

Company Limited by Guarantee
Registration number: 06221748 (England and Wales)

QUAERERE ACADEMY TRUST
"Q3 ACADEMY"
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2013

QUAERERE ACADEMY TRUST

CONTENTS

| | Page |
|--|-------------|
| Reference and administration information | 3 |
| Report of the Governors | 4 |
| Governance Statement | 15 |
| Statement on Regularity, Propriety and Compliance | 18 |
| Statement of Governors Responsibilities | 19 |
| Independent auditor's report on the financial statements | 20 |
| Independent Reporting Accountants Assurance report on Regularity | 22 |
| Statement of financial activities incorporating Income and Expenditure Account | 24 |
| Balance Sheet | 25 |
| Cash flow statement | 26 |
| Principal accounting policies | 27 |
| Notes to the financial statements | 30 |
| The following pages do not form part of the statutory financial statements | |
| Detailed income and expenditure account | 47 |

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISORS

| | |
|-----------|---|
| Governors | Mr E Payne* OBE (Chairman) Mr R B M Quayle* Mr D W Pope (Responsible Officer) Mrs C J S Badyal (Principal and Accounting Officer) Ms O Amartey Mr I M Dixon Mr R P Backhouse (resigned 26 th June 2013) Rev M C Rutter Mrs N Martin (appointed 9 th December 2012) Mr R G Neale* Ms L Fulford |
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*= members of the Finance and General Purposes Committee.

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| Secretary | Mr G L Hargreaves |
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| Executive Group | |
| Principal | Mrs C Badyal |
| Vice Principal | Mr F Choudhury |
| Director of Finance and Administration | Mr G Hargreaves |

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|-------------------|---|
| Registered Office | Wilderness Lane, Great Barr, Birmingham. B43 7SD Tel: 0121 358 6186 |
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| Company Registration Number | 06221748 |
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|----------|--|
| Auditors | Crowe Clark Whitehill LLP Black Country House Rounds Green Road Oldbury West Midlands, B69 2DG |
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| Bankers | Cooperative Bank PLC P.O Box 101 1 Balloon Street Manchester M60 4EP |
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| Solicitors | Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES |
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QUAERERE ACADEMY TRUST

Year ended 31 August 2013

REPORT OF THE GOVERNORS

The Governors present their annual report together with the financial statements and auditors report of the charitable company for the year ended 31st August 2013.

The financial statements have been prepared in accordance with the accounting policies on pages 24 to 26 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005') and the Academies Accounts Direction.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Quaerere Academy Trust (Q3 Academy) is a company limited by guarantee, incorporated on April 23rd 2007, with no share capital (registration no. 6221748). With effect from August 1st 2011 the charity became an exempt charity with the DFE as the principal regulator. The charitable company's memorandum and articles of association are the prime governing documents of Q3 Academy. Governors of the charitable company are either nominated by Mr E Payne OBE, the main sponsor of Q3 Academy and chair of governors, or, in the case of the appointment of a staff and parent governor, are elected by ballot of their respective constituencies. The articles of association require members of the charitable company to appoint not less than 3 governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of Q3 Academy.

Members' Liability

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

Governors

The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any governor shall be 4 years, save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of governor any governor may be reappointed or re-elected.

The governors who were in office at 31st August 2013 and served throughout the year, except where shown, are listed in page 3.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

During the year under review the governing body held three meetings. The training and induction provided for new governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new governors will be given a tour of the Academy and the chance to meet staff and students. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents, including relevant external literature that they will need to undertake their role as governors. Induction tends to be done informally and is tailored specifically to the needs of the individual. An on-going programme of updates to governors is provided as required at the meetings.

Governors Indemnities

In accordance with normal commercial practices the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, omission or errors occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim.

Organisational Structure

Q3 Academy has established a unified management structure to enable its efficient running. The structure consists of 3 levels: the Governors, the Executive and the Senior Leadership Group. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The executive is made up of the Principal, a Vice Principal and the Director of Finance and Administration. These managers control the Academy at an executive level, implementing the policies laid down by the governors and reporting back to them. As a group the senior managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, although appointment boards for posts in the management team always require a governor.

The senior leadership group consisted of the 3 members of the executive team, a Vice Principal on secondment from another school, 3 Assistant Vice Principals and the Director of Attendance and Behaviour. These managers were responsible for the day to day operation of Q3 Academy, in particular organising the teaching staff, facilities and students.

Connected Organisations

Mr and Mrs Eric Payne, through the Charitable Foundation the Grace Charitable Trust, are the sponsors of Q3 Academy.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

OBJECTIVES AND ACTIVITIES

Objects, Aims and Objectives

The principle object and activity of the charitable company is to advance for the public benefit education in the United Kingdom, in particular (but without prejudice to the generality of the foregoing) by establishing, maintaining, carrying on and developing an academy offering a broad curriculum with a strong emphasis on, but in no way limited to Design and Enterprise and providing an education building upon a Christian ethos. In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission general guidance on public benefit.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn and that the curriculum should comply with the substance of the national curriculum with an emphasis on design and enterprise and their practical applications.

The main objectives of Q3 Academy during the period ended 31st August 2013 are summarised below.

- To ensure that every child enjoys the same high quality of education in terms of resourcing, tuition and care.
- To raise the standard of Teaching and Learning within the Academy to be consistently good or outstanding.
- To raise the standard of educational achievement of all students to ensure good or outstanding progress.
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- To develop the use of the new building and to widen community engagement.
- To comply with all appropriate statutory and curriculum requirements.
- To provide value for money for the funds expended.
- To develop and maintain close links with industry and commerce.
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness with particular emphasis on the Christian ethos.

Strategies and Activities

Q3 Academy's main strategy is encompassed in its mission statement which is "To seek what is good, to seek what is right and to seek what is true". To this end the activities that will be provided include:

- Learning tailored to the individual through a curriculum that offers personalised learning and individual curriculum pathways that facilitate the attainment of appropriate academic qualifications.
- An extended learning programme offering a full and exciting life beyond the compulsory hours of study. This includes sporting activity as well as other opportunities such as trips to museums, the theatre and other places of interest.
- The innovative kick-start programme which addresses moral, social, and cultural issues and reflection upon the meaning of our lives.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

OBJECTIVES AND ACTIVITIES (continued)

- Secondments and placing of students with industrial and commercial partners.
- A careers advisory service to assist students to obtain employment or move on to higher education thus ensuring zero "NEET's"
- A bespoke 6th form course, "ASPIRE", copyrighted by the Academy that will facilitate a clear pathway for students to progress to further and higher education or into the world of work.
- The introduction of a passport at year 7 and 12 which will ensure access to wider extra-curricular activities.
- Training opportunities for all staff, especially teaching staff.

Equal Opportunities Policy

Q3 Academy is committed to achieving the highest standards of employment and student admission practice. Equality of opportunity for all sections of the workforce and student body is an integral part of this commitment. The Academy will not tolerate less favourable treatment on ground of sex, race, colour, nationality, ethnic or national origin, part-time and fixed term contract status, disability, marital status, sexual orientation, responsibility for dependants, age (below the national retirement age), trade union or political activities, religious beliefs, spent offences or any other reason which cannot be shown to be justified.

Disability Statement

Q3 Academy seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.

- a) As part of its accommodation strategy the new Academy has been designed with full disability compliance in mind.
- b) The Academy provides access to specialist equipment to students and a range of assistive technology is available within the building.
- c) The admissions policy for all students is described in the Academy charter. Appeals against the decision not to offer a place are dealt with under the complaints policy.
- d) The Academy has made a significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- e) Specialist programmes are described in Academy prospectuses and achievements and destinations are recorded and published in the standard Academy format.
- f) Counselling and welfare services are available to the students through the company structure.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

ACHIEVEMENTS AND PERFORMANCE

In March 2013 Q3 Academy was inspected by a team from OFSTED, which graded the Academy as Good with Outstanding features. The Governors and the Executive have since developed an action plan to drive standards up still further with the aim of making Q3 Academy an Outstanding Academy. This includes the engagement of a lead OFSTED inspector on a consultancy basis

The Academy has completed its fifth year of operation and continues to achieve the forecast numbers of students in years 7 to 11. A target of 180 students to be admitted each year is in place. Applications for last year were again oversubscribed and recruitment of students for the year has seen an intake of 187.

The Academy is still developing the sixth form and as a result the maximum capacity has not yet been achieved. However, strong growth has been witnessed year on year and the Academy recruited a total of 211 students into the 6th form at the start of the year as compared with 196 in the previous year. In the current year recruitment into the 6th form stands a little lower at 200 students against a target of 210 as a result of applying more stringent entry requirements upon new applicants.

Q3 Academy continued to set challenging and stretching targets for its fifth year of operation. The target for GCSE attainment of 5A* to C including Maths and English for the academic year 2012/13 was 60% based on Fischer D estimates, and the Academy delivered 69% again making Q3 Academy one of the top performing secondary schools in the Sandwell Metropolitan Borough.

Q3 was also officially recognised nationally as the 29th most improved secondary school in the country. The SSAT (Schools Network) 2013 wrote "Q3 Academy has proved itself to be one of the best schools in the country at improving GCSE outcomes for their students, there is plenty that other schools could learn from Q3 Academy's success."

Q3 Academy also achieved a 98% success rate for all students taking A level examinations in 2013.

To ensure that standards are continually raised Q3 Academy operates a programme of observation of lessons, visits by inspectors, undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A level to assess the added value. The Academy also participates in national programmes looking at added value through the key stages.

The Academy continues to seek opportunities to develop the buildings and the grounds going forward to meet both its present and future needs. As the numbers increase, space within the building is already at a premium and a number of opportunities are being explored to find ways to increase the available teaching space.

The Academy continues to develop a number of initiatives aimed at placing it at the heart of the local community. Many charities have been supported during the year, including Macmillan Cancer Research and Children in Need raising in excess of £8,500 during the year. Community use of the building has continued to develop steadily and since March

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

ACHIEVEMENTS AND PERFORMANCE (continued)

2012 a regular monthly community lunch has been established which has proven to be very popular with local residents.

From September 2012 both commercial and community use of the building has risen steadily following the establishment of a trading company to operate these services on behalf of the Trust.

FINANCIAL REVIEW

Financial report for the period

The majority of the Academy's income is derived from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31st 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. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), the capital grant is shown in the Statement of Financial Activities, as restricted income in the fixed asset fund. Except for assets under construction which will not depreciate until completed, the restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31st August 2013 total expenditure of £7,344k (2012: £7,353k) was incurred including £52k relating to the pension scheme deficit. Excluding the depreciation charge, which is covered by the Restricted Fixed Asset Reserves, this expenditure was more than covered by recurrent grant funding from DfE together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £82k.

During the year ended 31st August 2013, total capital expenditure amounted to £122k (2012: £390k).

At 31st August 2013 the net book value of fixed assets was £29,608k (2012: £30,737k) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets have been used exclusively for developing the resources to provide education and the associated support services to students in the Academy and fully underpin the objectives of Q3 Academy.

At 31st August 2013 the pension's deficit on the Local Government Pension Scheme amounted to £303k (2012: £306k). The key reasons for this change are

- A higher assumed rate of future salary increases
- A higher assumed rate of future deferred pension revaluation and pension increases in payment.
- Experience between the 1 September 2008 initial funding advice and the 31 March 2011 actuarial revaluation of the Fund not previously allowed for.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

FINANCIAL REVIEW (continued)

- The difference between employer contributions paid and the service cost over the year
- Asset returns over the year being different to the assumptions
- A higher discount rate.

RESERVES POLICY AND FINANCIAL POSITION

Reserves Policy

The governors review the reserves level 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 level of reserves will be kept under review by the governors.

The governors have determined that the appropriate level of free reserves should be equivalent to 4 weeks of expenditure, approximately £450k. The reason for this is to provide sufficient working capital to enable the Academy to manage its cash flow efficiently. Thus the aim is to cover delays between spending and receipt of grants, to manage annual variations in student numbers and to provide a cushion to deal with unexpected emergencies.

In addition the Academy will seek to build up free reserves in order to contribute to any pension's deficit that may arise from time to time and to develop the Academy's longer term goals and ambitions by building up seed funding for future capital projects and educational initiatives for the benefit of students of Q3 Academy.

The Academy's current level of free reserves (total funds less the amounts held in Fixed Assets and restricted funds) is £466k which is less than is needed. The Academy will continue to build up free reserves to the level required.

It should be noted that as the majority of income is received from the EFA with restrictions on the amount that can be carried forward, the governors are therefore mindful that it is not possible to build up free reserves in line with other non-educational charities.

Financial Position

The Academy held fund balances at 31st August 2013 of £30,286k (2012: £31,366k) comprising £29,820k of restricted funds (2012: £30,958k) and £466k of unrestricted general funds (2012: £408k) and a pension reserve deficit of £303k (2012: £306k).

Investment Policy

The Academy currently has no material investments.

Going Concern

After making appropriate enquiries, the Governing Body considers 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 financial statements.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

RESERVES POLICY AND FINANCIAL POSITION (continued)

Principal Risks and Uncertainties

The Academy has undertaken further work during the year to develop and embed the system of internal controls, including financial, operational and risk management which is designed to protect the Academy's assets and reputation.

Based on its mission, the Risk Management Group undertakes a comprehensive review of the risks to which the Academy is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the Academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy.

A risk register is maintained at the Academy level, which is reviewed by the Finance and General purposes committee at each meeting and annually by the full governors. It is reviewed more frequently as and when necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks.

Outlined below is a description of the principal risk factors that may affect the Academy. Not all of the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

1. Government Funding

Q3 Academy has considerable reliance on continued government funding through the EFA. In 2012/13 98.99% of the Academy's funding was ultimately public funded and this level of requirement is not expected to reduce in the foreseeable future. The Academy is aware that 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.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the Academy is rigorous in delivering high quality education for its students.
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA
- Through tight control of budgets and regular short, medium and long term forecasting to identify trends and to manage funding issues well before they arise.

2. Maintain adequate funding of Pension Liabilities

The financial statements report the share of the Pension Scheme Deficit on the Academy's balance sheet in line with the requirements of FRS 17.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

Principal Risks and Uncertainties (continued)

3. Attainment and Achievement of Students

Q3 Academy is fully focused on the quality of education it delivers to its students. The key measures of this are both the OFSTED report and the percentage of students achieving 5 A* - C grades at GCSE including Maths and English. The Academy recognises the importance of delivering results and the impact on its future if it does not.

This risk is mitigated in a number of ways

- Regular and detailed use of data to identify “at risk” students
- Developing a system of student mentoring
- A programme of regular revision sessions and additional out of hour’s provision.

4. Succession Planning

Q3 Academy recognises the need for continuity and consistency in its management in order to deliver the quality of education to the students. Senior staff will need to be replaced from time to time and it is important to ensure that such activity is structured and managed. The Academy recognised the impact of not having a clear succession plan for key staff.

This risk is mitigated in a number of ways

- Governors developing a clear succession plan for senior staff.
- Employment contracts to be written to reflect the need for appropriate handover wherever possible.

PLANS FOR FUTURE PERIODS

Q3 Academy will continue to drive improvements both in the quality of teaching and learning and in the performance of its students at all levels. It will continue its efforts to ensure its students are successful in obtaining employment, further training or a place in higher education, thus eliminating “NEET”s

The Academy continues to be right at the heart of the community providing a happy safe and democratic environment where staff and students are treated with dignity and respect. It is committed to providing a curriculum on demand, creating the flexibility to match all students’ abilities and learning speeds.

All staff are committed to developing the ‘whole child’, nurturing self-esteem, with a focus on individual success and achievement. This is such an important factor in developing a keenness to learn that carries through into later life.

Q3 Academy will continue to offer a powerful, inclusive and attractive curriculum with potential to fire the imagination and energy of the whole community. Students are able to make their own decisions about curriculum pathways and new technologies continue to make ‘anywhere, anytime’ learning a reality for Q3 students. In designing the curriculum,

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

PLANS FOR FUTURE PERIODS (continued)

time has been allocated to support personal, physical, spiritual and emotional development. These areas are proven to be essential foundations for successful learning and were cited as "Outstanding" during the recent OFSTED inspection.

In pursuing these ambitions, the Academy has introduced a variety of initiatives including a cyber cafe, a room and garden for reflection, a big brother style diary room and a teaching observation room.

Q3 Academy will continue to explore new opportunities as they arise to enhance the educational offering it makes. Specifically Q3 Academy is exploring the possibilities of becoming a Multi Academy Trust as well as introducing both a primary facility and a boarding facility onto its existing site. In addition the Academy has launched its own Cadet Unit which opens in September 2013.

PUBLIC BENEFIT, SUSTAINABILITY, SOCIAL AND COMMUNITY ISSUES.

Public benefit

The Governors have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the Academy. The Academy does not select students for admission. Admission to Q3 Academy is prioritised using the following criteria.

1. Looked after children
2. Children with siblings already in the Academy
3. Proximity to the Academy.

Sustainability

Q3 Academy is committed to sustainable development throughout all aspects of its operations. The Academy will continue to strive to meet or exceed the *Sustainable Development in Government* targets.

Payment Performance

The Late Payment of Commercial Debts (interest) Act 1998 which came into force on 1 November 1998 requires academies in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods and services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 September 2012 to 31 August 2013, the Academy paid 91.7% of its invoices within 30 days. The Academy incurred no interest charges in respect of late payment for this period.

KEY PERFORMANCE INDICATORS

Q3 Academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

The Key performance indicators that the Academy observes and measures itself against include the following:

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

KEY PERFORMANCE INDICATORS (continued)

- OFSTED Reports
- Student Achievement
- Student Attainment
- Student Attendance
- Financial performance against budget overall and departmentally
- Staff Costs as a percentage of Funding
- Reports from the Responsible Officer
- Benchmarking against similar institutions

The Academy is also monitored through the completion of and submission to the EFA:

- The Annual Abbreviated Accounts Record
- The submission of the Whole Government Accounts returns
- The Financial Plan for the period 2013 to 2016

PROVISION OF INFORMATION TO AUDITOR

Each person who is a Governor at the time when this Governors' report is approved has confirmed that:

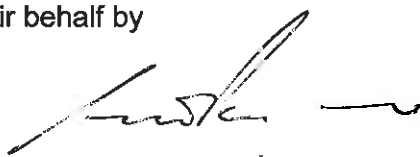
- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditor in connection with preparing its report and to establish that the charitable company's auditor is aware of that information.

Auditors

The appointment of the current auditors, Crowe Clark Whitehill LLP, will be continued in accordance with section 487(2) of the Companies Act 2006.

The report of the governors was approved by the governors on 16 December 2013 and signed for and on their behalf by

Eric Payne OBE
Chair of Governors



QUAERERE ACADEMY TRUST

Year ended 31 August 2013

GOVERNANCE STATEMENT

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Quaerere 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 governing body has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Quaerere Academy Trust and the Secretary of State for Education. They are 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 governors' Report and in the Statement of Governors' responsibilities.

The governing body has formally met 3 times during the year in full session. Attendance during the year at meetings of the governing body was as follows:

| Governor | Meetings attended | Out of a possible |
|------------------|-------------------|-------------------|
| Mr E Payne OBE | 3 | 3 |
| Mr R B M Quayle | 3 | 3 |
| Mr D W Pope | 3 | 3 |
| Mrs C J S Badyal | 3 | 3 |
| Ms O Amartey | 2 | 3 |
| Mr I M Dixon | 2 | 3 |
| Mr R P Backhouse | 3 | 3 |
| Rev M C Rutter | 3 | 3 |
| Ms N Martin | 2 | 3 |
| Mr R G Neale | 1 | 3 |
| Ms L Fulford | 3 | 3 |

The Finance and General Purposes Committee is a sub-committee of the main governing body. As such the purpose of the Finance and General Purposes Committee is to assist in the decision making process of the Trustees and Governors, by enabling more detailed consideration to be given to the Academy's finances and resources and to make appropriate recommendations to the Trustees/Governing Body on a regular basis.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

GOVERNANCE STATEMENT (continued)

In particular the committee is responsible for considering the following

- The effectiveness of the regular management accounts and reporting of the academy
- The actual results against budget results and any mitigating actions to be recommended to the board.
- The initial review and recommendation for approval of the annual budget to the main board of governors.
- The review of the periodic forecast
- The review of the annual accounts and trustees report along with the annual audit and recommendation to the main governing body for approval.
- The review of the effectiveness of financial controls and their amendment, addition to or improvement
- The review of the management of risk
- Authorising capital expenditure up to £5000
- The detailed review of capital expenditure proposals over £5000 for onward recommendation to the board.
- Agreeing accounting policies and their implementation
- Agreeing financial reporting standards and their implementation.
- Reviewing reports of the Responsible Officer on the effectiveness of the financial procedures and controls.
- To recommend to the full Governing Body the appointment or reappointment of the auditors of the Trust.

Attendance at meetings in the year was as follows:

| Governor | Meetings attended | Out of a possible |
|------------------------|-------------------|-------------------|
| Mr E Payne OBE (chair) | 3 | 4 |
| Mr R B M Quayle | 4 | 4 |
| Mr R G Neale | 2 | 4 |
| Mrs C J S Badyal | 4 | 4 |

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The governing body 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 governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

GOVERNANCE STATEMENT (continued)

has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is reviewed in detail once a year by the governing body.

The Risk and Control Framework

The Quaerere 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 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;
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mr D W Pope, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. A minimum of 4 times in each academic year the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. During the year ended 31st August 2013 there were no material issues identified.

Review of Effectiveness

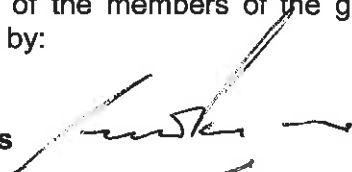
As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 governing body on 16 December 2013 and signed on its behalf by:

Mr E Payne OBE
Chair of Governors



Mrs C J S Badyal
Accounting officer



QUAERERE ACADEMY TRUST
Year ended 31 August 2013

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Mrs C J S Badyal
Accounting Officer

16 December 2013

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who act as trustees for charitable activities of Quaerere Academy Trust Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements 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 governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

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

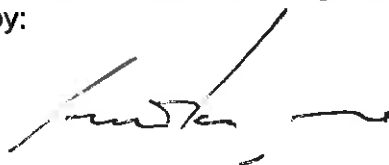
The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements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

The governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform 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 governors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the governing body on 16 December 2013 and signed on its behalf by:

Mr E Payne OBE
Chair of Governors



QUAERERE ACADEMY TRUST

Year ended 31 August 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUAERERE ACADEMY TRUST

We have audited the financial statements of Quaerere Academy Trust for the year ended 31 August 2013 which includes 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 Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities, the governors (who are also the directors of the charitable company for the purpose 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Governors' 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.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 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, including the Annual Accounts Direction 2011/12 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Helen Drew
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands B69 2DG

16 December 2013

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

Independent Reporting Accountant's Assurance Report on Regularity to Quaerere Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 18 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Quaerere Academy Trust during the period 1 September 2012 [or earlier if relevant] 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 Quaerere 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 the Quaerere 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 the Quaerere Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Quaerere Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements Quaerere Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook as published by DfES in 2006, 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 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 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 2011/12 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.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

Independent Reporting Accountant's Assurance Report on Regularity to Quaerere Academy Trust and the Education Funding Agency (Continued)

Accordingly, we do not express a positive opinion.

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

Conclusion

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

Crowe *Cheltenham CP*
Crowe Clark Whitehill LLP

Statutory Auditors
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

16 December 2013

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)

For the year ended 31st August 2013

| | Notes | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total 2013 £000 | Total 2012 £000 |
|---|-------|-------------------------------|--|--|-----------------------|-----------------------|
| Incoming resources | | | | | | |
| <i>Incoming resources from generated funds</i> | | | | | | |
| • Voluntary Income | 2 | 1 | - | - | 1 | 19 |
| • Activities for generating funds | 3 | 33 | - | - | 33 | 69 |
| • Investment Income | 4 | 29 | - | - | 29 | 7 |
| <i>Incoming resources from charitable activities</i> | | | | | | |
| • Funding for the Academy's educational operations | 5 | - | 6,121 | 25 | 6,146 | 6,441 |
| Total incoming resources | | <u>63</u> | <u>6,121</u> | <u>25</u> | <u>6,209</u> | <u>6,536</u> |
| Resources expended | | | | | | |
| <i>Cost of generating funds</i> | | | | | | |
| • Costs of generating voluntary income. | | 1 | - | - | 1 | 6 |
| <i>Charitable activities</i> | | | | | | |
| • Academy's educational operations | 7 | 4 | 6,078 | 1,242 | 7,324 | 7,331 |
| <i>Governance costs</i> | 8 | - | 19 | - | 19 | 16 |
| Total resources expended | 6 | <u>5</u> | <u>6,097</u> | <u>1,242</u> | <u>7,344</u> | <u>7,353</u> |
| Net incoming resources before transfers | | 58 | 24 | (1,217) | (1,135) | (817) |
| Gross transfers between funds | | - | - | - | - | - |
| Net incoming resources before other recognised gains and losses. | | 58 | 24 | (1,217) | (1,135) | (817) |
| Actuarial (losses)/gains on defined benefit pensions schemes. | | - | 55 | - | 55 | (11) |
| Net Movement in Funds | | <u>58</u> | <u>79</u> | <u>(1,217)</u> | <u>(1,080)</u> | <u>(828)</u> |
| Total funds brought forward at 31 August 2012 | | <u>408</u> | <u>115</u> | <u>30,843</u> | <u>31,366</u> | <u>32,194</u> |
| Funds carried forward at 31st August 2013 | | <u>466</u> | <u>194</u> | <u>29,626</u> | <u>30,286</u> | <u>31,366</u> |

All of the Academy's activities derived from continuing operations during the above financial period.
The Statement of Financial Activities includes all gains and losses recognised in the year.
The notes on pages 25 to 46 form part of these financial statements.

QUAERERE ACADEMY TRUST

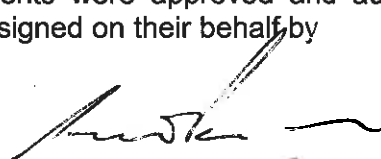
Company Number: 06221748

BALANCE SHEET at 31st August 2013

| | Notes | 2013 £000 | 2012 £000 |
|---|-------|----------------------|----------------------|
| Fixed Assets | | | |
| Tangible Assets | 12 | 29,608 | 30,737 |
| Current Assets | | | |
| Stock | 13 | 11 | 2 |
| Debtors | 14 | 303 | 247 |
| Cash at Bank and in Hand | | <u>1,112</u> | <u>1,188</u> |
| | | 1,426 | 1,437 |
| Creditors: amounts falling due within one year | 15 | <u>445</u> | <u>502</u> |
| Net Current Assets | | <u>981</u> | <u>935</u> |
| Net Assets excluding pension liability | | 30,589 | 31,672 |
| Pension liability | 20 | <u>(303)</u> | <u>(306)</u> |
| Net Assets including pension liability | | <u>30,286</u> | <u>31,366</u> |
| Funds | | | |
| <i>Income Funds</i> | | | |
| Restricted funds | | | |
| Restricted fixed asset funds | 16 | 29,626 | 30,843 |
| Restricted general funds | 16 | 497 | 421 |
| Pension Reserve | | <u>(303)</u> | <u>(306)</u> |
| Total restricted funds | | <u>29,820</u> | <u>30,958</u> |
| Unrestricted Funds | | | |
| General Fund | | 466 | 408 |
| Pension Reserve | 20 | <u>-</u> | <u>-</u> |
| Total unrestricted funds | | <u>466</u> | <u>408</u> |
| Total Funds | | <u>30,286</u> | <u>31,366</u> |

The financial statements were approved and authorised for issue by the Governors on 16 December 2013 and signed on their behalf by

Eric Payne OBE
Chair of Governors.



The notes on pages 28 to 46 form part of these financial statements.

QUAERERE ACADEMY TRUST

CASH FLOW STATEMENT

For the year ended 31st August 2013

| | 2013 £000 | 2012 £000 |
|---|---|---|
| Operating Activities | | |
| Receipts | | |
| Recurrent grants received from the DfE | | |
| General Annual Grant | 5,713 | 5,810 |
| Other receipts from the DfE | 349 | 285 |
| Private sponsorship | 1 | 1 |
| Other receipts | 35 | 75 |
| | <u>6,098</u> | <u>6,171</u> |
| Payments | | |
| Staff Costs | (4,491) | (4,516) |
| Other cash payments | (1,543) | (1,520) |
| | <u>(6,034)</u> | <u>(6,036)</u> |
| Net cash inflow/(outflow) from operating activities | 25 | |
| | <u>64</u> | <u>135</u> |
| Returns on investments and servicing of finance | | |
| Interest received | 29 | 7 |
| Interest paid | (1) | (1) |
| | <u>28</u> | <u>6</u> |
| Capital (expenditure)/income | | |
| Capital grants from the DfE | 25 | 346 |
| Capital funding received from sponsors | - | 17 |
| Proceeds from disposal of assets | 8 | - |
| Purchase of tangible fixed assets | (201) | (308) |
| | <u>(168)</u> | <u>55</u> |
| Increase/(Decrease) in cash | (76) | 196 |
| Reconciliation of net cash flow to movement in net funds | | |
| Increase/(decrease) in cash | (76) | 196 |
| Change in net funds | (76) | 196 |
| Net funds at 31 st August 2012 | 1,188 | 992 |
| Net funds at 31 st August 2013 | <u>1,112</u> | <u>1,188</u> |
| Analysis of changes in net funds | | |
| | At 31 st August 2012 £000 | Cash Flows £000 |
| Cash at bank and in hand | <u>1,188</u> | <u>(76)</u> |
| | | At 31 st August 2013 £000 |
| | | <u>1,112</u> |

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

PRINCIPAL ACCOUNTING POLICIES

Format of financial statements

The statutory format for the financial statements as required by the Companies Act 2006 has been adapted to provide more appropriate information that complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (Charities SORP 2005) and reflects the activities of the Academy.

Basis of Accounting

The financial statements are prepared under the historic cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice) and the Charities SORP 2005 as well as the EFA Accounts Direction 2013.

During the previous year a subsidiary undertaking of the trust was formed. Group accounts have not been prepared as the subsidiary undertaking is not material for the purpose of giving a true and fair view of the trust as allowed in Section 405 of the Companies Act 2006.

The principal accounting policies of the charitable company are:

Going Concern

The governors 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 company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

Grants receivable 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.

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 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.

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Academy in the period in which they are receivable and where the benefit is both quantifiable and measurable.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

PRINCIPAL ACCOUNTING POLICIES

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

Resources Expended

Resources expended are recognised in the period in which they are incurred and are included gross up to 31 March 2011 and net of recoverable VAT from 1 April 2011 in accordance with the Finance Bill 2011 which came into force from that date. They are classified under headings that aggregate all costs relating to that activity.

In accordance with the Charities SORP 2005, expenditure is analysed between the costs of generating funds, the Academy's charitable activities and governance. Items of expenditure which require more than one cost category are apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of assets' use which is utilised by each activity.

Governance costs 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.

Fund Accounting

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the governors.

Restricted funds comprise grants from the DfE and other donors which are to be used for specific purposes.

Tangible Fixed Assets

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over the 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). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. All other assets are written off.

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful economic lives.

No depreciation is provided on freehold land.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

PRINCIPAL ACCOUNTING POLICIES

The principle annual depreciation rates used for other assets are

| | |
|---------------------------------|----------|
| Long Leasehold Property | 2% |
| Plant and machinery | 10% |
| Furniture and Equipment | 5% - 10% |
| Computer Equipment and software | 25% |

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

Stock

Unused catering stores and school uniforms are valued at the lower of cost or net realisable value.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Taxation

Quaerere Academy Trust 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 to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions

The Charitable Company participates in two pension schemes providing benefits based on final pensionable pay. More details of the schemes are given in note 20.

Teachers' Pension Scheme

Teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). As the Charitable Company is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, it 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 pension costs for the scheme represent the contributions payable by the Charitable Company in the year.

Local Government Pension Scheme

Non-teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme and is able to identify the Charitable Company's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

Recognition of liabilities

Liabilities are recognised when either a constructive or legal obligation exists.

QUAERERE ACADEMY TRUST **Year ended 31 August 2013**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2013.

| | | |
|----------------------------|-------------|-------------|
| 2. VOLUNTARY INCOME | 2013 | 2012 |
| | £000 | £000 |

| | | |
|-----------------|----------|-----------|
| Other donations | - | 18 |
| School Fund | <u>1</u> | <u>1</u> |
| | <u>1</u> | <u>19</u> |

| | | |
|---|-------------|-------------|
| 3. ACTIVITIES FOR GENERATING FUNDS | 2013 | 2012 |
| | £000 | £000 |

| | | |
|--------------|-----------|-----------|
| Shop Sales | 2 | 1 |
| Lettings | 1 | 24 |
| Other Income | <u>30</u> | <u>44</u> |
| | <u>33</u> | <u>69</u> |

| | | |
|-----------------------------|-------------|-------------|
| 4. INVESTMENT INCOME | 2013 | 2012 |
| | £000 | £000 |
| Bank Interest | <u>29</u> | <u>7</u> |

QUAERERE ACADEMY TRUST
Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

5. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

| | 2013 | 2012 |
|--------------------------------------|---------------------|---------------------|
| | £000 | £000 |
| Department for Education grants | | |
| General Annual Grant | 5,713 | 5,000 |
| Mainstreamed Grants | - | 810 |
| Standards Fund | - | - |
| Other DfE Grants (excluding capital) | 408 | 285 |
| Standards Capital Grant | - | - |
| Devolved Formula Capital | 22 | 22 |
| Capital Grant | <u>3</u> | <u>324</u> |
| | <u>6,146</u> | <u>6,441</u> |

| | Staff | Deprec | Other | Total | Total |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Costs | -iation | Costs | 2013 | 2012 |
| | £000 | £000 | £000 | £000 | £000 |
| 6. RESOURCES EXPENDED | | | | | |
| Costs of generating voluntary income | - | - | 1 | 1 | 6 |
| Academy's educational operations | | | | | |
| Direct Costs | 3,594 | 111 | 539 | 4,244 | 4,315 |
| Allocated Support Costs | <u>892</u> | <u>1,131</u> | <u>1,057</u> | <u>3,080</u> | <u>3,016</u> |
| | <u>4,486</u> | <u>1,242</u> | <u>1,596</u> | <u>7,324</u> | <u>7,331</u> |
| Governance costs including allocated support costs | <u>-</u> | <u>-</u> | <u>19</u> | <u>19</u> | <u>16</u> |
| | <u>4,486</u> | <u>1,242</u> | <u>1,616</u> | <u>7,344</u> | <u>7,353</u> |

The method used for the apportionment of support costs is disclosed in the accounting policies on page 28.

QUAERERE ACADEMY TRUST
Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

7. CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATION

| | Unrestricted £000 | Restricted £000 | 2013 £000 | 2012 £000 |
|--|----------------------|---------------------|----------------------|--------------|
| <i>DIRECT COSTS</i> | | | | |
| Teaching and educational support staff costs | - | 3,562 | 3,562 | 3,636 |
| Depreciation | - | 111 | 111 | 111 |
| Books apparatus and stationery | - | 171 | 171 | 167 |
| Examination fees | - | 137 | 137 | 141 |
| Staff development | - | 32 | 32 | 36 |
| Other direct costs | - | <u>231</u> | <u>231</u> | <u>224</u> |
| | - | 4,244 | <u>4,244</u> | <u>4,315</u> |
| <i>ALLOCATED SUPPORT COSTS</i> | | | | |
| Support staff costs | - | 892 | 892 | 926 |
| Depreciation | - | 1,131 | 1,131 | 1,115 |
| Pupil recruitment and support | - | 92 | 92 | 122 |
| Maintenance of premises and equipment | - | 87 | 87 | 81 |
| Cleaning | - | 113 | 113 | 112 |
| Rent and rates | - | 56 | 56 | 54 |
| Heat, light and water | - | 206 | 206 | 189 |
| Insurance | - | 55 | 55 | 52 |
| Security | - | 20 | 20 | 19 |
| Transport | - | 11 | 11 | 17 |
| Catering | - | 69 | 69 | 65 |
| Technology costs | - | 117 | 117 | 108 |
| Bank Interest and charges | 2 | - | 2 | 1 |
| Other support costs | <u>2</u> | <u>227</u> | <u>229</u> | <u>155</u> |
| | 4 | <u>3,076</u> | <u>3,080</u> | <u>3,016</u> |
| | | | <u>7,324</u> | <u>7,331</u> |
| | | | 2013 £000 | 2012 £000 |

8. GOVERNANCE COSTS

| | | |
|-------------------------------|------------------|-----------|
| Legal and professional fees | 6 | 3 |
| Audit and accountancy fees | 12 | 9 |
| Governors reimbursed expenses | <u>1</u> | <u>4</u> |
| | <u>19</u> | <u>16</u> |

QUAERERE ACADEMY TRUST
Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

9. STAFF COSTS

The average number of persons (including senior management team) employed by the Academy during the year ended 31st August 2013 expressed as full time equivalents was as follows.

| | 2013 | 2012 |
|-------------------------------------|---------------------|---------------------|
| | Number | Number |
| <i>Charitable Activities</i> | | |
| Teachers | 75 | 74 |
| Administration and Support | 50 | 49 |
| Management | <u>3</u> | <u>3</u> |
| | <u>128</u> | <u>126</u> |
| | 2013 | 2012 |
| | £000 | £000 |
| <i>Staff costs comprise</i> | | |
| Wages and Salaries | 3,513 | 3,593 |
| Social security costs | 276 | 282 |
| Other pension costs | <u>434</u> | <u>448</u> |
| | <u>4,223</u> | <u>4,323</u> |
| Supply Teacher Costs | 154 | 172 |
| Compensation Payments | 64 | - |
| Redundancy | <u>3</u> | <u>-</u> |
| | <u>4,444</u> | <u>4,495</u> |

Three employees (2012: Three employees) earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the year ended 31st August 2013. The total emoluments of these employees were in the following ranges.

| | 2013 | 2012 |
|---------------------|---------------|---------------|
| | Number | Number |
| £60,001 - £70,000 | - | 1 |
| £70,001 - £80,000 | 1 | - |
| £80,001 - £90,000 | 1 | 1 |
| £110,001 - £120,000 | - | 1 |
| £120,001 - £130,000 | <u>1</u> | <u>-</u> |

Two of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme (2012: Two employees). During the year ended 31st August 2013, pension contributions for these staff amounted to £28,609 (2012: £26,007). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £6,957 (2012: £6,382).

QUAERERE ACADEMY TRUST **Year ended 31 August 2013**

NOTES TO THE FINANCIAL STATEMENTS

10. GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of trustees remuneration was as follows:

| | 2013 | 2012 |
|--|----------|----------|
| Mrs C J S Badyal (Principal) | | |
| £135,001 - £140,000 (2012 £135,001 - £140,000) | <u>1</u> | <u>1</u> |

During the year ended 31st August 2013, travel and subsistence expenses totalling £1,290 (2012: £3,543) were reimbursed to 3 governors.

Interests in transactions

Mr D W Pope, a governor, is paid as a consultant by Q3 Academy in the capacity of his continuing role as Sponsors representative. Q3 Academy made payments amounting to £13,774 during the year (2011/12: £13,625). The services were provided to the Academy at an arm's length value and the appointment was made in accordance with the Memorandum and Articles of Association of the Trust.

11. SURPLUS FOR THE FINANCIAL PERIOD

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Surplus for the financial period is stated after charging: | | |
| Depreciation | 1,242 | 1,226 |
| Profit/(Loss) on disposal of fixed assets | 1 | - |
| Operating leases | 58 | 50 |
| Auditors remuneration for audit services | <u>10</u> | <u>9</u> |

QUAERERE ACADEMY TRUST
Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

12. TANGIBLE FIXED ASSETS

| | Furniture & equipment £000 | Computer equipment & software £000 | Long leasehold Buildings £000 | Total £000 |
|------------------------|----------------------------------|---|--|---------------|
| Cost | | | | |
| At 1 September 2012 | 1,830 | 1,931 | 28,921 | 32,682 |
| Additions | 20 | 46 | 56 | 122 |
| Disposals | - | (20) | (1) | (21) |
| At 31 August 2013 | 1,850 | 1,957 | 28,976 | 32,783 |
| Depreciation | | | | |
| At 1 September 2012 | 359 | 728 | 858 | 1,945 |
| Charged in year | 185 | 478 | 579 | 1,242 |
| Disposals | - | (12) | - | (12) |
| At 31 August 2013 | 544 | 1,194 | 1,437 | 3,175 |
| Net book values | | | | |
| At 31 August 2013 | 1,306 | 763 | 27,539 | 29,608 |
| At 31 August 2012 | 1,471 | 1,203 | 28,063 | 30,737 |

The above net book value at 31st August 2013 represents fixed assets used for:

| | Furniture & equipment £000 | Computer equipment & software £000 | Long leasehold buildings £000 | 2013 Total £000 | 2012 Total £000 |
|-----------------------|----------------------------------|---|--|-----------------------|-----------------------|
| Educational provision | 1,306 | 763 | 27,539 | 29,608 | 30,737 |
| Support Services | - | - | - | - | - |
| | 1,306 | 763 | 27,539 | 29,608 | 30,737 |

Source of funding for assets acquired (cumulative to date)

| | 2013 £000 | 2012 £000 |
|--|---------------|---------------|
| DfE grants | 30,783 | 30,682 |
| Sponsorship | 2,000 | 2,000 |
| Cost of fixed assets at 31st August 2013 | 32,783 | 32,682 |
| Less: Accumulated depreciation | (3,175) | (1,945) |
| Net book value of fixed assets at 31st August 2013 | 29,608 | 30,737 |

QUAERERE ACADEMY TRUST **Year ended 31 August 2013**

NOTES TO THE FINANCIAL STATEMENTS

12. TANGIBLE FIXED ASSETS (Continued)

The Academy has been granted a 125 year lease in respect of the land and buildings. It is therefore considered that the building will be held by the Academy for substantially the majority of its useful life and that substantially all the risks and rewards of ownership have been transferred to the Academy. On this basis the new Academy building has been brought into the financial statements at the cost suffered.

The land for the Academy building has been valued at a nominal £1 taking into account the restrictions on the use of the land by the Trust.

| | 2013 £000 | 2012 £000 |
|------------------|----------------------------|-----------------|
| 13. STOCK | | |
| Catering Stock | 5 | 2 |
| Uniforms | <u>6</u> | <u>-</u> |
| | <u>11</u> | <u>2</u> |

| | 2013 £000 | 2012 £000 |
|-----------------------------|----------------------------|-------------------|
| 14. DEBTORS | | |
| Trade Debtors | - | - |
| Prepayments | 156 | 127 |
| Accrued Income | 60 | - |
| VAT recoverable | 78 | 112 |
| Sundry Debtors | - | 8 |
| Amounts due from subsidiary | <u>9</u> | <u>-</u> |
| | <u>303</u> | <u>247</u> |

| | 2013 £000 | 2012 £000 |
|--|----------------------------|-------------------|
| 15. CREDITORS:AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
| Trade creditors | 173 | 244 |
| Taxation and social security | 141 | 141 |
| Other creditors | 32 | 40 |
| Accruals and deferred income | <u>99</u> | <u>77</u> |
| | <u>445</u> | <u>502</u> |

QUAERERE ACADEMY TRUST
Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

16. FUNDS

| | Balance at 31 st August 2012 £000 | Incoming Resources £000 | Resources expended £000 | Transfers And Other Gains/(Losses) £000 | Balance at 31 st August 2013 £000 |
|---|--|-------------------------------|-------------------------------|--|--|
| Restricted General Funds | | | | | |
| General Annual Grant | 421 | 5,713 | (5,637) | - | 497 |
| Other DfE Grants | - | 408 | (408) | - | - |
| Pension reserve | <u>(306)</u> | <u>-</u> | <u>(52)</u> | <u>55</u> | <u>(303)</u> |
| Total Restricted General Funds | <u>115</u> | <u>6,121</u> | <u>(6,097)</u> | <u>55</u> | <u>194</u> |
| Restricted Fixed Asset Funds | | | | | |
| DfE Grants | 28,663 | 25 | (1,219) | - | 27,469 |
| Capital Expenditure from GAG | 163 | - | (23) | - | 140 |
| Private Sector Capital Sponsorship | <u>2,017</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,017</u> |
| Total Restricted Fixed Asset Funds | <u>30,843</u> | <u>25</u> | <u>(1,242)</u> | <u>-</u> | <u>29,626</u> |
| Total restricted funds | <u>30,958</u> | <u>6,146</u> | <u>(7,339)</u> | <u>55</u> | <u>29,820</u> |
| Unrestricted Funds | | | | | |
| Unrestricted Funds | <u>408</u> | <u>63</u> | <u>(5)</u> | <u>-</u> | <u>466</u> |
| Total unrestricted Funds | <u>408</u> | <u>63</u> | <u>(5)</u> | <u>-</u> | <u>466</u> |
| Total Funds | <u>31,366</u> | <u>6,209</u> | <u>(7,344)</u> | <u>55</u> | <u>30,286</u> |

Notes

- Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded.
- Restricted fixed assets were funded by government grants or sponsors.
- Transfers and other gains and losses related to the transfer of the pensions reserve from unrestricted funds.

QUAERERE ACADEMY TRUST **Year ended 31 August 2013**

NOTES TO THE FINANCIAL STATEMENTS

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | 2013 Total £000 | 2012 Total £000 |
|-----------------------|-------------------------------|--|--|-----------------------|-----------------------|
| Tangible fixed assets | - | - | 29,608 | 29,608 | 30,737 |
| Current assets | 466 | 939 | 21 | 1,426 | 1,437 |
| Current liabilities | - | (442) | (3) | (445) | (502) |
| Pension liability | - | (303) | - | (303) | (306) |
| | <u>466</u> | <u>194</u> | <u>29,626</u> | <u>30,286</u> | <u>31,366</u> |

18. CAPITAL COMMITMENTS

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Contracted for but not provided in the financial statements | - | - |
| Authorised by governors but not contracted for | <u>-</u> | <u>-</u> |

19. OPERATING LEASES

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

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Land and buildings | | |
| Expiring within one year | - | - |
| Expiring within two and five years inclusive | - | - |
| Expiring in over five years | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |
| Other | | |
| Expiring within one year | 25 | - |
| Expiring within two and five years inclusive | 22 | 47 |
| Expiring in over five years | <u>-</u> | <u>-</u> |
| | <u>47</u> | <u>47</u> |

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

20. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the Academy is required either to reinvest the proceeds or to repay to the Secretary of State 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.
- 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. PENSION COMMITMENTS

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the exchequer under arrangements governed by the above Act.

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

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

21. PENSION COMMITMENTS

Teachers' Pension Scheme (Continued)

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

The last valuation of the TPS related to the period 1 April 2011 – 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently 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 the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent of assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

21. PENSION COMMITMENTS (Continued)

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 and the implications for the academy in terms of the anticipated contributions rates.

Local Government Pension Scheme ("LGPS")

The support staff are members of the LGPS providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Charitable Company.

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 17 July 2013.

The contribution for the year was £65k (2012: £70k).

The amounts recognised in the balance sheet are as follows:

| | 2013 £000 | 2012 £000 |
|-------------------------------------|---------------------|---------------------|
| Present value of funded obligations | (1,717) | (1,497) |
| Fair value of plan assets | <u>1,414</u> | <u>1,191</u> |
| Deficit | <u>(303)</u> | <u>(306)</u> |
| Amounts recognised as: | | |
| Liabilities | (303) | (306) |
| Assets | - | - |
| Net amount recognised | <u>(303)</u> | <u>(306)</u> |

Changes in the present value of the defined benefit obligation are as follows:

| | 2013 £000 | 2012 £000 |
|--|---------------------|---------------------|
| Opening defined benefit obligation | 1,497 | 1,245 |
| Current service cost | 116 | 121 |
| Interest cost | 74 | 71 |
| Member contributions | 41 | 44 |
| Benefits paid | (11) | (3) |
| Actuarial (gains)/losses | - | 19 |
| Benefit obligation at end of year | <u>1,717</u> | <u>1,497</u> |

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

21. PENSION COMMITMENTS (Continued)

Changes in the fair value of the scheme assets are as follows:

| | 2013 £000 | 2012 £000 |
|---|---------------------|---------------------|
| Opening fair value of scheme assets | 1,191 | 1,003 |
| Expected return on scheme assets | 73 | 69 |
| Actuarial gains/ (losses) | 55 | 8 |
| Employer contributions | 65 | 70 |
| Member contributions | 41 | 44 |
| Benefits paid | (11) | (3) |
| Fair value of scheme assets at end of year | <u>1,414</u> | <u>1,191</u> |

The amounts included within the Statement of Financial Activities are as follows:

| | 2013 £000 | 2012 £000 |
|--|-------------------|-------------------|
| Current service cost | 116 | 121 |
| Interest cost | 74 | 71 |
| Expected return on plan assets | (73) | (69) |
| Effects of prior years | - | - |
| Total amount charged within net incoming resources | <u>117</u> | <u>123</u> |
| Actuarial (gains)/losses | (55) | 11 |
| Total amount charged to the Statement of Financial Activities | <u>62</u> | <u>134</u> |

The cumulative total recognised actuarial gains figure is £55k (2012: £170k.)

The weighted- average asset allocation at the year end was as follows:

| Asset category | Expected rate of return | Plan assets at 31/08/2013 £000 | Expected rate of return | Plan assets at 31/08/2012 £000 |
|--------------------|-------------------------------|---|-------------------------------|---|
| Equities | 7.00% | 600 | 7.00% | 648 |
| Government bonds | 3.40% | 119 | 2.50% | 110 |
| Other bonds | 4.40% | 158 | 3.40% | 118 |
| Property | 5.70% | 123 | 6.00% | 120 |
| Cash/liquidity | 0.50% | 58 | 0.50% | 19 |
| Other | 7.00% | 356 | 7.00% | 176 |
| Expenses Deduction | 0.14% | - | 0.14% | - |
| | | <u>1,414</u> | <u>5.89%</u> | <u>1,191</u> |

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

21. PENSION COMMITMENTS (Continued)

To develop the expected long term rate of return on assets assumption, the employer considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. This resulted in the selection of the following assumptions.

| | 2013 | 2012 |
|--|-------------------|------------------|
| | £000 | £000 |
| The actual return on the scheme assets in the year | <u>128</u> | <u>76</u> |

Weighted average assumptions used to determine benefit obligations at the year end.

| | 2013 | 2012 |
|-------------------------------|--------------|-------------|
| Discount rate | 4.80% | 4.70% |
| Rate of compensation increase | 4.25% | 4.15% |
| Rate of pension increase | 2.50% | 2.40% |
| Inflation assumption | 2.50% | 2.40% |

Life expectancies from age 65:

| | 2013 | 2012 |
|----------------------|-------------|-------------|
| Retiring today | | |
| Males | 22.1 | 22.0 |
| Females | 24.8 | 24.7 |
| Retiring in 20 years | | |
| Males | 23.9 | 23.8 |
| Females | 26.7 | 26.6 |

QUAERERE ACADEMY TRUST

Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

21. PENSION COMMITMENTS (Continued)

| History | Financial year ending in 2013 £000 | Financial year ending in 2012 £000 | Financial year ending in 2011 £000 | Financial year ending in 2010 £000 |
|---|--|--|--|--|
| Benefit obligation at end of year | (1,717) | (1,497) | (1,245) | (1,283) |
| Fair value of plan assets at end of year | <u>1,414</u> | <u>1,191</u> | <u>1,003</u> | <u>825</u> |
| Surplus/ (deficit) | <u>(303)</u> | <u>(306)</u> | <u>(242)</u> | <u>(458)</u> |
| Difference between expected and actual return on scheme assets: | | | | |
| | 2013 | 2012 | 2011 | 2010 |
| Amount (£000) | 55 | 7 | 23 | 33 |
| Percentage of scheme assets | 3.9% | 0.6% | 2.2% | 4.0% |
| Experience gains and losses on scheme liabilities: | | | | |
| Amount (£000) | 55 | 8 | 75 | - |
| Percentage of scheme liabilities | 3.2% | 0.5% | 6.0% | 0.0% |
| Total amount recognised in statement of total recognised gains and losses | | | | |
| Amount (£000) | 55 | (11) | 293 | (137) |
| Percentage of scheme liabilities | 3.2% | (0.7%) | 23.5% | (10.7%) |

Contributions

The employer expects to contribute £65k in the year to 31 August 2014.

22. RELATED PARTIES

Mr E Payne OBE and Mr R B M Quayle are both trustees of the Grace Charitable Trust which provided sponsorship of £nil (2012: £Nil) to the Charitable Company in the year.

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

Quaerere Academy Trading Limited– a wholly owned subsidiary company of Quaerere Academy Trust.

Transactions totalling £27,867 (2012: £nil), relating to the salary and occupancy costs incurred on behalf of the lettings business were recharged to Quaerere Academy Trading Limited by the Trust during the year. There was an outstanding balance due to the Trust at 31 August 2013 of £9,173 (2012: £nil).

QUAERERE ACADEMY TRUST **Year ended 31 August 2013**

NOTES TO THE FINANCIAL STATEMENTS

23. SUBSIDIARY UNDERTAKINGS

| Name | Share Capital | Holding |
|--|----------------------|----------------|
| Quaerere Academy Trading Company Limited | 1 £1 ordinary share | 100% |

The aggregate amount of the share capital and reserves as at 31 December 2013 and of the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

| Name | Aggregate of share capital and reserves | Profit/(Loss) |
|--|--|----------------------|
| | £ | £ |
| Quaerere Academy Trading Company Limited | 1 | - |

Quaerere Academy Trading Company Limited was incorporated in the UK.

24. MEMBERS LIABILITIES

Every member of the charitable company undertakes to contribute such amount as may be required (such amount not exceeding £10) to the assets of the company in the event of it being wound up while he or she is a member or within one year after he or she ceases to be a member, for the payment of the Trusts debts and liabilities before he or she ceases to be a member and of the costs charges and expenses of winding up and for the adjustment of the rights of contributories amongst themselves.

25. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000k on any one claim and the cost for the year ended 31 August 2013 was £869 (2012: £869).

26. CONTROLLING PARTY

The members of the Academy are nominated by the Grace Charitable Trust and the members then appoint the governors.

However, the results of the Academy are not consolidated within the financial statements of the Grace Charitable Trust as the Trust does not have significant influence over its finances which are mainly provided under contracts with the DfE.

QUAERERE ACADEMY TRUST
Year ended 31 August 2013

NOTES TO THE FINANCIAL STATEMENTS

| | 2013 £000 | 2012 £000 |
|---|----------------------------|--------------------------|
| 27. RECONCILIATION OF NET SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES | | |
| (Deficit)/surplus on continuing operations after depreciation of assets at valuation | (1,135) | (817) |
| Depreciation (note 12) | 1,242 | 1,226 |
| Capital grants from DfE and other capital income | (25) | (363) |
| Interest receivable (note 4) | (29) | (7) |
| FRS 17 pension cost less contributions payable (note 20) | 51 | 51 |
| FRS 17 pension finance income (note 20) | 1 | 2 |
| (Increase)/decrease in stocks | (9) | 2 |
| (Increase)/decrease in debtors | (56) | 253 |
| Increase/(decrease) in creditors | <u>24</u> | <u>(212)</u> |
| Net cash inflow from operating activities | <u><u>64</u></u> | <u><u>135</u></u> |

QUAERERE ACADEMY TRUST **Year ended 31 August 2013**

DETAILED INCOME AND EXPENDITURE ACCOUNT

This page does not form part of the statutory financial statements.

| Income | 2013 £000 | 2012 £000 |
|-----------------------------------|----------------------|----------------------|
| GENERAL ANNUAL GRANT | <u>5,713</u> | <u>5,000</u> |
| DfE CAPITAL GRANTS | <u>25</u> | <u>346</u> |
| OTHER DfE GRANTS | | |
| Mainstreamed Grants | - | 859 |
| Standards Fund | - | - |
| Other DfE | <u>408</u> | <u>236</u> |
| | <u>408</u> | <u>1,095</u> |
| VOLUNTARY INCOME | | |
| Sodexo | - | - |
| Donations | - | 18 |
| School Fund | <u>1</u> | <u>1</u> |
| | <u>1</u> | <u>19</u> |
| PRIVATE SECTOR SPONSORSHIP | | |
| Fixed Asset funding | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |
| OTHER INCOME | | |
| Hire of Facilities | 1 | 24 |
| Interest Receivable | 29 | 7 |
| Sundry Income | <u>32</u> | <u>45</u> |
| | <u>62</u> | <u>76</u> |
| TOTAL INCOME | <u>6,209</u> | <u>6,536</u> |

QUAERERE ACADEMY TRUST
Year ended 31 August 2013

| Expenditure | 2013 £000 | 2012 £000 |
|--|----------------------|----------------------|
| GENERAL ANNUAL GRANT EXPENDITURE | | |
| Staff Costs | | |
| Teaching | 3,155 | 3,031 |
| Educational Support | 51 | 42 |
| IT | 131 | 127 |
| Premises | 128 | 120 |
| Admin and Clerical | 561 | 420 |
| Other | 48 | 24 |
| Total GAG staff costs | <u>4,074</u> | <u>3,764</u> |
| Maintenance of Premises | | |
| Building maintenance | 49 | 44 |
| Ground maintenance | 38 | 37 |
| | <u>87</u> | <u>81</u> |
| Other Occupancy Costs | | |
| Cleaning | 113 | 112 |
| Water | 13 | 15 |
| Refuse Collection | 7 | 7 |
| Fuel | 193 | 174 |
| Rates | 56 | 54 |
| Insurance | 55 | 52 |
| Security | 20 | 19 |
| Health and Safety | 11 | 16 |
| Other | 166 | 88 |
| | <u>634</u> | <u>537</u> |
| Educational Supplies and Services | | |
| Books and Equipment | 46 | 40 |
| Stationery and Materials | 5 | 7 |
| Photocopying | 31 | 41 |
| Transport | 11 | 12 |
| Examination Fees | 137 | 141 |
| Other | 312 | 131 |
| | <u>542</u> | <u>372</u> |
| Other Supplies and Services | | |
| Catering | 57 | 55 |
| Legal and Professional Fees | 17 | 16 |
| Auditors Remuneration | 12 | 9 |
| HR services | 8 | 8 |
| Pupil recruitment | 13 | 17 |
| Pupil support | 63 | 85 |
| Other | 13 | 9 |
| | <u>183</u> | <u>190</u> |

QUAERERE ACADEMY TRUST
Year ended 31 August 2013

| | 2013 | 2012 |
|--|---------------------------|-------------------------|
| | £000 | £000 |
| Technology Costs (not capitalised) | | |
| Software | 42 | 27 |
| Consumables | <u>75</u> | <u>80</u> |
| | <u>117</u> | <u>107</u> |
| TOTAL GAG EXPENDITURE | <u>5,637</u> | <u>5,051</u> |
| OTHER DfE GRANT RELATED EXPENDITURE | | |
| Staff costs | 408 | 748 |
| Educational Supplies | - | 148 |
| Technology Costs | - | - |
| Legal and professional | - | - |
| Staff Development | - | 36 |
| Transport Costs | - | - |
| Other costs | - | 85 |
| | <u>408</u> | <u>1,017</u> |
| OTHER EXPENDITURE | | |
| Staff costs | - | - |
| Educational Supplies | 1 | - |
| Occupancy Costs | 3 | 5 |
| Bank Interest | <u>1</u> | <u>1</u> |
| | <u>5</u> | <u>6</u> |
| DEPRECIATION | <u>1,242</u> | <u>1,226</u> |
| TOTAL EXPENDITURE | <u>7,292</u> | <u>7,300</u> |
| SURPLUS FOR THE YEAR PRE FRS 17 | (1,083) | (764) |
| FRS17 Expense | <u>(52)</u> | <u>(53)</u> |
| NET SURPLUS FOR THE YEAR | <u>(1,135)</u> | <u>(817)</u> |