

RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2013

**RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**RIDGEWAY ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2013**

Trustees Julie Grieve, Chair of Trustees (appointed 7 November 2012)^{1,2}
Michael Bennett, Head Teacher (appointed 7 November 2012)^{1,2}
Mandy Sealy (appointed 7 November 2012, resigned 16 October 2013)
Jane Craig (appointed 7 November 2012)²
Andrew Henson (appointed 7 November 2012)¹
Louise Kershaw (appointed 7 November 2012)¹
Simon Walsh (appointed 7 November 2012)¹
Dave Roberts, Staff Trustee (appointed 7 November 2012)²
Claire Gibbs, Staff Trustee (appointed 5 December 2012, resigned 10 June 2013)
Sara Wakelam (appointed 17 December 2012)²
Glenn Reading (appointed 19 June 2013, resigned 24 September 2013)

¹ Resources Committee

² Learning and Development Committee

Company registered number 08284164

Principal and registered office Evesham Road
Astwood Bank
Redditch
Worcestershire
B96 6BD

Company secretary Suzanne Evans

Senior leadership team Linda Tait
James Thompson
Tom Clarkson
Adam Hill, School Business Manager (resigned 3 July 2013)
Clare Skinner, School Business Manager (appointed 8 July 2013)
Mike Bennett, Headteacher/Accounting Officer

Independent auditors Bishop Fleming
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Bankers Lloyds Bank
PO Box 1000
BX1 1LT

Santander
Bootle
Merseyside
L30 4GB

Solicitors Ward Hadaway Solicitors
Sandgate House
102 Quayside
Newcastle-upon-Tyne
NE1 3DX

**RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the period ended 31 August 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy was incorporated on 7 November 2012 and opened as an Academy on 1 December 2012, it is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the academy.

The Trustees act as the Trustees for the charitable activities of Ridgeway Academy Trust and are also the directors of the Charitable Company for the purposes of company law.

Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the academy. The limit of this indemnity is £3,000,000.

Principal Activity

The principal activity is to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a middle school offering a broad and balanced curriculum.

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1st December 2012 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to three Trustees who are appointed by members;
- up to one Local Authority Trustee who is appointed by the Local Authority;
- a minimum of two Parent Trustees who are elected by Parents of registered pupils at the Academy;
- any number of Staff Trustees who are elected by the employees of the Academy or appointed by Trustee board;
- any number of Community Trustees who are appointed by the Trustee board; and
- the Headteacher who is treated for all purposes as being an ex-officio Governor.

**RIDGEWAY ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013**

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets once/twice each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are two committees as follows:

- *Resources Committee* - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee as well as personnel and premises; and
- *Learning and Development Committee* - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Academy has a leadership structure which consists of the Trustees and The Senior Leadership Team (SLT). The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Senior Leadership Team consists of the Headteacher, Deputy Headteacher, two Assistant Headteachers and the Academy Business Manager. The SLT controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The Headteacher and Academy Business Manager are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Governor.

The Head Teacher is the Accounting Officer.

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013**

Risk management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances.

The Academy has undertaken a full review of the main areas of risks which it faces. This includes all health and safety and child protection policies and procedures. In addition a review of all financial risks is undertaken on a regular basis.

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Ridgeway Academy Trust. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities between the ages of 9 and 13.

The aims of the Academy during the year ended 31 August 2013 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils;
- to provide a broad and balanced curriculum, including extra curricular activities;
- to develop students as more effective learners;
- to develop the Academy site so that it enables students to achieve their full potential;
- 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 develop greater coherence, clarity and effectiveness in school systems;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- to develop the Academy's capacity to manage change; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Ridgeway Middle School we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013**

Objectives, Strategies and Activities

Key priorities for the year are contained in our School Development Plan which is available from the Academy Office. Improvement focuses identified for this year include:

- quality of teaching and learning through the review of teaching structure and the development of new roles for 2013 implementation; and
- development of the outdoor environment with the purchase of a Yurt and a Sun canopy to make better use of our grounds as an outdoor learning space along with the use of the goats and pigs.

Key activities and targets were identified in the Academy Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding, including the conversion to Academy status. The activities included the following:

- review of numeracy, literacy and ICT capability;
- review of staffing levels in the light of budgetary pressure;
- further development of the intranet to support administration and communication;
- development and embedding of key financial and administrative procedures arising from conversion;
- continued development of systems for tracking and monitoring pupil attainment; and
- a range of activities to promote community adhesion and support of other charities activities.

Public Benefit

The Trustees confirm that they have complied with the duty contained in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

ACHIEVEMENTS AND PERFORMANCE

Achievements and Performance

The Academy is in its first year of operation and has been able to accept an extra Year 5 class in 2013.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Department Heads and the SLT.

The Academy was inspected by OFSTED in May 2013 and was judged to be Good. Strong curriculum innovation was noted during this inspection as was the standard of marking and feedback between teachers and pupils.

During the year the Academy completed the refurbishment of the dry Science Lab.

2013 was the second year that the school offered Functional Skills GCSE. Since becoming an Academy the range of subjects offered and the number of children taking the exams have increased.

During the year, the Academy's charity fundraising activities raised £3,000.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for a period of at least 12 months from the approval of these accounts. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

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**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013**

Key Financial Performance Indicators

The following KPI's were set at the start of the year:

	Target	Actual
GAG carry forward	2.0%	0.8%
Pupil to teacher ratio	21.0	17.0
Teaching to non-teaching staff ratio	1.0	1.2
Total income per pupil	£3,039	£3,288
Total GAG per pupil	£2,735	£2,880
Ratio of GAG to total income	90.0%	87.6%
Staff costs per pupil	£2,184	£2,419
Ratio of staff costs to income	80.0%	73.6%
Ratio of pension cost to staff costs	12.0%	11.8%
Total learning resources costs per pupil	£175	£181
LGPS deficit per pupil	£738	£833
LGPS deficit per non-teaching staff member	£14,500	£17,700
Property repair costs per pupil	£119	£123

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2013 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2013, total expenditure of £1,415,893 was covered by recurrent grant funding from the DfE, together with other incoming resources of £5,849,598 (including £4,452,216 of balances transferred on conversion). The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £160,122.

At 31 August 2013 the net book value of fixed assets was £4,633,768 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 31 March 2013 at £4,662,302. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the former school's budget share £150,914 was transferred across on conversion and is shown as unrestricted funds.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of financial activity with details in Note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013**

Financial and Risk Management Objectives and Policies

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Resources Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 98% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependant on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained, reviewed and updated on a regular basis.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

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**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013**

Investment Policy

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher and Academy Business Manager within strict guidelines approved by the Board of Trustees.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Clerk to the Trustees.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity

AUDITOR

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the Board of Trustees on 10 December 2013 and signed on its behalf by:

**Julie Grieves
Chair of Trustees**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 Ridgeway Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The Board of Trustees has formally met 4 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Julie Grieve, Chair of Trustees	4	4
Michael Bennett, Head Teacher and Accounting Officer	4	4
Mandy Sealy	3	4
Jane Craig	4	4
Andrew Henson	4	4
Louise Kershaw	4	4
Simon Walsh	2	4
Dave Roberts, Staff Trustee	4	4
Claire Gibbs, Staff Trustee	2	3
Sara Wakelam	3	3
Glenn Reading	1	2

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- ensure a strategic approach to planning a budget that reflects the school's prioritised educational objectives;
- ensure budget plans are drafted for each financial year and agree them for submission to the governing body for approval;
- ensure that an outline forecast budget is set for three/five years to accord with the planned development of the school;
- monitor performance against budget at least termly and report the outcome to the governing body at each of its meetings;
- approve and/or initiate new income, earnings or donations. Approve proposed and actual expenditure thereof;
- approve new service agreements and payments of increments;
- approve any out of budget expenditure recommended by the Learning and Development Committee;
- review the auditors' report and ensure accuracy, reflecting a true and fair financial position;
- determine/approve all financial and personnel policies of the school (including salaries, appointments procedure, performance management, disciplinary matters, expenses and purchasing);
- oversee appointment procedures;
- review regularly, approve and adopt the staffing structure;
- review the needs of staff professional development and the effectiveness of performance management and internal communication, as reported by the Head Teacher;
- consider and rule on any appeal against a decision on pay grading or pay awards;
- authorise transfers between budgets (virement) up to an amount defined in "Policy";
- advise the Governing Body on priorities, including health and safety for the maintenance, security and development of the school's premises. Receive a report of the annual health and safety audit;
- oversee arrangements for repairs and maintenance;
- in consultation with the Head Teacher oversee premises related funding bids;

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GOVERNANCE STATEMENT (continued)

- oversee arrangements, including health and safety, for the use of school premises by outside users, subject to Governing Body Policy;
- review, update, approve and inform the full Governing Body of acceptance of policies assigned to this committee and detailed on separate list;
- have an annual overview of the school fund account;
- ensure that the school has a risk management programme and appropriate insurance arrangements in place.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Julie Grieve, Chair of Trustees	3	3
Andrew Henson	3	3
Louise Kershaw	3	3
Mike Bennett, Head Teacher	3	3
Simon Walsh	3	3

The Learning and Development Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- deal with all issues relating to learning and the curriculum, and inform the Full Governing Body thereon;
- consider curricular issues that have implications for the Resources Committee and make recommendations to the Resources Committee and the Full Governing Body;
- presentation of data pertaining to achievement and attainment to the Full Governing Body.
- Review, update and approve sex and relationship policies, equalities policies and objectives and pupil behaviour and welfare policies, and notify the Full Governing Body of acceptance;
- Review, update and approve admissions policies (to ensure in line with statutory requirements) and SEN policies (to ensure the needs of pupils with SEN are met), and notify the Full Governing Board of acceptance.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Jane Craig	3	3
Mike Bennett, Head Teacher	3	3
Mandy Sealy	3	3
Julie Grieve, Chair of Trustees	2	3
Dave Roberts, Staff Trustee	2	3
Sara Wakelam	2	3

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ridgeway Academy Trust for the period 1 December 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the period 1 December 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Resources 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;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming, the external auditors, to perform additional checks.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO's reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Since conversion in December 2012, RO visits have taken place for the Spring and Summer Terms. The visits were completed in line with the scheduled plan of work. The findings of the visits were in line with expectations for a new academy.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditors; In so far as the Trustees are aware:
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 10 December 2013 and signed on their behalf, by:

**Julie Grieve
Chair of Trustees**

**Michael Bennett
Accounting Officer**

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Ridgeway Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the Academy Trust Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook (2012).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Michael Bennett
Accounting Officer

Date: 10 December 2013

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**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2013**

The Trustees (who act as Governors of Ridgeway Middle School and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

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

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

**Julie Grieve
Chair of Trustees**

Date: 10 December 2013

**RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIDGEWAY ACADEMY TRUST

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

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

**RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIDGEWAY ACADEMY TRUST

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Andrew Wood FCCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date:

**RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO RIDGEWAY
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 4 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ridgeway Academy Trust during the period 1 December 2012 to 31 August 2013 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 Ridgeway Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Ridgeway Academy Trust 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 Ridgeway Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF RIDGEWAY ACADEMY TRUST'S ACCOUNTING OFFICER AND THE
REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Ridgeway Academy Trust's funding agreement with the Secretary of State for Education dated 27 July 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. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 December 2012 to 31 August 2013 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 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.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO RIDGEWAY
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 December 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Andrew Wood FCCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date:

RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2013

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
INCOMING RESOURCES				
Incoming resources from generated funds:				
Balances transferred on conversion	2	150,914	(361,000)	4,662,302
Other voluntary income	2	12,961	-	12,961
Activities for generating funds	3,4	4,586	-	4,586
Investment income	5	290	-	290
Incoming resources from charitable activities	6	53,315	1,315,496	10,734
TOTAL INCOMING RESOURCES	222,066	954,496	4,673,036	5,849,598
RESOURCES EXPENDED				
Costs of generating funds:				
Fundraising expenses and other costs	4	5,855	-	5,855
Charitable activities		56,089	1,288,425	53,549
Governance costs	8	-	11,975	-
TOTAL RESOURCES EXPENDED	11	61,944	1,300,400	53,549
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		160,122	(345,904)	4,619,487
Transfers between Funds	21	-	(14,281)	14,281
NET INCOME FOR THE YEAR		160,122	(360,185)	4,633,768
Actuarial gains and losses on defined benefit pension schemes		-	16,000	-
NET MOVEMENT IN FUNDS FOR THE YEAR		160,122	(344,185)	4,633,768
Total funds at 1 December 2012		-	-	-
TOTAL FUNDS AT 31 AUGUST 2013		160,122	(344,185)	4,633,768

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

The notes on pages 21 to 39 form part of these financial statements.

RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08284164

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £
FIXED ASSETS			
Tangible assets	18		4,633,768
CURRENT ASSETS			
Debtors	19	56,488	
Cash at bank		298,482	
		<u>354,970</u>	
CREDITORS: amounts falling due within one year	20	(185,033)	
		<u>169,937</u>	
NET CURRENT ASSETS			<u>169,937</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,803,705</u>
Defined benefit pension scheme liability	26	(354,000)	
		<u>4,449,705</u>	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>4,449,705</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
General funds	21	9,815	
Fixed asset funds	21	4,633,768	
		<u>4,643,583</u>	
Restricted funds excluding pension liability		4,643,583	
Pension reserve		(354,000)	
		<u>4,289,583</u>	
Total restricted funds			4,289,583
Unrestricted funds	21		160,122
			<u>4,449,705</u>
TOTAL FUNDS			<u><u>4,449,705</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 10 December 2013 and are signed on their behalf, by:

Julie Grieve
Chair of Trustees

The notes on pages 21 to 39 form part of these financial statements.

**RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2013**

	Note	2013 £
Net cash flow from operating activities	23	323,497
Capital expenditure and financial investment		(25,015)
INCREASE IN CASH IN THE PERIOD		298,482

All of the cash flows are derived from acquisitions in the current financial period.

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2013**

Increase in cash in the period	298,482
MOVEMENT IN NET FUNDS IN THE PERIOD	298,482
NET FUNDS AT 31 AUGUST 2013	298,482

The notes on pages 21 to 39 form part of these financial statements.

**RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 FUND ACCOUNTING

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOMING RESOURCES

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

1. ACCOUNTING POLICIES (continued)

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.

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £3,500 are capitalised.

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

The land and buildings were valued at £4,662,302 on 31 March 2013 by Mouchel.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property improvements-	20% straight line
Leasehold property	- 2% straight line

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES (continued)

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 TAXATION

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

1.9 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.10 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Ridgeway Middle School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Ridgeway Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 25.

2. VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Balances transferred on conversion	150,914	4,301,302	4,452,216
Donations	12,961	-	12,961
Voluntary income	163,875	4,301,302	4,465,177

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Lettings	3,851	-	3,851
Trip income	115	-	115
Other	620	-	620
	4,586	-	4,586

RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

4. TRADING ACTIVITIES

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
FUNDRAISING TRADING EXPENSES			
External catering expenses	2,085	-	2,085
Trip costs	3,770	-	3,770
	<u>5,855</u>	<u>-</u>	<u>5,855</u>
Net expenditure from trading activities	<u>(5,855)</u>	<u>-</u>	<u>(5,855)</u>

5. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Bank interest	290	-	290
	<u>290</u>	<u>-</u>	<u>290</u>

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Education	53,315	1,326,230	1,379,545
	<u>53,315</u>	<u>1,326,230</u>	<u>1,379,545</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
DfE/EFA grants			
Capital Grants	-	10,734	10,734
General Annual Grant	-	1,224,135	1,224,135
Other DfE / EFA grants	-	68,900	68,900
Other government grants non capital	-	1,200	1,200
Internal catering income	44,577	-	44,577
Other	8,738	21,261	29,999
	<u>53,315</u>	<u>1,326,230</u>	<u>1,379,545</u>

RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Education	56,089	1,341,974	1,398,063

8. GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Auditors' remuneration	-	6,775	6,775
Auditors' non audit costs	-	5,200	5,200
	-	11,975	11,975

9. DIRECT COSTS

	Total 2013 £
Pension finance costs	11,000
Educational supplies	14,195
Examination fees	1,200
Staff development	5,497
Other costs	20,371
Supply teachers	3,765
Technology costs	15,475
Wages and salaries	643,988
National insurance	55,329
Pension cost	85,394
Depreciation	53,549
	909,763

RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

10. SUPPORT COSTS

	Total 2013 £
Maintenance of premises and equipment	27,253
Cleaning	20,360
Rent and rates	12,532
Heat and light	21,676
Insurance	23,216
Security and transport	9,974
Catering	51,874
Technology costs	2,471
Office overheads	8,930
Legal and professional	68,594
Wages and salaries	201,995
National insurance	4,143
Pension cost	35,282
	<u>488,300</u>

11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Other costs 2013 £	Total 2013 £
Fundraising expenses	-	5,855	5,855
COSTS OF GENERATING FUNDS	<u>-</u>	<u>5,855</u>	<u>5,855</u>
Education	784,711	125,052	909,763
Support costs - Education	241,420	246,880	488,300
CHARITABLE ACTIVITIES	<u>1,026,131</u>	<u>371,932</u>	<u>1,398,063</u>
GOVERNANCE	<u>-</u>	<u>11,975</u>	<u>11,975</u>
	<u>1,026,131</u>	<u>389,762</u>	<u>1,415,893</u>

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £
Education	<u>909,763</u>	<u>488,300</u>	<u>1,398,063</u>

**RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

13. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	2013
	£
Depreciation of tangible fixed assets:	
- owned by the charity	53,549
Auditors' remuneration	6,775
Auditors' remuneration - non-audit	5,200
	65,524

14. STAFF COSTS

Staff costs were as follows:

	2013
	£
Wages and salaries	845,983
Social security costs	59,472
Other pension costs (Note 26)	120,676
	1,026,131

The average number of persons (including the senior management team) employed by the academy during the period expressed as full time equivalents was as follows:

	2013
	No.
Teachers	20
Admin	19
Management	4
	43

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

	2013
	No.
In the band £60,001 - £70,000	1

Employer's pensions contributions made on behalf of the above employee amounted to £6,642.

**RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

15. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration for the nine month period to 31 August 2013 fell within the following bands:

	2013 £
Mr Michael Robert Bennett	50,000-55,000
Dave Roberts, Staff Trustee	30,000-35,000
Claire Gibbs, Staff Trustee	15,000-20,000

During the period, no Trustees received any benefits in kind.

During the period ended 31 August 2013, expenses totalling £62 were reimbursed to 1 Trustee.

16. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the period ended 31 August 2013 was £1,325.

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

17. OTHER FINANCE INCOME

	2013 £
Expected return on pension scheme assets	3,000
Interest on pension scheme liabilities	(14,000)
	<hr/> (11,000) <hr/>

**RIDGEWAY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

18. TANGIBLE FIXED ASSETS

	Property Improvements £	Leasehold Property £	Total £
COST			
At 1 December 2012	-	-	-
Additions	25,015	-	25,015
Transfers on conversion	-	4,662,302	4,662,302
	<u>25,015</u>	<u>4,662,302</u>	<u>4,687,317</u>
At 31 August 2013	<u>25,015</u>	<u>4,662,302</u>	<u>4,687,317</u>
DEPRECIATION			
At 1 December 2012	-	-	-
Charge for the period	1,119	52,430	53,549
	<u>1,119</u>	<u>52,430</u>	<u>53,549</u>
At 31 August 2013	<u>1,119</u>	<u>52,430</u>	<u>53,549</u>
NET BOOK VALUE			
At 31 August 2013	<u>23,896</u>	<u>4,609,872</u>	<u>4,633,768</u>

19. DEBTORS

	2013 £
Other debtors and accrued income	12,153
Tax recoverable	44,335
	<u>56,488</u>

**20. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £
Trade creditors	50,267
Other taxation and social security	24,605
Other creditors	89,736
Accruals and deferred income	20,425
	<u>185,033</u>

RIDGEWAY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

21. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	-	222,066	(61,944)	-	-	160,122
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	1,224,135	(1,200,039)	(14,281)	-	9,815
Special needs funding	-	2,988	(2,988)	-	-	-
Pupil premium	-	53,940	(53,940)	-	-	-
Other grants	-	34,433	(34,433)	-	-	-
Pension reserve	-	(361,000)	(9,000)	-	16,000	(354,000)
	-	954,496	(1,300,400)	(14,281)	16,000	(344,185)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	-	4,662,302	(52,430)	-	-	4,609,872
Fixed assets purchased from GAG and other restricted funds	-	-	(639)	14,281	-	13,642
DfE/EFA Capital grants	-	10,734	(480)	-	-	10,254
	-	4,673,036	(53,549)	14,281	-	4,633,768
Total restricted funds	-	5,627,532	(1,353,949)	-	16,000	4,289,583
Total of funds	-	5,849,598	(1,415,893)	-	16,000	4,449,705

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

General Annual Grant (GAG) - income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs.

Special Educational Needs (SEN) - funding received from the Local Authority to fund further support for students with additional needs.

Pupil Premium (PP) - income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle the disadvantaged reaches the pupils who need it most.

Other grants - income which has been received for specific reasons.

RIDGEWAY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

21. STATEMENT OF FUNDS (continued)

Pension reserve - this represents the academy's share of the assets and liabilities in the Local Government Pension Scheme (LGPS).

Capital grants - these funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Fixed assets transferred on conversion - this represents the buildings and equipment donated to the school from the Local Authority on conversion to an 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 2013.

SUMMARY OF FUNDS

	Brought Forward	Incoming resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
General funds	-	222,066	(61,944)	-	-	160,122
Restricted funds	-	954,496	(1,300,400)	(14,281)	16,000	(344,185)
Restricted fixed asset funds	-	4,673,036	(53,549)	14,281	-	4,633,768
	-	5,849,598	(1,415,893)	-	16,000	4,449,705

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2013	2013	2013	2013
	£	£	£	£
Tangible fixed assets	-	-	4,633,768	4,633,768
Current assets	195,637	159,333	-	354,970
Creditors due within one year	(35,515)	(149,518)	-	(185,033)
Provisions for liabilities and charges	-	(354,000)	-	(354,000)
	160,122	(344,185)	4,633,768	4,449,705

RIDGEWAY ACADEMY TRUST
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23. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013
	£
Net incoming resources before revaluations	4,433,705
Net assets transferred on conversion	(4,292,302)
Depreciation of tangible fixed assets	53,549
Increase in debtors	(56,488)
Increase in creditors	185,033
	<u>323,497</u>
NET CASH INFLOW FROM OPERATIONS	323,497

	2013
	£
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
Purchase of tangible fixed assets	(25,015)

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 December 2012	Cash flow	Other non-cash changes	31 August 2013
	£	£	£	£
Cash at bank and in hand:	-	298,482	-	298,482
NET FUNDS	<u>-</u>	<u>298,482</u>	<u>-</u>	<u>298,482</u>

25. CONVERSION TO AN ACADEMY TRUST

On 1 December 2012 Ridgeway Middle School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Ridgeway Academy Trust from Worcestershire County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Freehold/leasehold land and buildings	-	-	4,662,302	4,662,302
Budget surplus/(deficit) on LA funds	150,914	-	-	150,914
LGPS pension surplus/(deficit)	-	(361,000)	-	(361,000)
Net assets/(liabilities)	<u>150,914</u>	<u>(361,000)</u>	<u>4,662,302</u>	<u>4,452,216</u>

26. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

26. PENSION COMMITMENTS (continued)

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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.

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.

**RIDGEWAY ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £44,000, of which employer's contributions totalled £36,000 and employees' contributions totalled £8,000. The agreed contribution rates for future years are 11.7% for employers and 5.5 - 7.5% 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.

As described in note 25 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The amounts recognised in the Balance sheet are as follows:

	2013 £
Present value of funded obligations	(457,000)
Fair value of scheme assets	103,000
	<hr/>
Net liability	(354,000)
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The amounts recognised in the Statement of financial activities are as follows:

	2013 £
Current service cost	(33,000)
Interest on obligation	(14,000)
Expected return on scheme assets	3,000
	<hr/>
Total	(44,000)
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Movements in the present value of the defined benefit obligation were as follows:

	2013 £
Current service cost	33,000
Interest cost	14,000
Contributions by scheme participants	8,000
Actuarial Gains	(9,000)
Liability transferred on conversion	411,000
	<hr/>
Closing defined benefit obligation	457,000
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**RIDGEWAY ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

26. PENSION COMMITMENTS (continued)

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

	2013
	£
Expected return on assets	3,000
Actuarial gain	7,000
Contributions by employer	35,000
Contributions by employees	8,000
Assets acquired in a business combination	50,000
	<u>103,000</u>

The academy expects to contribute £47,000 to its Defined benefit pension scheme in 2014.

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

	2013
European equities	90.20 %
European bonds	6.00 %
Cash/liquidity	3.80 %

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

	2013
Discount rate for scheme liabilities	4.50 %
Expected return on scheme assets at 31 August	6.32 %
Rate of increase in salaries	3.90 %
Rate of increase for pensions in payment / inflation	2.40 %
Inflation assumption (CPI)	2.40 %

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

	2013
Retiring today	
Males	22.5
Females	25
Retiring in 20 years	
Males	24.3
Females	27

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

Amounts for the current period are as follows:

Defined benefit pension schemes

	2013 £
Defined benefit obligation	(457,000)
Scheme assets	103,000
Deficit	(354,000)
Experience adjustments on scheme liabilities	9,000
Experience adjustments on scheme assets	7,000

27. OPERATING LEASE COMMITMENTS

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows:

	2013 £
EXPIRY DATE:	
Between 2 and 5 years	7,348

28. CONTROLLING PARTY

Due to the nature of the entity, there is no overall controlling party.