

**Company Registration No. 07345831 (England and Wales)**

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**LEGAL AND ADMINISTRATIVE INFORMATION**

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | Angela Lue-Taim<br>Kevin Craig<br>Adrian Richardson<br>Tom Cornwall                |
| <b>Company number</b>    | 07345831   |
| <b>Registered office</b> | Hackford Road<br>Stockwell<br>London<br>SW9 0RD                                    |
| <b>Auditors</b>          | Citroen Wells<br>Devonshire House<br>1 Devonshire Street<br>London<br>W1W 5DR      |
| <b>Bankers</b>           | Lloyds TSB Bank Plc<br>6-8 Market Square<br>Bromley<br>Kent<br>BR1 1NA             |
| <b>Solicitors</b>        | Lee Bolton Monier-Williams<br>1 The Sanctuary<br>Westminster<br>London<br>SW1P 3JT |

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(A COMPANY LIMITED BY GUARANTEE)  
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**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The Directors present their annual report together with the accounts and auditor's reports of Durand Academy Trust (the Academy) for the year ended 31 August 2014.

**Constitution**

The Academy is a Company limited by guarantee incorporated in England on 13 August 2010 (no 07345831) and an exempt charity. The Company's memorandum and articles of association are the primary governing documents of the Academy.

The affairs of the Academy are conducted by the Directors. Governance of the Academy is achieved through the Governing Body of the Academy which is a committee of the Board of Directors.

The members of the Durand Academy Trust are:-

|                        |   |
|------------------------|---|
| Tom Cornwall           | Chair of Governors                            |
| Kevin Craig            | Vice Chair of Governors                       |
| Sir Gregory Martin     | Executive Head Teacher and Accounting Officer |
| Alan John Davies       |   |
| Durand Education Trust |   |

On 1 August 2011, all Academies became "exempt charities" by virtue of section 12 (4) of the Academies Act 2010. The Academy deregistered with the Charities Commission on 25 August 2011 but it still retains its charitable status.

Details of the Governors who served throughout the year except as noted are included in the Governance Statement on page 8.

The Directors of the Company who served during the year were: -

|  |                              |
|--|------------------------------|
| Kevin Craig  | Vice Chair of Governing Body |
| Sir Gregory Martin (Resigned on 5 June 2014)                               | Executive Head Teacher       |
| Mark McLaughlin (Resigned on 5 February 2014)                              | Consultant Head Teacher      |
| Angela Lue-Taim  |                              |
| Tom Cornwall (Resigned on 12 June 2014)                                    |                              |
| Victoria Robinson (Appointed on 5 June 2014, resigned on 24 November 2014) |                              |
| Thomas Seery (Appointed on 5 June 2014, resigned on 10 September 2014)     |                              |
| Adrian Richardson (Appointed on 11 July 2014)                              |                              |

Tom Cornwall was reappointed as a director on 24 November 2014.

**Members' Liability**

Each member of the Academy undertakes to contribute to the assets of the Academy 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.

**Governors' Indemnities**

In accordance with normal commercial practice, the Academy has purchased insurance to protect its Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**Method of Recruitment and Appointment or Election of Governors**

The number of Governors specified in the Funding Agreement, is nine. The Governors are categorised as follows:

|                                     |   |
|-------------------------------------|---|
| Member Appointees                   | 6 |
| Executive Head Teacher (ex officio) | 1 |
| Parent Governors                    | 2 |

In accordance with the Funding Agreement, no more than one third of the Governors are employees of the Academy. New parent Governors are appointed by an open election process. New member appointees are appointed by members in consultation with other Governors.

**Policies and Procedures Adopted for the Induction and Training of Governors**

The Governing Body is composed of highly experienced individuals. In terms of induction, all new Governors are provided with a Governors' induction pack and advised of available training. New Governors are also supported and mentored by experienced Governors and by members of the senior management team.

**Organisational Structure**

The Governing Body delegates decisions regarding the day to day running of the Academy to the Executive Head Teacher. This includes all operational matters together with authority for recruitment and management of staff under his control. In terms of procurement, the authority of the Executive Head Teacher is defined in the Procurement Policy, as approved by the Education Funding Agency (EFA). The Executive Head Teacher is the Accounting Officer.

**Connected Organisations, including Related Party Relationships**

The Academy is closely connected with Durand Education Trust (DET), a charity set up to support the education of pupils at the Academy. DET owns much of the land and buildings from which the Academy operates, and has an agreement in place which allows the Academy to be run on its premises. The Directors of the Academy also allow a trading company, London Horizons Limited (LHL), to operate a sports club and accommodation business on the Hackford Road site. Tom Cornwall was a Director of the Academy until 12 June 2014 and is a Director of LHL. Kevin Craig, the Vice Chair of Governors, joined LHL as a Director on 15 October 2014. Kevin Craig is also a Director of PLMR Limited, who contract with the Academy to offer a range of management services.

**Objectives, Activities, Aims and Strategies**

The principal objective and activity of the Academy is the operation of the Academy and to provide education for pupils of different abilities between the ages of 3 and 11 in the primary school, and between the ages of 11 and 18 in the new secondary school. The main objectives of the Academy are summarised below:

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

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**Public Benefit**

In setting the Academy's objectives and planning its activities, the Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

**Strategic Report**

**Achievements and Performance**

The Academy has now completed its first four years of operation. The year to 31 August 2014 has been busy and eventful.

Curriculum Planning

- As an Academy, we have revised our curriculum, to further ensure that it is stimulating, creative and robust, whilst retaining our strong focus on the core subjects.
- Sir Gregory Martin, our Executive Head Teacher together with members of the senior management team has identified a bespoke curriculum which entirely meets the needs of our pupils.
- In the secondary school the curriculum is based on the core curriculum of English, Maths, Science, a Modern Foreign Language, Humanities, Music and PE expanding in Year 8 to include Art & Design and a further second language. Subject leaders in the secondary school develop the curriculum across the whole school working closely with the other subject leaders in the earlier Key Stages. This model provides a strong model of continuity and consistency.
- Looking ahead this curriculum design coupled with the extended day (8.30am-4.30pm) which includes an in-house homework session every day has resulted in students in KS3 achieving significantly above their age related expectations.

Staffing

- In the summer term a number of teachers were interviewed to ensure we had the full complement of staff when the Academy began the new year in September 2014.

As in previous years the new staff began their induction into the school by visiting for a day in the summer term to begin receiving relevant information from their Team Leader. The Team Leader then met the new teachers a week before the September start date to advise on the setting up of their classrooms, planning, school's structures etc. so that when the term starts the new staff are fully prepared.

- During the 2013-2014 academic year, some significant leadership changes took place. Ms. Nathalie Parker (Deputy Head Teacher) left the Academy in April 2014 and Mr Mark McLaughlin was appointed as a consultant Head Teacher. The Academy has also recruited the services of Mr John Wentworth, an experienced primary Head Teacher to assist Mr McLaughlin in his role.
- The provision of specialist music teaching has continued to expand along with modern foreign language teaching across the school.
- Ms Sid Robinson, head of inclusion, left in July 2013 and her responsibilities were distributed among other staff.

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2014**

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Students

- The admissions policy and arrangements for the Academy are in accordance with admissions law, and the Department for Education (DfE) Codes of Practice, as they apply to maintained schools.
- Governors will be aware that Level 4b is the expected level of attainment children should achieve by the time they leave primary school and Level 5c is the expected level to achieve by the end of their first year in secondary school.
- The Results for 2014 were as follows:

|           |                                  |
|-----------|----------------------------------|
| Level 4's | Reading 98% National Average 85% |
|           | Writing 89% National Average 85% |
|           | Maths 90% National Average 86%   |
| Level 5's | Reading 54% National Average 50% |
|           | Writing 45% National Average 33% |
|           | Maths 52% National Average 42%   |

The Wider Community

- The Academy continues to offer a wide range of services to the wider community. Parents of pupils benefit from subsidised rates at the leisure club which offers a swimming pool, sauna, steam room and a state of the art gym. After school club is widely used with up to 300 pupils attending. This continues to be subsidised and costs families just £1.50 per evening per student, which includes a snack and a drink.
- School meals are high quality and nutritionally balanced and the Academy has held the cost at an average of £1.40 per meal, by far the cheapest in Lambeth.
- The children have provided musical accompaniment at various community events including the Lambeth Achievement Awards ceremony.

Liaison with the EFA

- During the year to 31 August 2014 we had a number of meetings with the EFA regarding the business plan for the boarding school. The meetings were constructive and the EFA offered helpful guidance and advice as we refined our case.

**Going Concern**

The Governing Body is pleased to confirm their confidence in the financial management of the Academy. Following discussions with senior management and examination of finance reports, the Governing Body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**Key Financial Performance Indicators**

The key performance indicators used by the Directors to assess the performance of the Academy against their stated objectives are as follows:

|  | <b>2014</b> | <b>2013</b> |
|--|-------------|-------------|
| Percentage of Staffing costs as compared to GAG received       | 77%         | 59%         |
| Percentage of Teaching Costs as compared to GAG received       | 54%         | 42%         |
| Percentage of Building costs as compared to GAG received       | 13%         | 11%         |
| Percentage of unrestricted surplus as compared to GAG received | 12%         | 8%          |

**Financial Review**

The Academy's main source of income is the General Annual Grant (GAG) from the EFA.

The grants received during the year ended 31 August 2014 and the associated expenditure are shown in the Statement of Financial Activities on page 17.

Unrestricted incoming resources for the year amounted to £298,230. Expenditure from unrestricted funds amounted to £118,281 giving rise to a net surplus for the year of £179,949.

Restricted general funds received amounted to £7,038,627 and comprised mainly of the GAG receivable from EFA. Restricted general fund expenditure for the year amounted to £6,518,857 giving rise to a surplus on restricted general funds of £519,770. The Academy spent £841,239 of GAG (Revenue) funding in the year, much of it on the Middle School building, and a transfer was made to the restricted fixed asset funds from restricted general funds, in support of this expenditure. This leaves a restricted general fund deficit of £321,469 for the year. The total revenue shortfall for the year is thus £141,520, comprising of £179,949 of unrestricted funds and a shortfall of £321,469 of restricted general funds (excluding pension adjustments). The cumulative surplus for restricted and unrestricted funds amounts to £2,178,637. If the cumulative pension deficit is included, this surplus is reduced to £1,768,637.

Restricted general funds also include the Academy's share of pension liabilities for non-teaching staff of £410,000 carried forward at 31 August 2014. This is represented by the liability of £238,000 brought forward at 1 September 2013, the adjustment of £2,000 for the pension income and the actuarial loss of £174,000 on the pension scheme.

The Academy's pension liability is valued in line with FRS17. Note 14 to the accounts explains the commitments more clearly and shows that as at 31 August 2014, there was a cumulative shortfall of £410,000 for the Academy's proportion of the Lambeth Council element of the pension deficit.

The deficit on the Local Government Pension Scheme does not mean that an immediate liability crystallises. The deficit results in a potential cash flow effect for the Academy in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the Academy because of recognising the deficit.

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.



**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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Restricted capital grants received from the EFA during the year were £24,578. At 31 August 2014, the net book value of fixed assets was £4,427,016 and movements in tangible fixed assets are shown in note 11 to the accounts. These assets are used by the Academy in order to provide education and associated support services to pupils of the Academy and the wider community.

**Reserves Policy**

The Directors have delegated to the Governors the responsibility to review the reserve levels of the Academy on a regular basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors' view is that free reserves should provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies. The Academy's current level of free reserves (total funds less amounts held under fixed assets and other restricted funds) is a surplus of £672,673.

At 31 August 2014, the restricted general reserve amounted to £1,095,964 after recognising a pension deficit of £410,000. The majority of all such surpluses at 31 August 2014 have been designated to support the construction of the secondary school in West Sussex. The Governors anticipate that this will continue to be the case for at least the next three years.

**Investment policy**

The Directors' investment powers are governed by the memorandum and articles of association. There are currently no funds available for long term investment and any surplus funds which are retained are placed on short term deposit.

**Principle Risks and Uncertainties**

The Directors have assessed the major risks and considers that the principal risks to which the Academy is exposed are:

- Risk of insufficient funding
- Risk of fire or other damage to premises
- Risk of improper use of public funds
- Risks associated with safeguarding of children
- Risks of acting outside of its charitable objects

There are a number of other risks that the Academy and its Directors must be aware of, but those shown above are the most significant.

Governors are also aware of these risks and the measures in place to deal with them. Risk of insufficient funding is mitigated by ensuring the Academy continues to be an attractive proposition to parents within the catchment area. This is achieved by good reputational management and by the Academy continuing to deliver education of the highest possible standard to its pupils.

**Future Plans**

The Academy is extremely positive about fully meeting its objectives and in particular achieving its challenging academic targets.

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**Disclosure of information to auditors**

In so far as the Directors are aware:

- there is no relevant audit information of which the Academy's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Auditors**

A resolution proposing that Citroen Wells be re-appointed as auditors will be put to the members.

**Approval**

Directors' Report, incorporating a Strategic Report, approved by order of the members of the Governing Body on 23/12/14..... and signed on its behalf by:



**Tom Cornwall**

**Director and Chair of the Governing Body**

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**Scope of Responsibility**

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

The Governing Body has delegated day-to-day responsibility to the Executive Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Durand Academy Trust and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' responsibilities. The Governing Body has formally met two times during the year. Attendance during the year at meetings of the Governing Body was as follows:

| <b>Governor</b>  | <b>Meetings attended</b> | <b>Out of a possible</b> |
|--|--------------------------|--------------------------|
| Victoria Robinson (Resigned on 24 November 2014)   | 2                        | 2                        |
| Kevin Craig (Vice Chair of Governors)  | 2                        | 2                        |
| Sir Gregory Martin (Executive Head Teacher and Accounting Officer) (Resigned on 6 June 2014)           | 1                        | 2                        |
| Mark McLaughlin (Consultant Head Teacher) (Resigned on 5 February 2014 and reappointed on 5 June 2014) | 0                        | 1                        |
| Samantha Campbell (Resigned on 30 September 2013)  | 0                        | 0                        |
| Adrian Richardson (Appointed on 11 July 2014)  | 0                        | 0                        |
| Tom Cornwall (Chair of Governors)  | 2                        | 2                        |
| Alex Mehta (Resigned on 6 June 2014)   | 1                        | 2                        |
| Angela Lue-Taim  | 1                        | 2                        |
| Tom Seery (Resigned on 10 September 2014)  | 2                        | 2                        |
| Nathalie Parker (Deputy Head Teacher) (Resigned on 30 April 2014)                                      | 1                        | 2                        |

Victoria Robinson, who was the Chair of Governors, resigned from the Governing Body on 24 November 2014 and Tom Cornwall was appointed as the new Chair of Governors on the same date.

The meetings of the full Governing Body include all matters that would otherwise be dealt with by the Finance and General Purposes Committee so separate meetings are not held.

The Audit Committee is also a sub-committee of the main Governing Body and is an advisory body with no executive powers. Its main functions are to:

- help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds;
- promote a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement;
- promote the development of internal controls systems which will help satisfy the Governing Body that the Academy will achieve its objectives and targets and is operating in accordance with any statutory requirements for the use of public funds within delegated authorities laid down by the Governing Body and the Academy's own rules on which matters should be referred to the Governing Body; and in a manner which will make most economic and effective use of resources available.

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
GOVERNANCE STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**Governance reviews**

During the year, the Governing Body had detailed discussions with the EFA regarding the Academy's governance and also concerning the relationship with, and structure of, London Horizons Limited, a connected trading company and Durand Education Trust, the foundation trust. The Governors of the Academy have worked constructively with the EFA and continue to do so. Following the EFA's guidance, Adrian Richardson, who has experience in boarding schools, was appointed as a new Governor to further strengthen the Governing Body.

The Academy's Governors remain committed to continuously reviewing and strengthening governance and company structures and procedures in order to safeguard the future of the Academy.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 Academy for the year ended 31 August 2014 and up to the date of approval of the annual report and accounts.

**Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

**The Risk and Control Framework**

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

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

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
GOVERNANCE STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2014**

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The Governing Body has considered the need for a specific internal audit function and has appointed Mr Umer Siddiqi as an Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The Internal Auditor reports to the Governing Body four times per year on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The Governing Body confirms that the internal audit function has been fully delivered in line with the EFA's requirements and that no material control issues arose as a result of the Internal Auditor's work.

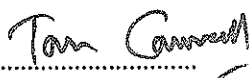
**Review of Effectiveness**

As Accounting Officer, the Executive Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, he has relied upon:

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

The Accounting Officer has been advised by the Governing Body of the implications of the result of their review of the system of internal control. For the year 31 August 2014 no significant weaknesses were identified. In the event that significant weaknesses are identified in future years a plan will be put in place to address them. Regular reviews will ensure the continuous improvement and effectiveness of the systems that are in place.

Approved by the Members of the Governing Body on 23/12/14..... and signed on its behalf by:



Tom Cornwall  
Chair of the Governing Body



Sir Gregory Martin  
Accounting Officer

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE ENDED 31 AUGUST 2014**

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As Accounting Officer of Durand Academy Trust (the Academy), I have considered my responsibility to notify the Academy Governing Body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the Funding Agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Sir Gregory Martin

**Accounting Officer**

Dated: ...23/12/14....

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2014**

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The Directors are responsible for preparing the Directors' Report and the accounts in accordance with the Annual Accounts Direction issued by the EFA, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Academy and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the Directors 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Academy will continue in business.

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

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

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

Approved by order of the members of the Governing Body on 23/12/14..... and signed on its behalf by:



Tom Cornwall

**Director and Chair of the Governing Body**

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF DURAND ACADEMY TRUST**

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We have audited the accounts of Durand Academy Trust for the year ended 31 August 2014 set out on pages 17 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

**Respective responsibilities of Directors and auditors**

As explained more fully in the statement of Directors' responsibilities on page 12, the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

**Scope of the audit of the accounts**

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

**Opinion on accounts**

In our opinion the accounts:

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

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the accounts are prepared is consistent with the accounts.



**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT AUDITORS' REPORT (CONTINUED)  
TO THE MEMBERS OF DURAND ACADEMY TRUST**

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**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept; or
- the accounts 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.



**Stephen Simou FCA (Senior Statutory Auditor)**  
for and on behalf of Citroen Wells

**Chartered Accountants  
Statutory Auditor**  
Devonshire House  
1 Devonshire Street  
London  
W1W 5DR

Dated: 23/12/14

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY  
TO DURAND ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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

**Respective responsibilities of Durand Academy Trust's Accounting Officer and the Reporting Accountants**

The Accounting Officer is responsible, under the requirements of the Academy's Funding Agreement with the Secretary of State for Education dated 10 September 2012 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the 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 from 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's income and expenditure.

The work undertaken to draw our conclusion includes:

- a review and evaluation of the general control environment of the Academy, with a particular focus on controls to ensure the regularity of transactions;
- the implementation and operation of controls by performing substantive testing and analytical review procedures, as part of our standard statutory audit engagement, that also gave us assurances relevant for this report on regularity;
- holding discussions with the Accounting Officer to determine evidence used to support his declaration with regard to regularity and propriety;

**DURAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY  
(CONTINUED)  
TO DURAND ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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- testing of a sample of:
  - payments to staff to confirm that all transactions requiring prior clearance from the Secretary of State were correctly approved (or that there were no such transactions)
  - payments to suppliers and other third parties regarding procurement activity, to ensure this has been in accordance with Annex 4.6 of Managing Public Money;
- a review of minutes of various committees and other evidence made available to us relevant to our consideration of regularity; and
- requesting and receiving confirmation from the EFA that there is no information that they are aware of that may impact upon the planning and subsequent delivery of the regularity assurance engagement.

**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 from 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.



**Citroen Wells**  
**Chartered Accountants**  
Devonshire House  
1 Devonshire Street  
London  
W1W 5DR

Dated: 23/12/19

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

|   | Notes | Unrestricted funds<br>£ | Restricted fixed assets funds<br>£ | Restricted general funds<br>£ | Total 2014<br>£  | Total 2013<br>£  |
|---|-------|-------------------------|------------------------------------|-------------------------------|------------------|------------------|
| <b><u>Incoming resources from generated funds</u></b>                           |       |                         |                                    |                               |                  |                  |
| Voluntary income  | 2     | 8,400                   | -                                  | -                             | 8,400            | 85,282           |
| Investment income   | 3     | 20,107                  | -                                  | -                             | 20,107           | 26,127           |
|   |       | <u>28,507</u>           | <u>-</u>                           | <u>-</u>                      | <u>28,507</u>    | <u>111,409</u>   |
| Funding for the Academy's educational operations                                | 4     | -                       | 24,578                             | 7,038,627                     | 7,063,205        | 7,272,157        |
| Other incoming resources  | 5     | 269,723                 | -                                  | -                             | 269,723          | 230,473          |
|   |       | <u>298,230</u>          | <u>24,578</u>                      | <u>7,038,627</u>              | <u>7,361,435</u> | <u>7,614,039</u> |
| <b><u>Total incoming resources</u></b>  |       |                         |                                    |                               |                  |                  |
| <b><u>Resources expended</u></b>  |       |                         |                                    |                               |                  |                  |
| <b>Charitable activities</b>  |       |                         |                                    |                               |                  |                  |
| Direct costs  |       | -                       | 160,410                            | 3,140,761                     | 3,301,171        | 2,810,134        |
| Allocated support costs   |       | 117,223                 | -                                  | 2,965,843                     | 3,083,066        | 2,613,074        |
|   |       | <u>117,223</u>          | <u>160,410</u>                     | <u>6,106,604</u>              | <u>6,384,237</u> | <u>5,423,208</u> |
| <b>Total charitable expenditure</b>   |       |                         |                                    |                               |                  |                  |
| Governance costs  |       | 1,058                   | -                                  | 412,253                       | 413,311          | 170,347          |
|   |       | <u>118,281</u>          | <u>160,410</u>                     | <u>6,518,857</u>              | <u>6,797,548</u> | <u>5,593,555</u> |
| <b>Total resources expended</b>   |       |                         |                                    |                               |                  |                  |
| <b>Net incoming/(outgoing) resources before transfers</b>                       |       | <u>179,949</u>          | <u>(135,832)</u>                   | <u>519,770</u>                | <u>563,887</u>   | <u>2,020,484</u> |
| Gross transfers between funds   |       | -                       | 841,239                            | (841,239)                     | -                | -                |
|   |       | <u>179,949</u>          | <u>705,407</u>                     | <u>(321,469)</u>              | <u>563,887</u>   | <u>2,020,484</u> |
| <b>Net income/(expenditure) for the year/ Net incoming/(outgoing) resources</b> |       |                         |                                    |                               |                  |                  |
| <b>Other recognised gains and losses</b>  |       |                         |                                    |                               |                  |                  |
| Actuarial loss on defined benefit pension schemes                               | 14    | -                       | -                                  | (174,000)                     | (174,000)        | (7,000)          |
|   |       | <u>179,949</u>          | <u>705,407</u>                     | <u>(495,469)</u>              | <u>389,887</u>   | <u>2,013,484</u> |
| <b>Net movement in funds</b>  |       |                         |                                    |                               |                  |                  |
| Fund balances at 1 September 2013   |       | 492,724                 | 3,721,609                          | 1,591,433                     | 5,805,766        | 3,792,282        |
|   |       | <u>492,724</u>          | <u>3,721,609</u>                   | <u>1,591,433</u>              | <u>5,805,766</u> | <u>3,792,282</u> |
| <b>Fund balances at 31 August 2014</b>  |       | <u>672,673</u>          | <u>4,427,016</u>                   | <u>1,095,964</u>              | <u>6,195,653</u> | <u>5,805,766</u> |

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**  
***FOR THE YEAR ENDED 31 AUGUST 2014***

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The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

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

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

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**BALANCE SHEET**

**AS AT 31 AUGUST 2014**

|   | Notes | 2014                    |   | 2013                    |   |
|---|-------|-------------------------|---|-------------------------|---|
|   |       | £                       | £ | £                       | £ |
| <b>Fixed assets</b>                                   |       |                         |   |                         |   |
| Tangible assets                                       | 11    | 4,427,016               |   | 3,721,609               |   |
| <b>Current assets</b>                                 |       |                         |   |                         |   |
| Stocks  |       | 10,000                  |   | 19,000                  |   |
| Debtors   | 12    | 2,703,982               |   | 558,380                 |   |
| Cash at bank and in hand                              |       | 464,700                 |   | 2,398,934               |   |
|   |       | <u>3,178,682</u>        |   | <u>2,976,314</u>        |   |
| <b>Creditors: amounts falling due within one year</b> | 13    | <u>(1,000,045)</u>      |   | <u>(654,157)</u>        |   |
| <b>Net current assets</b>                             |       | <u>2,178,637</u>        |   | <u>2,322,157</u>        |   |
| <b>Total assets less current liabilities</b>          |       | <u>6,605,653</u>        |   | <u>6,043,766</u>        |   |
| <b>Pension scheme liability</b>                       | 14    | <u>(410,000)</u>        |   | <u>(238,000)</u>        |   |
| <b>Net assets including pension liability</b>         |       | <u><u>6,195,653</u></u> |   | <u><u>5,805,766</u></u> |   |
| <b>Funds of the Academy</b>                           |       |                         |   |                         |   |
| Restricted funds:                                     | 15    |                         |   |                         |   |
| General funds   |       | 1,505,964               |   | 1,829,433               |   |
| Pension reserve fund                                  |       | <u>(410,000)</u>        |   | <u>(238,000)</u>        |   |
|   |       | <u>1,095,964</u>        |   | <u>1,591,433</u>        |   |
| Restricted fixed assets funds                         | 15    | 4,427,016               |   | 3,721,609               |   |
| Unrestricted general funds                            |       | <u>672,673</u>          |   | <u>492,724</u>          |   |
|   |       | <u><u>6,195,653</u></u> |   | <u><u>5,805,766</u></u> |   |

The accounts were approved by the Board on 23/12/14 and signed on its behalf by:

  
 Sir Gregory Martin  
 Director

Company Registration No. 07345831

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2014**

|   | Notes | 2014<br>£          | 2013<br>£ |
|---|-------|--------------------|-----------|
| <b>Net cash (outflow)/inflow from operating activities</b>                  | 17    | <b>(1,100,454)</b> | 1,925,482 |
| <b>Returns on investments and servicing of finance</b>                      |       |                    |           |
| Investment income   |       | 20,107             | 26,127    |
| <b>Net cash inflow from returns on investments and servicing of finance</b> |       | <b>20,107</b>      | 26,127    |
| <b>Capital expenditure</b>  |       |                    |           |
| Payments to acquire tangible fixed assets                                   |       | (853,887)          | (463,641) |
| <b>Net cash outflow from capital expenditure</b>                            |       | <b>(853,887)</b>   | (463,641) |
| <b>(Decrease)/increase in cash</b>  | 18    | <b>(1,934,234)</b> | 1,487,968 |

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1 Accounting policies**

**1.1 Basis of preparation**

The accounts have been prepared under the historical cost convention, in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**1.2 Going concern**

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

The Academy's forecasts and projections, taking account of reasonable possible changes to student numbers and expenditure in the business plan, show that the Academy should be able to operate within its current available funds. The Directors therefore have a reasonable expectation that the Academy has adequate resources to continue for the foreseeable future and therefore adopt the going concern basis in preparing the annual accounts.

**1.3 Incoming resources**

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

**Grants receivable**

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

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 as the expenditure to which they relate is incurred. Unspent amounts are included in other creditors.

**Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable.

**Donations**

Donations are included in the Statement of Financial Activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

**Interest receivable**

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

**Other income**

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



**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1 Accounting Policies**

(continued)

**Donated services and gifts in kind**

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

Upon becoming an Academy the company received a transfer of property, and other assets, at no consideration. These assets were reflected as an incoming resource in the first year's accounts, at an amount that the Directors consider to be the estimated fair value of the property and assets to the Academy at that time.

**1.4 Resources expended**

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

**Governance costs**

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

All resources expended are net of VAT.

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or, in the case of donated assets, at Directors' valuation less depreciation and any provision for impairment. Assets costing £1,000 or more are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to write them down to their estimated residual values over their expected useful lives from when they are first brought into use. Where tangible assets have been acquired using unrestricted funds, depreciation on such assets is charged to the unrestricted fund. The annual rates used for each class of assets are:

|                                 |                            |
|---------------------------------|----------------------------|
| Leasehold property              | 2% on straight line basis  |
| Computer equipment and software | 25% straight line basis    |
| Fixtures and fittings           | 20% reducing balance basis |

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 Statement of Financial Activities.

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1 Accounting Policies**

(continued)

**1.6 Leasing and hire purchase commitments**

Rentals payable under operating leases are charged on a straight line basis over the period of the lease.

**1.7 Stock**

Unsold school uniforms are valued at the lower of cost and net realisable value.

**1.8 Pensions**

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

**Teachers' Pension Scheme**

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

**Local Government Pension Scheme**

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

**1.9 Accumulated funds**

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

Restricted fixed asset funds are resources which are to be applied for specific capital purposes imposed by the 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 the funders/donor and include grants from the Education Funding Authority and Department for Education.

**1.10 Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes.

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**2 Voluntary income**

|                                       | <b>Total<br/>2014<br/>£</b> | <b>Total<br/>2013<br/>£</b> |
|---------------------------------------|-----------------------------|-----------------------------|
| Donations and gifts                   | <u><b>8,400</b></u>         | <u>85,282</u>               |
| <b>Donations and gifts</b>            |                             |                             |
| Unrestricted funds:                   |                             |                             |
| Donations from Durand Education Trust | <u>8,400</u>                | <u>58,400</u>               |
|                                       | <u><b>8,400</b></u>         | <u>58,400</u>               |
| Restricted fixed assets funds:        |                             |                             |
| Donations from Durand Education Trust | <u>-</u>                    | <u>26,882</u>               |
|                                       | <u>-</u>                    | <u>26,882</u>               |

**3 Investment income**

|                     | <b>2014<br/>£</b>    | <b>2013<br/>£</b> |
|---------------------|----------------------|-------------------|
| Interest receivable | <u><b>20,107</b></u> | <u>26,127</u>     |

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**4 Funding for the Academy's educational operations**

|                             | Restricted<br>fixed assets<br>funds<br>£ | Restricted<br>general<br>funds<br>£ | Total<br>2014<br>£ | Total<br>2013<br>£ |
|-----------------------------|--|-------------------------------------|--------------------|--------------------|
| EFA grants - General grants | -  | 6,602,461                           | 6,602,461          | 6,792,676          |
| Government grants - Other   | -  | 436,166                             | 436,166            | 459,093            |
| Capital grants              | 24,578                                   | -                                   | 24,578             | 20,388             |
|                             | <u>24,578</u>                            | <u>7,038,627</u>                    | <u>7,063,205</u>   | <u>7,272,157</u>   |

Included within income relating to EFA grants - General grants are the following grants:-

|                       |                  |                  |
|-----------------------|------------------|------------------|
| General Annual Grants | 5,552,254        | 6,119,257        |
| Start-up Grants       | 200,429          | 238,966          |
| Other Grants          | 849,778          | 434,453          |
|                       | <u>6,602,461</u> | <u>6,792,676</u> |

Included within income relating to Government grants - Other are the following grants:-

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Special Educational Needs (SEN) | 18,761         | 43,564         |
| Other Local Authority Grants    | 417,405        | 415,529        |
|                                 | <u>436,166</u> | <u>459,093</u> |

Included within income relating to capital grants are the following grants:-

|                      |               |               |
|----------------------|---------------|---------------|
| EFA capital grants   | 15,728        | 14,738        |
| Other capital grants | 8,850         | 5,650         |
|                      | <u>24,578</u> | <u>20,388</u> |

**5 Other incoming resources**

|   | Total<br>2014<br>£ | Total<br>2013<br>£ |
|---|--------------------|--------------------|
| Income from catering, school trips and other activities | <u>269,723</u>     | <u>230,473</u>     |

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

| 6 Total resources expended     | Staff<br>costs<br>£ | Depreciation<br>£ | Other<br>costs<br>£ | Total<br>2014<br>£ | Total<br>2013<br>£ |
|--------------------------------|---------------------|-------------------|---------------------|--------------------|--------------------|
| <b>Charitable activities</b>   |                     |                   |                     |                    |                    |
| <u>Direct costs</u>            |                     |                   |                     |                    |                    |
| Activities undertaken directly | 2,989,443           | 160,410           | 151,318             | 3,301,171          | 2,810,134          |
| <u>Allocated support costs</u> |                     |                   |                     |                    |                    |
| Activities undertaken directly | 1,277,862           | -                 | 1,805,204           | 3,083,066          | 2,613,074          |
|                                | <b>4,267,305</b>    | <b>160,410</b>    | <b>1,956,522</b>    | <b>6,384,237</b>   | <b>5,423,208</b>   |
| <b>Governance costs</b>        | -                   | -                 | <b>413,311</b>      | <b>413,311</b>     | 170,347            |
|                                | <b>4,267,305</b>    | <b>160,410</b>    | <b>2,369,833</b>    | <b>6,797,548</b>   | <b>5,593,555</b>   |

**Outgoing resources for the year include:**

|  | 2014<br>£ | 2013<br>£ |
|--|-----------|-----------|
| Operating leases - fixtures and fittings | 90,277    | 100,328   |
| Fees payable to the auditor - audit      | 16,000    | 16,000    |
| - other services                         | 6,575     | 10,416    |

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**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

| <b>7 Activities undertaken directly</b>                   | <b>2014</b>      | <b>2013</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Other costs relating to direct costs comprise:            |                  |                  |
| Books, learning resources                                 | 53,960           | 39,761           |
| Pupil swimming costs                                      | 40,703           | 39,850           |
| Awards and hospitality                                    | 2,062            | 1,368            |
| School trips  | 32,173           | 30,934           |
| Alternative education                                     | 22,420           | -                |
|   | <b>151,318</b>   | <b>111,913</b>   |
| <br>  |                  |                  |
| Other costs relating to allocated support costs comprise: |                  |                  |
| Staff training  | 35,659           | 11,379           |
| Rent and rates  | 50,546           | 52,991           |
| Out of hours and agency                                   | 243,364          | 183,242          |
| Insurance   | 55,594           | 55,200           |
| Licenses  | 2,942            | 4,172            |
| Heat and light  | 73,800           | 86,246           |
| Maintenance of premises and equipment                     | 141,941          | 78,755           |
| Cleaning  | 89,480           | 102,417          |
| Printing, postage and stationery                          | 112,195          | 77,762           |
| Security services   | 530              | 7,936            |
| Technology costs  | 70,412           | 70,596           |
| Catering  | 420,820          | 366,528          |
| Uniforms  | 21,260           | 17,071           |
| Hire of kitchen and classroom equipment                   | 72,667           | 100,328          |
| Staff welfare   | 117,223          | 112,354          |
| Recruitment and support                                   | 47,816           | 12,055           |
| Management consultancy                                    | 250,955          | 255,186          |
| LGPS pension costs  | (2,000)          | (9,000)          |
|   | <b>1,805,204</b> | <b>1,585,218</b> |

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**FOR THE YEAR ENDED 31 AUGUST 2014**

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| <b>8 Governance costs</b>         | <b>2014</b>           | <b>2013</b>           |
|-----------------------------------|-----------------------|-----------------------|
|                                   | <b>£</b>              | <b>£</b>              |
| Other governance costs comprise:  |                       |                       |
| Bank charges                      | 1,058                 | 182                   |
| Legal and professional fees       | 251,109               | 23,075                |
| Auditors' remuneration            | 16,000                | 16,000                |
| Auditors' fees for non-audit work | 6,575                 | 10,416                |
| Consultancy fees                  | 114,375               | 98,828                |
| Management and administration     | 24,194                | 21,846                |
|                                   | <u><b>413,311</b></u> | <u><b>170,347</b></u> |

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**FOR THE YEAR ENDED 31 AUGUST 2014**

**9 Governors and Directors**

The Headteacher and Staff Governors only receive remuneration in respect of services they provide undertaking their employment roles for the Academy and not in respect of their services as Governors. The other Governors did not receive any payments or reimbursement of expenses from the Academy in respect of their role as Governors. The value of the Governors' remuneration was as follows:

Sir Gregory Martin was the highest paid Director, and was also a staff governor, resigning from both positions on 5 June 2014. His remuneration was as follows:

|                       | 2014           | 2013           |
|-----------------------|----------------|----------------|
|                       | £              | £              |
| Gross salary          | 150,617        | 200,822        |
| Pension contributions | 21,237         | 28,316         |
|                       | <u>171,854</u> | <u>229,138</u> |

Total Directors' remuneration is as follows:

|                       | 2014           | 2013           |
|-----------------------|----------------|----------------|
|                       | £              | £              |
| Gross salary          | 227,617        | 264,572        |
| Pension contributions | 32,097         | 28,316         |
|                       | <u>259,714</u> | <u>292,888</u> |

The staff Governor whose annual remuneration fell within the following band was:

Nathalie Parker £70,000 - £80,000

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

In accordance with normal commercial practice, the Academy has purchased insurance to protect its Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,615 (2013: £1,712). The cost of this insurance is included in the total insurance cost.



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**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**10 Staff Costs**

**Staff numbers**

The average monthly number of employees (including the Senior Management team) employed by the Academy during the year on a full time basis was:

|                            | <b>2014</b>      | 2013      |
|----------------------------|------------------|-----------|
|                            | <b>Number</b>    | Number    |
| Teachers                   | <b>56</b>        | 48        |
| Management                 | <b>4</b>         | 4         |
| Administration and support | <b>14</b>        | 12        |
|                            | <u><b>74</b></u> | <u>64</u> |

**Employment costs**

|                       | <b>2014</b>             | 2013             |
|-----------------------|-------------------------|------------------|
|                       | <b>£</b>                | £                |
| Wages and salaries    | <b>2,814,065</b>        | 2,821,715        |
| Social security costs | <b>242,078</b>          | 243,527          |
| Other pension costs   | <b>291,086</b>          | 265,920          |
|                       | <u><b>3,347,229</b></u> | <u>3,331,162</u> |
| Supply teacher costs  | <b>920,076</b>          | 252,941          |
|                       | <u><b>4,267,305</b></u> | <u>3,584,103</u> |

The number of employees whose annual remuneration was £60,000 or more were:

|                     | <b>2014</b>     | 2013     |
|---------------------|-----------------|----------|
|                     | <b>Number</b>   | Number   |
| £60,001 - £70,000   | <b>3</b>        | 3        |
| £70,001 - £80,000   | <b>1</b>        | -        |
| £110,001 - £120,000 | <b>-</b>        | 1        |
| £200,001 - £210,000 | <b>1</b>        | 1        |
|                     | <u><b>1</b></u> | <u>1</u> |

Two of the above employees participated in the Teachers' Pension Scheme and one participated in the Local Government Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff to the Teachers' Pension Scheme and the Local Government Pension Scheme amounted to £39,173 (2013: £52,841) and £11,181 (2013: £12,480) respectively.

**DURAND ACADEMY TRUST**  
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**FOR THE YEAR ENDED 31 AUGUST 2014**

**11 Tangible fixed assets**

|                          | Long<br>leasehold<br>property | Computer<br>equipment<br>and<br>software | Fixtures<br>and fittings | Total            |
|--------------------------|-------------------------------|--|--------------------------|------------------|
|                          | £                             | £  | £                        | £                |
| <b>Cost</b>              |                               |  |                          |                  |
| At 1 September 2013      | 3,649,918                     | 116,022                                  | 312,227                  | 4,078,167        |
| Additions                | 752,904                       | 77,644                                   | 35,269                   | 865,817          |
| <b>At 31 August 2014</b> | <b>4,402,822</b>              | <b>193,666</b>                           | <b>347,496</b>           | <b>4,943,984</b> |
| <b>Depreciation</b>      |                               |  |                          |                  |
| At 1 September 2013      | 180,833                       | 54,626                                   | 121,099                  | 356,558          |
| Charge for the year      | 66,714                        | 48,417                                   | 45,279                   | 160,410          |
| <b>At 31 August 2014</b> | <b>247,547</b>                | <b>103,043</b>                           | <b>166,378</b>           | <b>516,968</b>   |
| <b>Net book value</b>    |                               |  |                          |                  |
| At 31 August 2014        | <b>4,155,275</b>              | <b>90,623</b>                            | <b>181,118</b>           | <b>4,427,016</b> |
| At 31 August 2013        | 3,469,085                     | 61,396                                   | 191,128                  | 3,721,609        |

| <b>12 Debtors</b>              | <b>2014</b>      | <b>2013</b>    |
|--------------------------------|------------------|----------------|
|                                | £                | £              |
| VAT recoverable                | 247,420          | 33,841         |
| Other debtors                  | 2,302,165        | 454,173        |
| Prepayments and accrued income | 154,397          | 70,366         |
|                                | <b>2,703,982</b> | <b>558,380</b> |

**DURAND ACADEMY TRUST**  
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**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

| <b>13 Creditors: amounts falling due within one year</b> | <b>2014</b>             | <b>2013</b>    |
|--|-------------------------|----------------|
|  | <b>£</b>                | <b>£</b>       |
| Trade creditors  | <b>538,599</b>          | 367,034        |
| Taxes and social security costs                          | <b>108,731</b>          | 100,363        |
| Other creditors  | <b>179,595</b>          | 133,945        |
| Accruals   | <b>173,120</b>          | 52,815         |
|  | <u><b>1,000,045</b></u> | <u>654,157</u> |
| <br><b>Deferred income</b>                               |                         |                |
| Deferred income at 1 September 2013                      | 83,350                  |                |
| Amounts released from previous years                     | <u>(8,850)</u>          |                |
| Deferred income at 31 August 2014                        | <u><u>74,500</u></u>    |                |

At the balance sheet date the Academy was holding funds received in advance for work on the boarding school site of St Cuthman's.

**DURAND ACADEMY TRUST**  
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**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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**14 Pension costs**

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

Contributions amounting to £40,075 (2013: £33,981) were payable to the schemes at 31 August 2014 and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

**FOR THE YEAR ENDED 31 AUGUST 2014**

**14 Pension costs**

(continued)

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

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

**Teachers' Pension Scheme Changes**

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

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

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

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

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2014 were £72,577 (2013: £60,332) of which employer's contributions totalled £54,859 (2013: £46,598) and employees' contributions totalled £17,718 (2013: £13,734). The agreed contribution rates for the year ended 31 August 2014 were 14.2% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of Academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**14 Pension costs**

(continued)

The major assumptions used by the actuary were:

|   | 2014 | 2013 |
|---|------|------|
|   | %    | %    |
| Rate of increase in salaries            | 4.40 | 4.50 |
| Rate of increase in pensions in payment | 2.60 | 2.80 |
| Discount rate                           | 3.80 | 4.50 |
| Inflation assumption                    | 3.40 | 3.60 |

The long term expected rates of return are as follows:

|              | 2014 | 2013 |
|--------------|------|------|
|              | %    | %    |
| Equities     | 6.60 | 6.50 |
| Other assets | 4.80 | 4.70 |

The values of the assets in the scheme are as follows:

|                                     | 2014      | 2013      |
|-------------------------------------|-----------|-----------|
|                                     | £         | £         |
| Equities                            | 250,000   | 221,000   |
| Other assets                        | 312,000   | 240,000   |
| Total market value of assets        | 562,000   | 461,000   |
| Present value of scheme liabilities | 972,000   | 699,000   |
| Deficit in the scheme               | (410,000) | (238,000) |
| Net pension liability               | (410,000) | (238,000) |

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £31,000 (2013: £53,000).

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**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**14 Pension costs**

**(continued)**

**Sensitivity analysis**

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

|   | <b>£000's</b> | <b>£000's</b> | <b>£000's</b> |
|---|---------------|---------------|---------------|
| Adjustment to discount rate                   | 0.1%          | 0.0%          | -0.1%         |
| Present value of total obligation             | 955           | 972           | 989           |
| Projected service cost                        | 68            | 70            | 72            |
| Adjustment to mortality age rating assumption | +1 Year       | None          | -1 Year       |
| Present value of total obligation             | 940           | 972           | 1004          |
| Projected service cost                        | 68            | 70            | 72            |

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

|                                       | <b>2014</b>  | <b>2013</b>  |
|---------------------------------------|--------------|--------------|
|                                       | <b>years</b> | <b>years</b> |
| Life expectancy for an active member; |              |              |
| Retiring today                        |              |              |
| Males                                 | 22.00        | 21.00        |
| Females                               | 25.00        | 24.00        |
| Retiring in 20 years                  |              |              |
| Males                                 | 24.00        | 23.00        |
| Females                               | 27.00        | 26.00        |

**Analysis of the amount charged to statement of financial activities:**

|                        | <b>2014</b>   | <b>2013</b>   |
|------------------------|---------------|---------------|
|                        | <b>£</b>      | <b>£</b>      |
| Current service cost   | 48,000        | 34,000        |
| Total operating charge | <u>48,000</u> | <u>34,000</u> |

**Analysis of the amount shown as other finance income/(costs):**

|  | <b>2014</b>    | <b>2013</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Expected return on pension scheme assets | 27,000         | 21,000         |
| Interest on pension scheme liabilities   | (32,000)       | (24,000)       |
| Net finance cost                         | <u>(5,000)</u> | <u>(3,000)</u> |

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**FOR THE YEAR ENDED 31 AUGUST 2014**

**14 Pension costs**

**(continued)**

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £410,000 loss (2013: £238,000 loss).

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

|                                      | <b>2014</b>    | <b>2013</b>    |
|--------------------------------------|----------------|----------------|
|                                      | £              | £              |
| At 1 September 2013                  | 699,000        | 610,000        |
| Current service cost                 | 48,000         | 34,000         |
| Interest cost                        | 32,000         | 24,000         |
| Contributions by scheme participants | 18,000         | 14,000         |
| Actuarial losses                     | 221,000        | 40,000         |
| Benefits paid                        | (46,000)       | (23,000)       |
|                                      | <u>972,000</u> | <u>699,000</u> |
| At 31 August 2014                    | <u>972,000</u> | <u>699,000</u> |

**Movements in the fair value of Academy's share of scheme assets were as follows:**

|  | <b>2014</b>    | <b>2013</b>    |
|--|----------------|----------------|
|  | £              | £              |
| At 1 September 2013                    | 461,000        | 370,000        |
| Expected return                        | 27,000         | 21,000         |
| Actuarial losses                       | 47,000         | 33,000         |
| Contributions by employer              | 55,000         | 46,000         |
| Contributions from scheme participants | 18,000         | 14,000         |
| Benefits paid                          | (46,000)       | (23,000)       |
|  | <u>562,000</u> | <u>461,000</u> |
| At 31 August 2014                      | <u>562,000</u> | <u>461,000</u> |

The estimated value of employer contributions for the year ended 31 August 2015 is £51,000



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**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**14 Pension costs**

**(continued)**

History of experience gains and losses were as follows:

|   | 2014<br>£        | 2013<br>£        | 2012<br>£        | 2011<br>£        |
|---|------------------|------------------|------------------|------------------|
| Present value of defined benefit obligations          | 972,000          | 699,000          | 610,000          | 500,000          |
| Fair value of share of scheme assets                  | 562,000          | 461,000          | 370,000          | 307,000          |
| Deficit in the scheme                                 | <u>(410,000)</u> | <u>(238,000)</u> | <u>(240,000)</u> | <u>(193,000)</u> |
| Experience adjustments on share of scheme assets      | 47,000           | 33,000           | 9,000            | 270,000          |
| Experience adjustments on share of scheme liabilities | (127,000)        | (40,000)         | (73,000)         | (462,000)        |

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**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**15 Restricted funds**

The income funds of the Academy comprise the following balances of grants to be applied for specific purposes:

|                                    | Balance at 1<br>September<br>2013 | Incoming<br>resources | Movement in funds     |           |                              | Balance at 31<br>August 2014 |
|------------------------------------|-----------------------------------|-----------------------|-----------------------|-----------|------------------------------|------------------------------|
|                                    |                                   |                       | Resources<br>expended | Transfers | Investment<br>gains/(losses) |                              |
|                                    | £                                 | £                     | £                     | £         | £                            | £                            |
| Restricted General<br>Fund         | 1,829,433                         | 7,038,627             | (6,520,857)           | (841,239) | -                            | <b>1,505,964</b>             |
| Restricted Fixed<br>Assets Fund    | 3,721,609                         | 24,578                | (160,410)             | 841,239   | -                            | <b>4,427,016</b>             |
| Restricted Pension<br>Reserve Fund | (238,000)                         | -                     | 2,000                 | -         | (174,000)                    | <b>(410,000)</b>             |
|                                    | <u>5,313,042</u>                  | <u>7,063,205</u>      | <u>(6,679,267)</u>    | <u>-</u>  | <u>(174,000)</u>             | <u><b>5,522,980</b></u>      |

**Restricted General Fund**

The Restricted General Funds comprise of funds received from EFA and other local government bodies and are used to finance ongoing expenditure of the normal day to day educational activities of the Academy.

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

**Restricted Fixed Assets Fund**

The Restricted Fixed Assets Funds comprise of the net book value of fixed assets that have been acquired from funds received from EFA and also assets donated by the Primary School on conversion into an Academy.

**Pension Reserve Fund**

The Pension Reserve relates to the Academy's share of the deficit of the Lambeth City Council Local Government Pension Scheme.

The deficit on the LGPS does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the Academy in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the Academy because of recognising the deficit.

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**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**16 Analysis of net assets between funds**

|   | Unrestricted<br>fund | Restricted<br>fixed asset<br>fund | Restricted<br>general fund | Total            |
|---|----------------------|-----------------------------------|----------------------------|------------------|
|   | £                    | £                                 | £                          | £                |
| Fund balances at 31 August 2014 are represented by: |                      |                                   |                            |                  |
| Tangible fixed assets                               | -                    | 4,427,016                         | -                          | 4,427,016        |
| Current assets                                      | 672,673              | 150,654                           | 2,355,355                  | 3,178,682        |
| Creditors: amounts falling due within one year      | -                    | (150,654)                         | (849,391)                  | (1,000,045)      |
| Defined benefit pension liability                   | -                    | -                                 | (410,000)                  | (410,000)        |
|   | <u>672,673</u>       | <u>4,427,016</u>                  | <u>1,095,964</u>           | <u>6,195,653</u> |

**17 Net cash (outflow)/inflow from operating activities**

|  | 2014               | 2013             |
|--|--------------------|------------------|
|  | £                  | £                |
| Reconciliation to changes in resources                   |                    |                  |
| Changes in resources before revaluations                 | 563,887            | 2,020,484        |
| Investment income  | (20,107)           | (26,127)         |
| Depreciation of tangible fixed assets                    | 160,410            | 141,974          |
| Difference between pension charge and cash contributions | (2,000)            | (9,000)          |
| Decrease in stocks                                       | 9,000              | 2,500            |
| Increase in debtors                                      | (2,145,602)        | (246,504)        |
| Increase in creditors                                    | 333,958            | 42,155           |
|  | <u>(1,100,454)</u> | <u>1,925,482</u> |

**18 Reconciliation of net cash flow to movement in net funds**

|                               | 2014           | 2013             |
|-------------------------------|----------------|------------------|
|                               | £              | £                |
| (Decrease)/increase in cash   | (1,934,234)    | 1,487,968        |
| Net funds at 1 September 2013 | 2,398,934      | 910,966          |
|                               | <u>464,700</u> | <u>2,398,934</u> |
| Net funds at 31 August 2014   | <u>464,700</u> | <u>2,398,934</u> |

**DURAND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**19 Analysis of net cash balances**

|                          | At 1<br>September<br>2013<br>£ | Cash flow<br>£     | Non-cash<br>changes<br>£ | At 31 August<br>2014<br>£ |
|--------------------------|--------------------------------|--------------------|--------------------------|---------------------------|
| Cash at bank and in hand | 2,398,934                      | (1,934,234)        | -                        | 464,700                   |
|                          | <u>2,398,934</u>               | <u>(1,934,234)</u> | <u>-</u>                 | <u>464,700</u>            |

**20 Contingent liabilities**

In the event, during the period of the Funding Agreement, of the sale or disposal by other means, of any asset for which a capital grant was received, the Academy shall, if it does not re-invest the proceeds, repay to the Secretary of State of the Department for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to :

(a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

**21 Members' liability**

Each member of the Academy 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.

**22 Commitments under operating leases**

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

|                            | 2014<br>£     | 2013<br>£     |
|----------------------------|---------------|---------------|
| Expiry date:               |               |               |
| Within one year            | 43,688        | -             |
| Between two and five years | 9,443         | 67,147        |
|                            | <u>53,131</u> | <u>67,147</u> |

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**23 Capital commitments**

|   | <b>2014</b>          | <b>2013</b>          |
|---|----------------------|----------------------|
|   | <b>£</b>             | <b>£</b>             |
| At 31 August 2014 the company had capital commitments as follows: |                      |                      |
| Expenditure contracted for but not provided for in the accounts   | <u><b>67,900</b></u> | <u><b>76,000</b></u> |

**24 Related parties**

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

The school sites at Hackford Road, London and in Midhurst, West Sussex, are owned by the Durand Education Trust (DET). DET is a company limited by guarantee in which Sir Gregory Martin and Dr Alex Mehta were Directors until 19 September 2014 and 26 September 2014 respectively. The sites are leased from DET for a peppercorn rent, and at the year end, formal leases for both sites were in the process of being prepared.

During the year, the Academy received donations of £8,400 (2013: £85,282) from DET. At the year end, DET owed £2,025,634 (2013: £175,252) to the Academy. The balance includes an amount of £2 million held by DET on behalf of the Academy as designated funds for the purpose of funding the new secondary boarding school. Subsequent to the year end, it has been agreed that these funds will be transferred back to the Academy who will continue to hold the funds in its own designated account until required to support the secondary school build.

During the year, the Academy made payments relating to marketing and promotion totalling £241,193 (2013: £243,537) to PLMR Limited, a company in which Mr Kevin Craig has a majority interest. At the year end, the Academy owed £22,694 (2013: £24,062) to PLMR Limited.

Mr Tom Cornwall, who was a Director of the Academy until 12 June 2014, is also a Director of London Horizons Limited (LHL), a company limited by guarantee and Kevin Craig was appointed as a Director of LHL on 15 October 2014. During the year, the Academy received subsidies from LHL for gym membership to parents and staff, accommodation for teachers and key workers, and swimming classes for pupils totalling £157,925 (2013: £143,417) and invoiced LHL for services provided by the Academy totalling £73,857 (2013: £nil). The company received charitable donations from LHL of £nil (2013: £25,000). At the year end, £65,868 (2013: £11,013) was payable by LHL to the Academy.

During the year, the Academy paid £4,500 (2013: £5,690) to Judicium Consulting Limited for legal services, a company in which Alex Mehta is the company secretary and also a Director of its ultimate parent company, Judicium Limited. No amounts were outstanding at the year end.