

THE FREE SCHOOL NORWICH

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2012

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THE FREE SCHOOL NORWICH
(A company limited by guarantee)

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THE FREE SCHOOL NORWICH
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2012**

Governors

S Dunnill
P Howe (resigned 9 January 2012)
A Little
R Margand
S Sands (resigned 24 February 2012)
S Starr (resigned 22 November 2011)
D Webster
P Wnght (resigned 12 October 2012)
T Sidney-Roberts
P Bourgeois (appointed 23 January 2012)
E Collier (appointed 23 January 2012)
P Tapping (appointed 23 January 2012)
D Ghimire (appointed 23 January 2012)
D Hill (appointed 23 January 2012, resigned 7 September 2012)
L Lee (appointed 23 January 2012)
C Woodhouse (appointed 30 May 2012)

Company registered number

07408229

Registered office

Kings House, 15 Surrey Street, Norwich, Norfolk, NR1 3NX

Company secretary

R Margand

Principal

T Sidney Roberts

Senior Management Team

D Webster, Vice Principal
P Weeks, Bursar

Auditors

Larking Gowen, King Street House, 15 Upper King Street, Norwich, NR3 1RB

Bankers

Lloyds TSB Commercial, 16 Gentleman's Walk, Norwich, Norfolk, NR2 1LZ

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2012

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Free School Norwich (the school) for the year ended 31 August 2012. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. CONSTITUTION

The school is a charitable company limited by guarantee and was set up by a Memorandum of Association on 14/10/2010.

The principal object of the school is specifically restricted to the following: 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, managing and developing a school offering a broad and balanced curriculum.

b. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The management of the school is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

c. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

Governors are appointed under the Articles. The number of Governors shall not be less than three but is not subject to any maximum. The Academy Trust shall have the following Governors:

- Up to six Governors appointed by Members
- Up to One Local Authority Governor
- Up to four staff Governors (The number of Staff Governors should not exceed one third of the total number of Governors)
- A minimum of two Parent Governors
- Up to three Co-opted Governors appointed by existing non co-opted Governors
- The Principal
- Any additional Governors appointed by the Secretary of State

Prospective Governors are invited to apply in writing, with the application being subject to a formal review prior to any appointment.

All Governors give a written undertaking to uphold the object of the Academy Trust. All Governors receive a welcome pack and a personal briefing. Documents relating to contemporary developments are circulated, when available, to Governors together with the handbook for training and support offered by the LA. Governors are offered and encouraged to take part in training which is arranged to suit individual as well as group requirements.

All Governors give of their time freely and no remuneration was paid in the period for their role as a governor.

THE FREE SCHOOL NORWICH
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2012

d. ORGANISATIONAL STRUCTURE

The Governors determine the general policy of the school. The day to day management of the school is delegated to the Headteacher under a scheme of delegation. The Full Governing Body meets 6 weekly under the chairmanship of Mr R Margand.

e. RISK MANAGEMENT

The Governors have assessed the major risks to which the school is exposed, in particular those related to the operations and finances of the school, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

The school has a comprehensive Risk Management Plan which identifies the main risks to the school and the methods and strategies employed to mitigate those risks. The Governors review the plan and the controls in place on an annual basis.

Objectives and Activities

a. OBJECTS AND AIMS

The object of the school is to advance for public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The Free School Norwich welcomes primary aged children of all abilities, faiths, social and cultural backgrounds.

The school aims to:

- Provide a truly broad and balanced primary school education for children.
 - Enable children to identify and develop their individual strengths and interests so that they can achieve their potential in life.
 - Help increase the economic well-being of children by enabling their parents to work.
- The ethos of The Free School Norwich is 'Opportunity and Achievement for All'.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The Free School Norwich is a primary school for children aged 4 - 11 years old. It is housed in Kings House, a Grade II listed Georgian house located in central Norwich, close to all public transport services.

The school is fully modernised and adapted for use as a primary school, whilst retaining many of its original Georgian features. A purpose-designed, children's play garden is situated at the rear of Kings House. The garden has a wooded area, play house, children's vegetable plot, hard playground and a specialist early years playground with a canopied area for outdoor activities in all weathers.

The Free School Norwich year comprises of six terms, with a two week holiday between each and a four week holiday in August. Our terms are named Harvest, Christmas, Winter, Spring, Whitsun and Summer.

Squirrels Extended School will be open for use by working parents for six days a week during term time and throughout the school holiday periods. The school is closed on Bank Holidays and for one week at Christmas.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2012

The Free School Norwich actively promotes the use of public transport to help reduce city centre traffic congestion. Our convenient location enables parents to use public transport to travel easily to the school and their place of work in Norwich. The school also provides a free Pedal and Park service for families who wish to cycle to school and work.

c. PUBLIC BENEFIT

The Governors recognise their charitable responsibilities for the advancement of education as described in the Charity Commission's Statement of Recommended Practice. They have also considered public benefit guidance issued by the Charity Commission. The Governors have recorded in this report the activities carried out by the school in furtherance of the charitable purposes for the public benefit.

Achievements and performance

a. GOING CONCERN

After making appropriate enquiries, the governing body has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. REVIEW OF ACTIVITIES

The focus for the period under review was successfully applying to establishing a Free School in Norwich in budget. This was successfully achieved with a small unrestricted surplus of £11,701 which added to unrestricted funds brought forward the school has unrestricted reserves carried forward of £25,634. The school has free reserves of £14,669.

Financial review

a. RESERVES POLICY

In its initial year the Free School has not formalised a Reserves Policy. The Governors have reviewed the level of free reserves it wishes to hold. In reaching this decision the Governors were mindful of:

- The need to spend funds in the year of receipt or subsequently. This entails holding appropriate reserves.
- The need to show a level of prudence and good financial planning to cover the unexpected and unplanned so that the academy's primary object is preserved under unforeseen circumstances.

THE FREE SCHOOL NORWICH
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2012

Plans for the future

a. FUTURE DEVELOPMENTS

The Governors will continue to pursue the aims and objects of the school according to the prevailing circumstances. This is underpinned by the school Development Plan. Governors will continue to focus on:

- Developing educational facilities at the school within the constraints of current and predicted funding levels
- Establishing the school in the local community and developing links not only with the local community but by supporting the wider education community in the area
- Seeking ways to develop the academic achievements of the school by a continuous drive for improvement

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Governors 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 auditors are 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 auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information

This report was approved by order of the members of the governing body on 23/01/13 and signed on its behalf by:



R Margand
Governor

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As governor, we acknowledge we have overall responsibility for ensuring that The Free School Norwich 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 The Free School Norwich 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 Governors' responsibilities statement. The governing body has formally met 6 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
S Dunnill	3	6
P Howe	1	5
A Little	5	6
R Margand	5	6
S Sands	2	3
S Starr	0	1
D Webster	6	6
P Wright	2	6
T Sidney-Roberts	5	6
P Bourgeois	3	5
E Collier	4	4
P Tapping	4	4
D Ghimire	3	4
D Hill	3	5
L Lee	3	4
C Woodhouse	2	3

The Finance Committee is a sub-group of the main Governing Body. Its purpose is to review finances and approve the formal budget each financial year. The permanent members of this Committee are T Sidney-Roberts, C Woodhouse and the Bursar P Weeks. Other Governors attend specific meetings as and when required.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
T Sidney-Roberts	1	1
C Woodhouse	1	1

THE FREE SCHOOL NORWICH
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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Free School Norwich for the year ended 31 August 2012 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 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 ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (as set 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 during the period. However, consultation is underway to consider the process for implementing a meaningful system of testing the controls that address the risks (financial or otherwise) faced by the school. This will involve establishing a committee of governors with sufficient expertise to be able to direct this function once established.

THE FREE SCHOOL NORWICH
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GOVERNANCE STATEMENT (continued)

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 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 23/01/13 and signed on their behalf, by


R. Margand
Governor

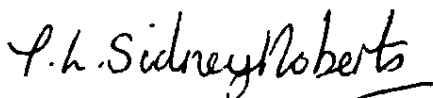
THE FREE SCHOOL NORWICH
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting officer of The Free School Norwich I have considered my responsibility to notify the academy 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook

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

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



T Sidney-Roberts
Accounting officer

THE FREE SCHOOL NORWICH
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GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012

The Governors (who act as trustees for charitable activities of The Free School Norwich 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform 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 and signed on its behalf by


R Margand
Governor

Date: 23/01/13

THE FREE SCHOOL NORWICH
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FREE SCHOOL NORWICH

We have audited the financial statements of The Free School Norwich for the year ended 31 August 2012 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements.

- give a true and fair view of the state of the academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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.

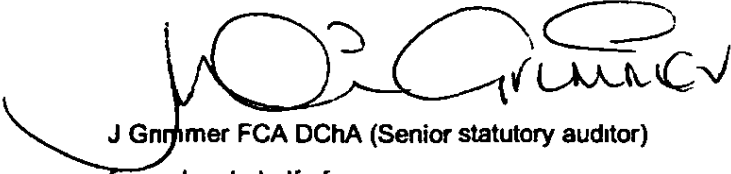
THE FREE SCHOOL NORWICH
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FREE SCHOOL NORWICH

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



J Gimmer FCA DChA (Senior statutory auditor)

for and on behalf of

Larking Gowen

Chartered Accountants
Statutory Auditors

Norwich

Date 29 January 2013

THE FREE SCHOOL NORWICH
(A company limited by guarantee)

**INDEPENDENT AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE FREE SCHOOL
NORWICH AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 15 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 The Free School Norwich during the year 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Free School Norwich and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Free School Norwich 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 Free School Norwich and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE FREE SCHOOL NORWICH'S ACCOUNTING OFFICER AND
THE AUDITORS**

The Accounting officer is responsible, under the requirements of The Free School Norwich's funding agreement with the Secretary of State for Education dated 19 April 2011, and the Academies Financial Handbook as published by DfES in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 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 year 1 September 2011 to 31 August 2012 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. Accordingly, we do not express a positive opinion.

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

In planning and conducting our regularity assurance work, we had due regard to other relevant professional guidance including ICAEW Technical Release TECH 08/12AAF "Regularity Reporting for Academies 2011-12: Guidance".

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**INDEPENDENT AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE FREE SCHOOL
NORWICH AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Larking Gowen
Chartered Accountants
Statutory Auditors

Norwich

Date 29 January 2013

THE FREE SCHOOL NORWICH
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STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £	Total funds 2011 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income		9,755	-	-	9,755	3,010
Activities for generating funds	3	15,644	-	-	15,644	-
Investment income	4	48	1,000	-	1,048	-
Incoming resources from charitable activities	5	31,174	662,159	-	693,333	1,031,772
Other incoming resources		2,025	-	-	2,025	-
TOTAL INCOMING RESOURCES		58,646	663,159	-	721,805	1,034,782
RESOURCES EXPENDED						
Charitable activities	6	24,965	680,259	69,987	775,211	95,682
Governance costs	7	-	8,502	-	8,502	14,586
TOTAL RESOURCES EXPENDED		24,965	688,761	69,987	783,713	110,268
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS, CARRIED FORWARD		33,681	(25,602)	(69,987)	(61,908)	924,514

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STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £	Total funds 2011 £
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS, BROUGHT FORWARD		33,681	(25,602)	(69,987)	(61,908)	924,514
Transfers between Funds	17	(21,980)	21,980	-	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		11,701	(3,622)	(69,987)	(61,908)	924,514
Actuarial gains and losses on defined benefit pension schemes		-	(14,000)	-	(14,000)	-
NET MOVEMENT IN FUNDS FOR THE YEAR		11,701	(17,622)	(69,987)	(75,908)	924,514
<i>Total funds at 1 September 2011</i>		13,933	1,622	908,959	924,514	-
TOTAL FUNDS AT 31 AUGUST 2012		25,634	(16,000)	838,972	848,606	924,514

All activities relate to continuing operations

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

The notes on pages 19 to 35 form part of these financial statements.

THE FREE SCHOOL NORWICH
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BALANCE SHEET
AS AT 31 AUGUST 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	14		849,938		910,581
CURRENT ASSETS					
Debtors	15	26,029		73,184	
Cash at bank		25,214		3,979	
		<u>51,243</u>		<u>77,163</u>	
CREDITORS: amounts falling due within one year	16	(36,575)		(63,230)	
NET CURRENT ASSETS			<u>14,668</u>		<u>13,933</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>864,606</u>		<u>924,514</u>
Defined benefit pension scheme liability	22	(16,000)			-
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>848,606</u></u>		<u><u>924,514</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	17	-		1,622	
Restricted fixed asset funds	17	838,972		908,959	
		<u>838,972</u>		<u>910,581</u>	
Restricted funds excluding pension liability					
Pension reserve		(16,000)		-	
		<u></u>		<u></u>	
Total restricted funds			822,972		910,581
Unrestricted funds	17		25,634		13,933
TOTAL FUNDS			<u><u>848,606</u></u>		<u><u>924,514</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 23 January 2013 and are signed on their behalf, by:


R Margand

The notes on pages 19 to 35 form part of these financial statements.

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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	19	32,094	3,979
Returns on investments and servicing of finance	20	1,048	-
Capital expenditure and financial investment	20	(11,907)	-
INCREASE IN CASH IN THE YEAR		21,235	3,979

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2012**

	2012 £	2011 £
Increase in cash in the year	21,235	3,979
MOVEMENT IN NET FUNDS IN THE YEAR	21,235	3,979
Net funds at 1 September 2011	3,979	-
NET FUNDS AT 31 AUGUST 2012	25,214	3,979

The notes on pages 19 to 35 form part of these financial statements

THE FREE SCHOOL NORWICH
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2006. The 2011 comparative figures represent the short accounting period spanning from the company's incorporation on 14 October 2010, to the period end of 31 August 2011.

1.2 Company status

The school is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the school being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

1.3 Fund accounting

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

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

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

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

1.4 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES (continued)

1.5 Resources expended

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.6 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.

1.7 Turnover

Turnover comprises revenue recognised by the academy in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.8 Tangible fixed assets and depreciation

All assets costing more than £200 are capitalised.

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

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

S/Term Leasehold Property	-	4% (25yrs) Straight line
Fixtures & fittings	-	20% (5yrs) Straight line
Computer equipment	-	33% (3yrs) Straight line

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1. ACCOUNTING POLICIES (continued)

1.9 Taxation

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

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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2. GENERAL ANNUAL GRANT (GAG)

	2012 £
Result and Carry Forward for the Year	
GAG Allocation for current year	633,592
Total GAG Available to spend	633,592
Recurrent expenditure from GAG	(633,592)
GAG Carried forward to next year	-
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(76,031)
GAG to surrender to DfE	(76,031)
(12% rule breached if result is positive)	No breach 2011 £
Result and Carry Forward for the Year	
GAG Allocation for current year	-
Total GAG Available to spend	-
Recurrent expenditure from GAG	-
GAG Carried forward to next year	-
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	-
GAG to surrender to DfE	-
(12% rule breached if result is positive)	No breach

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Other incoming resources				
Catering income	9,193	-	9,193	-
Other income	6,451	-	6,451	-
Total	15,644	-	15,644	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

4. INVESTMENT INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Interest received on cash balance	48	-	48	-
Pension income	-	1,000	1,000	-
	<u>48</u>	<u>1,000</u>	<u>1,048</u>	<u>-</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
School operations (see below)	-	662,159	662,159	1,031,772
Squirrels income	31,174	-	31,174	-
	<u>31,174</u>	<u>662,159</u>	<u>693,333</u>	<u>1,031,772</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
DfE/EFA revenue grant				
General Annual Grant	-	647,924	647,924	-
Other Income	-	14,235	14,235	-
Business Case and Plan Grant	-	-	-	24,360
Capital Grants	-	-	-	908,959
Lead in Grant	-	-	-	98,453
	<u>-</u>	<u>662,159</u>	<u>662,159</u>	<u>1,031,772</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

6. EXPENDITURE BY CHARITABLE ACTIVITY

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £	Total 2011 £
School operations	316,237	72,550	361,459	750,246	95,682
Squirrels costs	21,894	-	3,071	24,965	-
	<u>338,131</u>	<u>72,550</u>	<u>364,530</u>	<u>775,211</u>	<u>95,682</u>

7. GOVERNANCE COSTS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Audit and accountancy	3,000	-	3,000	-
Wages & salaries	5,502	-	5,502	-
Producing funding agreement	-	-	-	474
Public consultation	-	-	-	2,863
Set up costs	-	-	-	7,408
Meeting attendance costs	-	-	-	3,841
Total	<u>8,502</u>	<u>-</u>	<u>8,502</u>	<u>14,586</u>

8. DIRECT COSTS

	Governance £	School operations £	Squirrels £	Total 2012 £	Total 2011 £
Premises expenditure	-	256,248	-	256,248	-
Curriculum expenditure	-	53,672	-	53,672	-
Transport expenditure	-	5,730	-	5,730	-
Squirrels expenditure	-	-	3,071	3,071	-
Admin expenditure	-	-	-	-	3,841
Other expenditure	3,000	-	-	3,000	52,723
Wages and salaries	5,502	227,574	21,894	254,970	53,704
Pension cost	-	3,000	-	3,000	-
Depreciation	-	72,550	-	72,550	-
	<u>8,502</u>	<u>618,774</u>	<u>24,965</u>	<u>652,241</u>	<u>110,268</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

9. SUPPORT COSTS

	Operation of academy £	Total 2012 £	Total 2011 £
Admin expenditure	25,490	25,490	-
Other expenditure	14,991	14,991	-
Contingency expenditure	5,328	5,328	-
Wages and salaries	85,663	85,663	-
	<u>131,472</u>	<u>131,472</u>	<u>-</u>

10. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging.

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the charity	72,549	-
Auditors' remuneration	<u>3,000</u>	<u>-</u>

During the year, no Governors received any remuneration relating to their role as Governor (2011 - £NIL) however staff Governors were remunerated for their teaching roles as set out in Note 16
3 Governors received reimbursement of expenses relating to the operation of the school amounting to £9,912 in the current year, (2011 - 4 Governors - £8,642)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

11. STAFF COSTS

Staff costs were as follows:

	2012 £	2011 £
Wages and salaries	324,752	53,704
Other pension costs (Note 22)	3,000	-
	<u>327,752</u>	<u>53,704</u>
Supply teacher costs	15,882	-
	<u>343,634</u>	<u>53,704</u>

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

	2012 No.	2011 No.
	<u>12</u>	<u>4</u>

No employee received remuneration amounting to more than £60,000 in either year

Wages and salaries break down as follows:

	2012 £	2011 £
Wages and salaries	273,837	43,269
Social security costs	19,487	2,853
Pension costs	31,428	7,582
	<u>324,752</u>	<u>53,704</u>
Total	<u>324,752</u>	<u>53,704</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

12. GOVERNORS' REMUNERATION

During the year retirement benefits were accruing to 3 Governors (2011 - NIL) in respect of defined contribution pension schemes

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 governors' remuneration was as follows

	2012	2011
D Webster, staff governor	£35k - £40k	£5k - £10k
E Collier, staff governor	£25k - £30k	-
T Sidney Roberts	£40k - £45k	£10k - £15k

13. OTHER FINANCE INCOME

	2012 £	2011 £
Expected return on pension scheme assets	6,000	-
Interest on pension scheme liabilities	(5,000)	-
	<u>1,000</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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14. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 September 2011	796,959	-	114,435	911,394
Additions	-	11,002	904	11,906
At 31 August 2012	796,959	11,002	115,339	923,300
Depreciation				
At 1 September 2011	-	-	813	813
Charge for the year	31,878	2,200	38,471	72,549
At 31 August 2012	31,878	2,200	39,284	73,362
Net book value				
At 31 August 2012	765,081	8,802	76,055	849,938
At 31 August 2011	796,959	-	113,622	910,581

15. DEBTORS

	2012 £	2011 £
Trade debtors	1,821	-
Other debtors	18,459	73,184
Prepayments and accrued income	5,749	-
	26,029	73,184

**16. CREDITORS:
Amounts falling due within one year**

	2012 £	2011 £
Trade creditors	5,388	61,953
Other creditors	22,440	1,277
Accruals and deferred income	8,747	-
	36,575	63,230

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

17. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	13,933	58,646	(24,965)	(21,980)	-	25,634
Restricted funds						
Restricted Fund - DfE/YPLA	1,622	662,159	(685,761)	21,980	-	-
Pension reserve	-	1,000	(3,000)	-	(14,000)	(16,000)
	1,622	663,159	(688,761)	21,980	(14,000)	(16,000)
Restricted fixed asset funds						
Restricted Fixed Asset Fund - DfE/YPLA capital grants	908,959	-	(69,987)	-	-	838,972
Total restricted funds	910,581	663,159	(758,748)	21,980	(14,000)	822,972
Total of funds	924,514	721,805	(783,713)	-	(14,000)	848,606

The DfE/YPLA restricted fund is used for the operational activities of the Academy. Transfers have been made from the unrestricted fund to the DfE/YPLA fund to reflect that qualifying GAG expenditure exceeded GAG income in the period

The pension reserve fund represents the Academy's defined benefit pension scheme liability

The restricted fixed asset fund represents capital funding received to acquire fixed assets

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £	Total funds 2011 £
Tangible fixed assets	10,965	-	838,972	849,937	910,581
Current assets	51,244	-	-	51,244	77,163
Creditors due within one year	(36,575)	-	-	(36,575)	(63,230)
Provisions for liabilities and charges	-	(16,000)	-	(16,000)	-
	<u>25,634</u>	<u>(16,000)</u>	<u>838,972</u>	<u>848,606</u>	<u>924,514</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Net incoming resources before revaluations	(61,908)	924,514
Returns on investments and servicing of finance	(1,048)	-
Depreciation of tangible fixed assets	72,549	813
Non-cash capital grant	-	(911,394)
Decrease/(increase) in debtors	47,156	(73,184)
(Decrease)/increase in creditors	(26,655)	63,230
FRS 17 finance income	(1,000)	-
FRS17 recognition of pension liability bought forward	3,000	-
Net cash inflow from operations	<u>32,094</u>	<u>3,979</u>

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

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	<u>1,048</u>	<u>-</u>
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(11,907)	(911,394)
Capital grants from DfE	-	911,394
Net cash outflow capital expenditure	<u>(11,907)</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

21. ANALYSIS OF CHANGES IN NET DEBT

	1 September 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand:	3,979	21,235	-	25,214
Net funds	3,979	21,235	-	25,214

22. PENSION COMMITMENTS

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

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

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

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 (including 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.

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NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (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 the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 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 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. 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 on 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.

Under the definitions set out in Financial Reporting Standard (FRS17) 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 FRS17 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 contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £15,000, of which employer's contributions totalled £11,000.

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

The amounts recognised in the Balance sheet are as follows

	2012 £	2011 £
Present value of funded obligations	(94,000)	-
Fair value of scheme assets	78,000	-
Net liability	<u>(16,000)</u>	<u>-</u>

The amounts recognised in the Statement of financial activities are as follows.

	2012 £	2011 £
Interest on obligation	(5,000)	-
Expected return on scheme assets	6,000	-
Recognition of opening liability	(3,000)	-
Total	<u>(2,000)</u>	<u>-</u>

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

	2012 £	2011 £
Interest cost	5,000	-
Contributions by scheme participants	4,000	-
Actuall Losses	15,000	-
Current service cost	11,000	-
Recognition of opening obligation	59,000	-
Closing defined benefit obligation	<u>94,000</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

	2012 £	2011 £
Expected return on assets	6,000	-
Actuarial gains and (losses)	1,000	-
Contributions by employer	11,000	-
Contributions by employees	4,000	-
Recognition of opening assets	56,000	-
	<u>78,000</u>	<u>-</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £14,000 loss (2011 - £NIL) The actual return on scheme assets in the year was £7,000

The academy expects to contribute £9,000 to its Defined benefit pension scheme in 2013.

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

	2012	2011
Equities	64.00 %	- %
Bonds	21.00 %	- %
Property	12.00 %	- %
Cash	3.00 %	- %

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

	2012
Discount rate for scheme liabilities	4.10 %
Expected return on scheme assets at 31 August	4.80 %
Rate of increase in salaries	4.50 %
Rate of increase for pensions in payment / inflation	2.20 %

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

	2012
Retiring today	
Males	21.2
Females	23.4
Retiring in 20 years	
Males	23.6
Females	25.8

The expected return on scheme assets at 31 August is based on 5,000 simulations of an economic scenario model, using market data as at a recent date.

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

Amounts for the current period are as follows:

Defined benefit pension schemes

	2012 £
Defined benefit obligation	(94,000)
Scheme assets	78,000
Deficit	(16,000)
Experience adjustments on scheme liabilities	(15,000)
Experience adjustments on scheme assets	1,000

As at 31 August 2011 the defined benefit scheme had a net liability of £3,000. This was considered immaterial and hence was not recognised in the prior period financial statements. The school has now adopted FRS 17 in full. The opening liability of £3,000 has been recognised as a current year pension cost.

23. OPERATING LEASE COMMITMENTS

At 31 August 2012 the academy had annual commitments under non-cancellable operating leases as follows.

	Land and buildings			Other
	2012	2011	2012	2011
	£	£	£	£
Expiry date:				
After more than 5 years	130,000	130,000	-	-

The operating lease is in respect of the school premises. £130,000 was paid in the year ending 2012 (2011: NIL).

24. OTHER FINANCIAL COMMITMENTS

During the year, the school entered into an agreement with their caterer for the provision of school meals. This agreement stipulates an agreed monthly fee is payable, with an additional cost per unit. At the 31 August 2012, 10 months of the contract remain payable, amounting to a contractual commitment of £17,182.