
63% 3LP Maths compared to 84% middle ability non-Pupil Premium.

Therefore, the progress and achievement of Pupil Premium students remains a priority for school; however it is important to analyse at an individual level with this measure, rather than an overall comparison of averages.

3. Estate matters

Work achieved on capital projects has been included under the financial review section of this report.

4. Development of Teaching School Alliance

Work achieved on the Teaching school activities in the year have been included under the Connected Organisation section of this report.

Worship and Ethos

The verse for 2013-14 was:

"I can do all things through Christ who strengthens me." (Philippians 4:13)

A new approach to Form Reflection was introduced in 2013/14, replacing Circle Time in Years 8 – 11. Sessions are teacher-led, active and interesting, with a Christian ethos reflected in the resources used. Feedback from staff and students has been very positive, and learning walks have evidenced excellent examples of engagement, participation, reflection and spirituality. The Chaplain demonstrated to governors a sample reflection session, and showed video clips of form reflection in action across different age ranges. Governors also participated in drawing up a list of themes that might be incorporated in worship 2014-15.

Staff training and development

Training and development is central to the achievement of learning and progress objectives. Staff workshops focused on developing teaching to engage and challenge all students. There was a particular focus on the needs of the less able, and students with Special Educational Needs and Disabilities, and how to support students with dyslexia, autism, ADHD and behavioural needs. The impact can be seen in the improved outcomes and progress of SEND pupils. A working party further developed our literacy strategy to include the improvement of writing, particularly for less able students. A successful trial in geography has led to the development of writing as a whole-school focus for 2014-15. Middle Leaders worked with senior staff on improving assessment, tracking and monitoring progress – the impact can be seen in the accuracy of school predictions for student outcomes, and their improvement.

The school entered a national Research and Development project, Cornerstone Mathematics, to develop pupil understanding in maths in Key Stage 3, and the national "Closing The Gap: Test and Learn" project. We also launched a programme of individual Research and Development enquiries, supported by a Social Scientist trained in research method. Investigations included:

- The effects of single sex classes and "boy-friendly" teaching strategies on progress in German.
- The impact of peer tutoring on developing literacy levels.
- A study into the effectiveness of early intervention strategies for pupils with low attendance in Year 7.
- A trial of the 'flipped classroom' approach to investigate impact on student progress, independence and initiative.

Following the report of the 2013 Children's Society on young peoples' mental health and wellbeing, we introduced a pilot on Mental Toughness in Year 11, with a selected group of tutors trained by AQR. The evaluation of the pilot showed a positive impact for students, and even more so for staff; it has therefore been rolled out across Key Stage 4 in 2014-15, with newly qualified teacher being attached, wherever possible, to Key Stage 4 tutors.

Sixth Form leadership further developed the Growth Mindset training, the impact of which is now being evaluated by using another school as a control group.

All 3 NQTs successfully completed their NQT year. All 6 School Direct trainees successfully gained employment, 3 at Blue Coat, 2 more in Oldham schools, and 1 in a Northern Alliance school. 5 of the 6 graduated with Distinction.

Charity fundraising activities

During the period, the school's charity fundraising activities made a total of £4,704 which was donated to twelve charities.

Key Financial Performance Indicators

Financial objectives 2013/14

- To achieve an annual operating surplus

  Outcome: Surplus achieved which allowed for £300,000 to be earmarked towards capital investment in line with the estates strategic plan.

- To pursue alternative sources of funding, on a selective basis, consistent with the Academy's core competencies, and the need for a financial contribution to the Academy's overall finances
  Outcome: Donations from parents/Gift Aid £33,107; Friends of Blue Coat donations £5,000 Summer School Grant £11,250; Training School income £221,368; Educational Leadership and School Improvement income £4,000.

- To fund continued capital investment
  Outcome: Secured £1,308,960 from Academy Capital Maintenance Fund (ACMF) for capital development

Going Concern

The majority of Academy funding is provided by the Department of Education. The government is progressing radical changes in education funding and has stopped any increases in funding in real terms. The Academy has received details of 2014/15 funding and indication of 15/16 funding, made an assessment of the impact of potential changes and reviewed a three year financial forecast which encompassed both known changes and potential risk areas. Whilst uncertainties remain, the Senior Management Team and the Governing Body 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

Revenue
There have been two principal sources of revenue funding during this year of operation – the EFA and Oldham Metropolitan Borough Council (OMBC). The core funding has been from the EFA in the form of recurrent grants, in addition income relating to Special Educational Needs (SEN) funding has been received from OMBC and regional Local Authorities (LA). Although the school received an increase in school budget share during this period this was offset by significant reductions in LACSEG and transitional grant protection funding. These changes, along with post 16 funding remaining static, resulted in an overall position of no major change in core recurrent funding levels.

During the period ending 31 August 2014, total income excluding capital grants was £8,565,000 (2013 £8,627,000) and total operational expenditure before depreciation of £646,000 (2013 £552,000) was £8,150,000 (2013 £7,784,000) resulting in an operating surplus before depreciation, transfers and other gains and losses of £415,000 (2013 £843,000). These operating surpluses in 2012/13 and 2013/14 reflect detailed and tight budgeting and enabled the school to earmark funds for essential capital project work (see below).

Capital
Grants of £3,036,000 were received for capital projects from ACMF and OMBC in relation to the completion of the Hall extension, the new classroom build project, the refurbishment of the Henshaw building windows and the wrap-around of the Lees building which holds the Art, Media and Textiles departments. All of the grants received from ACMF and OMBC during the period ending 31st August 2014 are shown as restricted fixed asset funds in the Statement of Financial Activities (SOFA). Funds from other restricted reserves of £718,000 were also utilised towards these projects and other projects detailed below.

Capital projects that were completed during the year and brought into use included the Hall extension, the refurbishment of a space for SEN pupils and the formation of a construction block for students studying construction in years 10 and 11, the last two projects being funded solely from school funds.

Capital projects that remained as assets under construction at the year end included:

- the three projects mainly funded by grants – the new classroom build (opened September 2014), the Henshaw windows project and the Lees building wrap-around and
- school funded projects – the refurbishment of the classrooms and training room in the Henshaw building and the construction of a new space for the Deputy Head Teachers.

Reserves Policy

The Trust, sensitive to potential cash flow risks has maximised reserves to provide a funding buffer for any delays in LA and/or EFA funding flows, protection for the anticipated drop in funding over the next two years and for capital estate investment requirements.

Restricted general reserves total £ (862,000) deficit (2013 £202,000 surplus). The fund is in deficit as a result of the inclusion of the Trust's pension deficit of £1,298,000 (2013 £704,000). However this does not mean that an immediate liability crystallises, as any deficit on the pension scheme identified through the triennial valuation of the scheme will be managed through increased pension contribution rates over the coming years. The contribution rates until the next valuation in March 2017 have been incorporated into cash flow models. Also as shown at note 23 the Department of Education has guaranteed that in the event of Academy closure, any outstanding Local Government pension liability will be met by the Department. During the year £718,000 of restricted general funds were transferred to fixed asset reserves to be utilised on capital acquisitions. Future capital acquisitions will be assessed as to whether these can be met by the remaining restricted general funds of £436,000, or will be met from unrestricted funds.

The value of unrestricted reserves is £1,374,000 (2013 £1,117,000). These are freely available for general purposes and will be allocated in line with the strategic objectives of the Academy.

Restricted fixed asset reserves total £28,396,000 (2013 £25,288,000) and include the assets transferred by the local authority to the Academy on conversion in period ended 31 August 2012 and fixed assets financed by the Trust through grant income since conversion. The reserves also include £504,000 of capital grant funds which have been received by the Trust in the year but not spent by 31 August 2014. The restricted fixed asset reserve is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Investment Policy

In the accounting period the Trustees have deferred investment of balances to protect the Academy's cash flow position given uncertainties regarding capital funding opportunities for the estate maintenance and expansion projects currently underway.

An investment policy for remaining cash balances post completion of capital projects has been established for 2014/15. The investment policy requires the school to maintain sufficient funds to cover expenditure identified through revenue and capital cashflow predictions before considering any investment opportunities – this policy will be reviewed annually.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal Risks and Uncertainties

Funding

- Base funding - Continued changes to pre and post 16 funding for example for 2015/16 the reduction in Educational Service Grant by 37% per pupil. Also the effect of pupil numbers and demography on funding levels given the continued move towards per pupil funding weighted towards deprivation factors.

- Disadvantage and vulnerable pupil funding:
    - SEN - How Education Health and Care plan personal budgets will impact parental/carer expectations
    - Pupil premium – recent introduction of the Virtual School Head role for the assessment of funding for Looked after Children and the impact of this on the allocation of funding to the school.

- Capital funding - Changes to the allocation of devolved formula capital funding to the Condition Improvement Fund bid system.

- Training and leadership - Funding for system leadership responsibilities remains negligible and nationally appears to be on the point of being withdrawn completely. The rationale behind the distribution of initial teacher training places remains unclear, and the School Direct approach lacks the central funding investment and marketing allocated to Teach First which increases the level of risk in this investment.

Local context

Pressure on school places of a growing population significantly above census predictions, with increasing numbers of young people with limited or no English arriving mid-year. Local decision to end residential/out-of-borough placements for very vulnerable children in care requires their reintegration in mainstream. Insufficient provision for young people whose needs cannot be met in mainstream schools, either through disability, or through behavioural choices, present challenges to the school estate.

Turbulence in the examination system

Specifically the movement nationally away from coursework and modularity and towards significant linearity which makes different demands on students in terms of memorization, extended writing and increased resilience for a large number of terminal exams. Political uncertainty re future of AS and its de-coupling from A2, with implications for the post-16 curriculum and planning and resourcing.

Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities, and other operational areas of the Academy and its finances. The Governors have implemented a system to assess the risks that the school faces, especially in operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have approved systems, including operational procedures (e.g. vetting of new staff, safeguarding etc.) and internal financial controls to minimise risk. The Academy reviewed and updated its Financial Regulations and these were approved by the Governing Body at its meeting in November 2013.

To assess and contain financial risk, the governing body has reviewed its Risk Register to identify and put in place risk containment measures. Work of the internal and external auditors ensured risk containment measures were followed. Participation in the Oldham Metropolitan Borough Council (OMBC) Schools Forum, EFA briefings and officer attendance at briefing and training events has informed the Governing Body of external risk and of the fluctuations / reductions in funding both from central government and from the Local Authority (LA) funding streams. Income and expenditure has been modelled and presented to Governors for a three year period based on known changes with areas of risk / fluctuation highlighted.

The Governing Body is satisfied that Academy systems are consistent with guidelines issued by the Charities Commission.

The Academy does not have any exposure to significant cash flow or liquidity issues nor does the Academy have any significant credit liabilities, only ordinary creditors from educational and construction activities disclosed in note 13.

PLANS FOR FUTURE PERIODS

The Academy's commitment to its core purpose of providing for children exceptional opportunities for personal fulfilment to become 'all they can be, and are meant to be' continues to drive its development agenda. Sustaining its Ofsted judgement of 'outstanding', the school seeks to provide exemplary academic and personal education.

The Academy has ambitious and clear plans to build on its success. Building teaching and learning expertise remains at the heart of the educational strategy, the school as the lead school of the Northern Alliance is increasing its number of 'School Direct' candidates in 2014/15 and through its Alliance will continue to promote and deliver outstanding teaching and learning provision for our young people by offering inspiring training and exceptional development and leadership of our staff. To this end, the school has recruited an Assistant Head Teacher to the role of Director of the Teaching School Alliance.

Sponsorship/Multi-Academy Trust (MAT): The school is in the process of becoming a Multi-Academy Trust. Two primary schools have received Academy orders and Blue Coat has received start-up funding. Work is currently underway on due diligence and MAT structure and formation to ensure that a strong trust is formed with clear central responsibilities and powers, and clear delegation which preserves the character and uniqueness of the schools included and gives the Trust the vision, capacity and resilience to sponsor other schools.

The school currently comprises 1491 pupils at October 2014 and has completed a new major capital work programme to extend the school through building 14 new classrooms to accommodate a further 108 students over the next four years.

Improvement Priorities for 2014-15

- The progress and achievement of boys, especially in English and the Humanities.
- Further reduction of the Pupil Premium gap through close tracking of progress and monitoring of curriculum choices.
- Improve the progress and achievement of high achievers at Key Stage 2 (ie, Level 5) and GCSE (students who average Grade A) to ensure progress in line with the highest-achieving institutions.

Whole-School Improvement Strategies

i) Improve tracking at Key Stage 3. We have begun a major overhaul of assessment at Key Stage 3 to make it more robust, consistent and accurate. Departments have reviewed curricula in the light of changing demands at GCSE and the new national curriculum at Key Stage 3. However, the impact of national changes in the Key Stage 2 curriculum will necessitate a further revision of programmes of study to ensure that progress is sustained and developed and students do not dip. We will monitor Key Stage 1 and 2 reporting against age-related expectations and its implications for how we assess and report, so that systems are meaningful for students and parents.

ii) Continue to improve tracking, monitoring and intervention at Key Stage 4. Though we fell short in some areas, on the whole our predictions were far more accurate than they have been for several years.

iii) Improve quality of marking and feedback through clear departmental policies.

iv) A focus on the 'big write' in our ongoing focus on literacy, building on primary practice, and rolling this out across departments over two years, starting in Key Stage 3.

v) Improve provision and pedagogy for lower achieving pupils in maths in Year 7. Children who come to us with Level 3/low Level 4 are not secure in their understanding (and may have forgotten most of it over the 6 week holiday). We are building on primary practice to consolidate L4 understanding and skills, and we are part of a national research programme, Cornerstone Maths, which is being piloted in Years 7 – 8. It is likely that we will become a national hub for this.

vi) Relentless focus on teaching and learning, and the personalisation of provision in lessons so that teachers have the skill and strategies to ensure that every young person makes progress. Part of this will involve whole-school training and development, and part will come through a revised policy for CPD.

vii) Given our increasing, and increasingly diverse school population, we are investing in the House system to create a strong and cohesive community where all young people can belong.

viii) Personal growth and development

a. Key Stage 3 – Restorative Practices
b. Key Stage 4 – Mental Toughness
c. Key Stage 5 – A Level Mindset

plus ongoing work on social media in all Key Stages.

ix) We are also introducing computing/programming into Year 7 via the 'unplugged curriculum' to prepare for the young people who will be coming through to secondary in the future

Equal Opportunities and employee consultation
The governing body recognises equal opportunities as an integral part of the Academy commitment, evident in both employment practices and educational opportunities for children.

The school provides information to all employees on matters affecting them through a weekly bulletin, a weekly briefing, and half-termly staff meetings. Regular consultation takes place through a Staff Consultative Committee with a formal constitution and remit and calendared half-termly. This is chaired by the Headteacher and any member of staff may raise issues of policy through that Committee. Regular meetings of middle and senior leadership to update on school policy and systems in the light of school improvement priorities and the national context are followed by meetings chaired by middle leaders to explore the implications and ramifications of strategic and policy decisions.

Disabled persons
It is the Academy's policy to give employment to persons with disability wherever practicable. Where an employee becomes disabled, assessment is made of requirements and adjustments to work space or working conditions implemented. The school ensures that all employees are treated equally and fairly with regards to training, career development and promotion prospects.

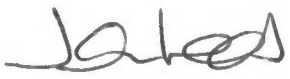
FUNDS HELD AS CUSTODIAN
The Academy does not hold, and the Governors do not anticipate that it will in the future hold, any funds as custodian for any third party.

AUDITOR
Statement as to disclosure of information to auditor
In so far as the Governors are aware:

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

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

The Trustees' report, incorporating a strategic report, is approved by order of the members of the Governing Body, as the company Directors, on 8 December 2014 and signed on the board's behalf by:



J Lees Chair of Governors

Scope of Responsibility
As Governors, we acknowledge we have overall responsibility for ensuring that The Blue Coat School 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 Governors has delegated the day-to-day responsibility to the Head as Accounting Officer, for ensuring financial controls conform to 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 Blue Coat School and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance
The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities.

Attendance during the year at meetings of the full governing body was as follows:

Governor	Meetings attended	Out of possible
G. BENTLEY	3	5
J. DAVY	4	5
J. GRAYSON	4	5
D. HALFORD	4	5
A. HARRIS	2	5
C. HAYNES	4	5
J. A. HOLLIS	5	5
E. JONES	5	5
J. LEES (Chair)	4	5
S. McKENNA	4	5
T. MITCHELL	4	5
E. MOORES	5	5
C. NODEN	0	2
D. PALMER	4	5
J.F.D. PIERCE	0	5
C. PLATT	4	5
M. TOMLINSON	3	5
M.UNSWORTH	4	4
M. WALKER	2	5
R WOOD	3	5

The Governing Body reviewed the effectiveness of its committee structure in June/July 2014 in light of Ofsted and government concerns about the quality of governance, and determined to abolish all committees except statutory panels for the academic year 2014-15, with all strategic issues being brought to the full Governing Body at regular half-termly meetings. This pilot will be reviewed in the summer of 2015 to establish impact – are all governors informed, at a strategic level, about the direction of the school, the quality of student learning and progress, the robustness and propriety of financial, estates and business planning, compliance with statutory requirements, and ethos of the school as a Christian and Anglican establishment.

The Finance & Development committee (F&DC) is a sub-committee of the main governing body. Its purpose is to consider the Academy's funding, assess implications, and raise issues as required with the

Headteacher and the governing body. In undertaking these responsibilities it agrees the budget, contributes to the formulation of the Academy development plan, guides other committees on financial matters, monitors and reviews income and expenditure, receives Internal / external auditor financial reports and prepares the financial statement for the annual report. It also ensures regularity and propriety and produces and approves the Academy Risk register and Business Continuity Plan.

Attendance at F&DC meetings in the year was as follows:

Governor	Meetings attended	Out of possible
J. GRAYSON	2	3
J. A. HOLLIS	3	3
J. LEES	2	3
T. MITCHELL (Chair)	2	3
E. MOORES	0	3
C. NODEN (Resigned December 2013)	0	1
C. PLATT	2	3
M. TOMLINSON	2	3
M. WALKER	3	3
M UNSWORTH (Appointed December 2013)	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 ongoing process designed to identify and prioritise the risks to the achievement of The Blue Coat School's 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 Blue Coat School for the period from 1 September 2013 to 31 August 2014 and up to the date of approval of the Governors' annual report and financial statements.

Capacity to Handle Risk
The Board of Governors has reviewed the key risks to which the Blue Coat School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing The Blue Coat School'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 Governors' annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The Risk and Control Framework
The Blue Coat School'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 Governors;
- regular reviews by the Finance and Development 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

- the identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided to appoint Graeme Hornsby, as an independent internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on The Blue Coat School's financial systems. During the year the internal auditor undertook a thorough review of the Academy Trust's main financial systems and reported back to the Governing Body on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The conclusion of the report was that staff were knowledgeable, competent and showed appropriate level of duty segregation. The Trust had strong controls and high standards. The potential for further efficiencies and reduction of reliance on staff generated spreadsheets reported by the auditor has been taken into consideration with the purchase of budgeting software for use in 14/15 and work to be undertaken in 2014/15 to introduce electronic payments for parents.

Areas to be covered in the next visit in 2014/15 are governance, risk, assets and pupil premium.

Review of Effectiveness
As Accounting Officer, the Head has responsibility for reviewing the effectiveness of the system of internal control. During the year ended 31 August 2014, this review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the completion and review of the Risk Register
- the financial management and governance self assessment process; and
- the work of the executive managers within The Blue Coat School 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 Development Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 8 December 2014 and signed on its behalf by:

J. Lees
Chairman

8 December 2014

J.A. Hollis
Accounting Officer

8 December 2014

The Blue Coat School

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

J A Hollis
Accounting Officer

8 December 2014

The Blue Coat School
STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who act as trustees of The Blue Coat School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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
- to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the 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 governing body on 8 December 2014 and signed on its behalf by:

J. Lees
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BLUE COAT SCHOOL

We have audited the financial statements of The Blue Coat School for the year ended 31 August 2014 on pages 24 to 45 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 charitable company's members, as a body, in accordance with Chapter 3 of Part16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor
As explained more fully in the Statement of Governors' Responsibilities set out on page 22, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the charitable company's affairs as at 31 August 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006
In our opinion the information given in the Governors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- the charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

DALE THORPE BSc FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
Date 12 December 2014

The Blue Coat School

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

for the year ended 31 August 2014

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2014 £'000	Total 2013 £'000
INCOMING RESOURCES						
Income from generated funds:						
Voluntary income	1	41	-	3,036	3,077	904
Activities for generating funds	3	491	286	-	777	713
Investment income	4	3	-	-	3	3
Income from charitable activities:						
Funding for the Academy's educational operations	2	4	7,740	-	7,744	7,847
Total incoming resources		539	8,026	3,036	11,601	9,467
RESOURCES EXPENDED						
Charitable activities:						
Academy's educational operations	5&6	282	7,843	646	8,771	8,312
Governance costs	7	-	25	-	25	24
Total resources expended		282	7,868	646	8,796	8,336
NET INCOMING RESOURCES BEFORE TRANSFERS		257	158	2,390	2,805	1,131
Gross transfers between funds	14	-	(718)	718	-	-
NET INCOME/(EXPENDITURE) FOR THE YEAR		257	(560)	3,108	2,805	1,131
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial losses/gains on defined benefit pension schemes	23	-	(531)	-	(531)	132
NET MOVEMENT IN FUNDS		257	(1,091)	3,108	2,274	1,263
RECONCILIATION OF FUNDS						
Total funds brought forward at 1 September 2013		1,117	229	25,288	26,634	25,371
TOTAL FUNDS CARRIED FORWARD AT 31 AUGUST 2014	15	1,374	(862)	28,396	28,908	26,634

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

Blue Coat School

BALANCE SHEET

31 August 2014

Company Registration No. 07687709

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
FIXED ASSETS					
Tangible assets	11		27,892		25,288
CURRENT ASSETS					
Debtors	12	244		80	
Cash at bank and in hand		3,175		2,586	
		3,419		2,666	
LIABILITIES					
Creditors: Amounts falling due within one year	13	(1,105)		(616)	
NET CURRENT ASSETS			2,314		2,050
TOTAL ASSETS LESS CURRENT LIABILITIES EXCLUDING PENSION LIABILITY			30,206		27,338
Pension scheme liability	23		(1,298)		(704)
NET ASSETS INCLUDING PENSION LIABILITY			28,908		26,634
THE FUNDS OF THE ACADEMY TRUST:					
RESTRICTED FUNDS					
Fixed asset fund	14		28,396		25,288
General fund	14		436		933
Restricted funds excluding pension reserve			28,832		26,221
Pension reserve	14		(1,298)		(704)
TOTAL RESTRICTED FUNDS			27,534		25,517
TOTAL UNRESTRICTED FUNDS	14		1,374		1,117
TOTAL FUNDS			28,908		26,634

The financial statements on pages 24 to 45 were approved by the governors and authorised for issue on 8 December 2014 and are signed on their behalf by:

Mr T Mitchell
Chair of Finance & Development Committee

J. Lees
Chair of Governors

The Blue Coat School
CASH FLOW STATEMENT
for the year ended 31 August 2014

	Notes	2014 £'000	2013 £'000
NET CASH FLOW FROM OPERATING ACTIVITIES	18	800	1,323
Returns on investments and servicing of finance	19	3	3
Capital expenditure	20	(214)	(709)
INCREASE IN CASH IN THE PERIOD	21	589	617
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
NET FUNDS AT 1 SEPTEMBER 2013		2,586	1,969
INCREASE IN CASH IN THE PERIOD		589	617
NET FUNDS AT 31 AUGUST 2014		3,175	2,586

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' as issued in March 2005 ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued May 2014 by the Education Funding Agency (EFA), the Charitable Company's Memorandum and Articles of Association and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The Headteacher and Governing body have reviewed the going concern and liquidity risk for the company, looking at the detailed projections of income and expenditure in 2014/15 and beyond. Their conclusion is that there are no material uncertainties related to events or conditions that cast doubt on the company's ability to continue as a going concern in the foreseeable future. Projections for 2015/16 and 2016/17 have also been examined in the light of revised funding information from the EFA and LA. The anticipated reduction in some strands of funding, for example Educational Service Grant, has been scrutinised for risk assessment, containment and control. The turbulent external environment remains under review and the governing body will receive regular monitoring reports to ensure that the company's position is constantly updated and revisited. The school continues to be successful in attracting students and remains oversubscribed at both main school and sixth form entry.

Incoming resources

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

- **Grants receivable**

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

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

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

- **Donations**

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

- **Other income**

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

- **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the SOFA, 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 Trust's policies.

- **Interest receivable**
  Interest receivable is included in the SOFA on a receivable basis, and is stated inclusive of related tax credits.

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 to each activity cost category 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 on the Academy Trust's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

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

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/other funders, where the asset acquired or created is held for a specific purpose.

Restricted General funds comprise all other restricted funds received with restrictions imposed by funders or donors, and include grants from the Education Funding Agency/Department for Education.

Tangible fixed assets
Tangible fixed assets costing £500 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment.

Tangible fixed assets (excluding land and buildings) acquired on conversion to an Academy Trust was brought in at an estimation of the market value of the asset, which has been treated as the deemed cost. Academy land held under a long lease agreement has been included in these financial statements at the valuation provided by the EFA, which has been treated as the deemed cost of the asset. Academy buildings under a long lease arrangement have been included within these financial statements at an insurance rebuild valuation which has been treated as the deemed cost of the asset. The Governors consider these to be appropriate valuations. Subsequent expenditure on buildings has been included at cost.

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 SOFA and carried forward in the Balance Sheet.

Tangible fixed assets (continued)
Depreciation on such assets is charged to the restricted fixed asset fund in the SOFA so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold buildings	2% per annum
Educational furniture and equipment	20% per annum
ICT equipment	33.3% per annum
Plant and machinery	10% per annum
Motor vehicles	20% per annum
Major school improvements	5% per annum

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

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 SOFA.

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

Leased assets
Rentals under operating leases are charged on a straight-line basis over the lease term.

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

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities.

Pensions benefits (continued)
The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments.

They are included as part of staff costs. Past service costs are recognised immediately in the SOFA if the benefits have vested.

If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1 VOLUNTARY INCOME

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2014 Total £'000	2013 Total £'000
DfE/EFA capital grant	3	-	863	866	727
Other donations	38	-	-	38	64
Local Authority capital grant	-	-	2,173	2,173	113
	41	-	3,036	3,077	904

Comparative disclosures have been reanalysed to separately disclose Local Authority grants.

2 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds	Total 2014 £'000	Total 2013 £'000
DfE/EFA/revenue grants					
- General Annual Grant (GAG)	-	7,378	-	7,378	7,418
- Other DfE/EFA grants	4	190	-	194	172
	4	7,568	-	7,572	7,590
Local Authority grants	-	172	-	172	257
	-	172	-	172	257
	4	7,740	-	7,744	7,847

Comparative disclosures have been reanalysed to separately disclose Local Authority grants.

3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Catering	220	-	220	220
Hire of facilities	2	-	2	4
Music Lesson Income	38	-	38	43
Extra Curriculum Activity	-	49	49	47
Trips	-	165	165	198
Sundry Income	231	72	303	201
	491	286	777	713

4 INVESTMENT INCOME

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Interest receivable	3	-	3	3
	3	-	3	3

5 RESOURCES EXPENDED

	Staff costs £'000	Non pay expenditure Premises £'000	Non pay expenditure Other costs £'000	Total 2014 £'000	Total 2013 £'000
Academy's educational operations					
Direct costs	5,242	646	463	6,351	6,068
Allocated support costs	804	-	1,616	2,420	2,244
	6,046	646	2,079	8,771	8,312
Governance costs including allocated support costs	-	-	25	25	24
	-	-	25	25	24
	6,046	646	2,104	8,796	8,336

	Total 2014 £'000	Total 2013 £'000
Net incoming resources for the year include:		
Operating leases – Plant and machinery	14	14
– Other leases	-	-
Depreciation – owned assets	646	552
Fees payable to Baker Tilly UK Audit LLP and its associates for:		
- audit	10	10
- other services	2	2

6 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Total 2014 £000	Total 2013 £000
Direct costs		
Teaching and educational support staff costs	5,242	5,141
Depreciation	646	552
Educational supplies	213	168
Examination fees	167	159
Staff development – teaching	57	35
Other direct costs	26	13
	6,351	6,068
Allocated support costs		
Support staff costs	804	771
Pupil recruitment and support	33	21
Printing, postage, stationery and telephone	60	59
Maintenance of premises and equipment	189	125
Cleaning	138	135
Music service	16	9
Hospitality	13	9
Heat, light, water and waste disposal	165	141
Rent Payable	14	14
Insurance	58	53
Furniture	12	12
Transport	4	5
IT expenditure and support costs	146	129
Staff travel	3	5
Legal and professional costs	45	74
Medical and hygiene supplies	11	10
Trips	203	211
Recruitment	61	19
Other support costs	98	81
Other interest (pension)	1	19
Childcare Vouchers	43	39
Catering	251	252
Extra curriculum activity	52	51
	2,420	2,244
	8,771	8,312

7 GOVERNANCE COSTS

	2014 £'000	2013 £'000
Legal and professional fees	13	12
Auditors' remuneration		
Audit of financial statements	10	10
Accountancy services	2	2
	25	24

8 STAFF COSTS

	2014 £'000	2013 £'000
Staff Costs		
Staff costs during the period were:		
Wages and salaries	4,832	4,739
Social security costs	376	371
Pension costs	767	729
	5,975	5,839
Supply teacher costs	71	73
	6,046	5,912

Staff numbers

The average number of staff (including senior management team) employed by the Academy Trust during the year was as follows:

	2014 FTE	2014 No	2013 FTE	2013 No
Teachers	86	90	87	92
Administration and support	51	84	56	82
Management	12	12	8	8
	149	186	151	182

Full time equivalent comparatives for administration and support staff have been corrected.

Higher paid staff

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

	2014 No	2013 No
£60,001 - £70,000	2	2
£100,001 - £110,000	1	1

8 STAFF COSTS (CONTINUED)

The three above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, employer pension contributions for these staff amounted to £32,957 (2013 £31,588)

9 GOVERNORS' REMUNERATION AND EXPENSES

The Headteacher and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff Governors and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy Trust in respect of their role as Governors.

The value of the Headteacher's remuneration was £103,738 (2013 £102,930) and employer pension contributions amounted to £14,602 (2013 £14,457). The three staff governors (who are named in the Governors' report) received remuneration of £85,482 (2013 £78,788) and employer pension contributions of £14,384 (2013 £13,043) in respect of their contract of employment with the charity rather than in respect of their services as Governors.

During the period ended 31 August 2014, travel and subsistence expenses totalling £nil (2013 £nil) were reimbursed to Governors.

Other related party transactions involving the trustees are set out in note 24.

10 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust 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 £1,010 (2013 £1,010).

The cost of this insurance is included in the total insurance cost.

11 **TANGIBLE FIXED ASSETS**

	Leasehold land and buildings £'000	*Educational furniture and equipment* £'000	*ICT Equipment* £'000	*Plant and Machinery* £'000
Cost:				
At 1 September 2013	24,380	242	205	55
Transfer	293	23	6	65
Additions	-	5	95	15
31 August 2014	24,673	270	306	135
Depreciation				
At 1 September 2013	965	42	80	3
Charged in the year	469	41	59	12
Transfer	-	-	-	-
31 August 2014	1,434	83	139	15
Net book value				
31 August 2014	23,239	187	167	120
31 August 2013	23,415	200	125	52

	Assets in the course of construction £'000	*Motor Vehicles* £'000	*Major School Improvements* £'000	*Total* £'000
Cost:				
At 1 September 2013	635	5	888	26,410
Transfer	(813)	-	426	-
Additions	3,133	-	2	3,250
31 August 2014	2,955	5	1,316	29,660
Depreciation				
At 1 September 2013	-	2	30	1,122
Charged in the year	-	1	64	646
31 August 2014	-	3	94	1,768
Net book value				
31 August 2014	2,955	2	1,222	27,892
31 August 2013	635	3	858	25,288

12	**DEBTORS**	**2014 £'000**	**2013 £'000**
	Trade debtors	16	-
	Prepayments and accrued income	158	54
	Other debtors	-	3
	VAT recoverable	70	23
		244	80

13	**CREDITORS: Amounts falling due within one year**	**2014 £'000**	**2013 £'000**
	Trade creditors	240	58
	Other taxation and social security	112	114
	Other creditors	96	70
	Accruals and deferred income	657	374
		1,105	616

DEFERRED INCOME

	2014 £'000
Deferred income at 1 September 2013	64
Resources deferred in the year	29
Amounts released from previous years	(64)
Deferred income at 31 August 2014	29

At the balance sheet date the Academy Trust was holding funds received in advance in relation to a Teaching School start up grant of £29k.

14 **FUNDS**

	At 1 September 2013 £'000	*Incoming resources* £'000	*Resources expended* £'000	*Gains, losses and transfers* £'000	*At 31 August 2014* £'000
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	-	7,378	(6,660)	(718)	-
Pension reserve	(704)	-	(63)	(531)	(1,298)
	(704)	7,378	(6,723)	(1,249)	(1,298)
Other	933	648	(1,145)	-	436
	229	8,026	(7,868)	(1,249)	(862)
RESTRICTED FIXED ASSET FUNDS					
Other government capital grants	849	3,036	(43)	73	3,915
Capital expenditure from GAG	743	-	(109)	645	1,279
Transfer from local authority on conversion	23,696	-	(494)	-	23,202
	25,288	3,036	(646)	718	28,396
TOTAL RESTRICTED FUNDS	25,517	11,062	(8,514)	(531)	27,534
UNRESTRICTED FUNDS					
Unrestricted funds	1,117	539	(282)	-	1,374
TOTAL UNRESTRICTED FUNDS	1,117	539	(282)	-	1,374
TOTAL FUNDS	26,634	11,601	(8,796)	(531)	28,908

14 **FUNDS *(continued)***

The specific purposes for which the funds are to be applied are shown in the reserve policy note in the Governors report.

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

15 **ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2014 are represented by:	**Unrestricted funds £'000**	**Restricted general funds £'000**	**Restricted fixed asset funds £'000**	**Total funds £'000**
Tangible fixed assets	-	-	27,892	27,892
Current assets	1,374	1,541	504	3,419
Current liabilities	-	(1,105)	-	(1,105)
Pension scheme liability	-	(1,298)	-	(1,298)
TOTAL NET ASSETS	1,374	(862)	28,396	28,908

16 **CAPITAL COMMITMENTS**

	2014 £'000	**2013 £'000**
Contracted for, but not provided in the financial statements	1,520	2,935

17 **FINANCIAL COMMITMENTS**

Operating leases

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

Other:	**2014 £'000**	**2013 £'000**
Expiring within one year	14	14

18	**RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES**	**2014 £'000**	**2013 £'000**
	Net income	2,805	1,131
	Depreciation (note 11)	646	552
	Interest receivable (note 4)	(3)	(3)
	FRS 17 pension cost less contributions payable (note 23)	62	41
	FRS 17 pension finance cost (note 23)	1	19
	(Increase)/decrease in debtors	(164)	58
	Increase in creditors	489	365
	Capital Grants from DfE and other capital income	(3,036)	(840)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	800	1,323

19	**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**		
	Interest received	3	3
	NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE	3	3

20	**CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**		
	Purchase of tangible fixed assets	(3,250)	(1,549)
	Capital grants from DfE/EFA	863	727
	Other Government capital grants	2,173	113
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(214)	(709)

21	**ANALYSIS OF CHANGES IN NET FUNDS**	**At 1 September 2013 £'000**	**Cash flows £'000**	**At 31 August 2014 £'000**
	Cash in hand and at bank	2,586	589	3,175
		2,586	589	3,175

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 AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough 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 was 31 March 2012 and of the LGPS 31 March 2013.

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 to 31 March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement, scheme valuations had been suspended since the last valuation in 2004.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is 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 investigation, 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.

23 **PENSION AND SIMILAR OBLIGATIONS (continued)**

Teachers' Pension Scheme (continued)

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, 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 cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015 and an employee cost cap of 10.9%, both to be set in regulations. The employer contribution rate will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the year amounted to £870,698 (2013: £814,925). At the year-end, £72,010 (2013 £68,619) was accrued in respect of contributions to this scheme. As a result the cost recognised in the SOFA for the year was £874,089.

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £251,144 (2013: £241,521), of which employer's contributions totalled £184,707 (2013: £177,219) and employees' contribution totalled £66,437 (2013: £64,302). The agreed contribution rates for future years are.

23 **PENSION AND SIMILAR OBLIGATIONS (continued)**

Local Government Pension Scheme (continued)
17.6% to 18.8% % between 2015 and 2017 for employers and between 5.5% and 7.5% for employees

Principal actuarial assumptions

	31 Aug 2014 £'000	31 Aug 2013 £'000
Rate of increase in salaries	3.8%	4.6%
Rate of increase for pensions in payment	2.7%	2.8%
Discount rate	3.7%	4.6%
Expected return on assets	5.5%	5.9%

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

	2014 £'000	2013 £'000
Retiring today:		
Males	21.4	20.1
Females	24.0	22.9
Retiring in 20 years:		
Males	24.0	22.5
Females	26.6	25.0

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return which are based on the actuary's propriety stochastic asset model 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	6.3%	2,042	6.6%	1,735
Bonds	3.2%	518	3.9%	433
Property	4.5%	173	4.7%	144
Cash	3.3%	144	3.6%	96
TOTAL MARKET VALUE OF ASSETS		2,877		2,408
Present value of scheme liabilities				
- Funded		(4,175)		(3,112)
DEFICIT IN THE SCHEME		(1,298)		(704)

23 **PENSION AND SIMILAR OBLIGATIONS (continued)**

Local Government Pension Scheme (continued)
The actual return on scheme assets was £252,000 (2013: £309,000).

Amounts recognised in the statement of financial activities	2014 £'000	2013 £'000
Current service cost (net of employee contributions)	245	217
Past service cost	-	-
Total operating charge	245	217
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	149	95
Interest on pension liabilities	(150)	(114)
Pension finance (costs)	(1)	(19)

The actuarial gains and losses for the current year are recognised in the SOFA. The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is a loss of £716,000 (2013: £185,000 loss).

Movements in the present value of defined benefit obligations were as follows:	2014 £'000	2013 £'000
At 1 September	3,112	2,636
Current service cost	245	217
Interest cost	150	114
Employee contributions	66	64
Estimated benefits paid	(22)	-
Actuarial loss	624	81
At 31 August	4,175	3,112
Movements in the fair value of Academy Trust's share of scheme assets:		
At 1 September	2,408	1,860
Expected return on assets	149	95
Actuarial gain	93	213
Employer contributions	183	176
Estimated benefits paid	(22)	-
Employee contributions	66	64
At 31 August	2,877	2,408

23 **PENSION AND SIMILAR OBLIGATIONS (continued)**

Local Government Pension Scheme (continued)

The estimated value of employer contributions for the year ended 31 August 2015 is £192,000.

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 history of experience adjustments is as follows:

	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligations	(4,175)	(3,112)	(2,636)
Fair value of share of scheme assets	2,877	2,408	1,860
Deficit in the scheme	(1,298)	(704)	(776)
Experience adjustments on share of scheme assets Amount £'000	93	213	(64)
Experience adjustments on scheme liabilities: Amount £'000	(96)	-	-

24 **RELATED PARTIES**

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

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

Positive Steps - a not for profit organisation of which Mr T Mitchell, Governor and Chairperson of the Finance and Development Committee, is Chief Executive Officer. Transactions totalling £10,592 (2013 £6,200) relating to the provision of help on careers to pupils at the school took place in the year. Amounts outstanding at 31 August 2014 were £nil (2013 £nil).

Details of transactions with staff governors can be found in note 9.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BLUE COAT SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 11th July 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 The Blue Coat School during the period 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 Blue Coat School and The Blue Coat School in accordance with the terms of our engagement letter dated 11th July 2013. Our work has been undertaken so that we might state to The Blue Coat School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Blue Coat School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Blue Coat School accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Blue Coat School funding agreement with the Secretary of State for Education dated 29th July 2011 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 period 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 the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BLUE COAT SCHOOL AND THE EDUCATION FUNDING AGENCY

Conclusion

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

Baker Tilly UK Audit LLP

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Date 12 December 2019.