

**WILLIAM FARR CHURCH OF ENGLAND
COMPREHENSIVE SCHOOL
(A Company Limited by Guarantee)**

Annual Report and Audited Financial Statements

Year ended 31 August 2012

SATURDAY



A15 *A21C46TD* #353
02/02/2013
COMPANIES HOUSE

**Company Registration Number:
07469546 (England and Wales)**

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND ADVISERS

Members

Angela White	ex-officio	
Richard Bluck*	ex-officio	Resigned 02/01/12
Joan Huckle	ex-officio	Appointed 12/03/12
Stephen Kirby	ex-officio	
Paul Thompson	nominee of Chair of Diocesan Board of Education	Appointed 04/10/11

Trustees

Angela White	Chair	
Richard Bluck*	Vice Chair	Resigned 02/01/12
Joan Huckle	Vice Chair	Appointed 12/03/12
Teresa Askew	Staff trustee	Resigned 16/11/11
Susan Blyth	Parent trustee	Appointed 06/02/12
Helen Brittain	Staff trustee	
Marcus Brittain	Staff trustee	Appointed 24/02/12
Richard Collett*	Parent trustee	Resigned 14/11/11
Gillian Doyle	Staff trustee	Resigned 15/06/12
David Grant	Trustee appointed by members	
Jeffrey Heskins	Foundation trustee	
Joan Huckle	Foundation trustee	
Andrew King	Parent trustee	
Stephen Kirby*	Foundation trustee	
Denise Leah	Staff trustee	Resigned 13/09/11
Alistair Logan*	Parent trustee	
Ross Marshall*	Parent trustee	
Steven Perez	Co-opted trustee	
Mark Protheroe	Foundation trustee	Resigned 31/08/11
Alison Smith	Trustee appointed by members	Resigned 12/09/11
Andrew Stones*	Headteacher	Appointed 01/09/11
Shaun Stevenson	Trustee appointed by members	
Timothy Smith*	Parent trustee	Appointed 06/02/12
David Subden	Foundation trustee	
Ann Towse	Staff trustee	Appointed 06/02/12
Martin Walsh*	Parent trustee	

* members of the Finance Committee

Company Secretary

Sally Coulter

Headteacher and Senior Management Team

Andrew Stones	Headteacher	Appointed 01/09/11
Jonathan Knowler	Deputy Headteacher	Appointed 01/09/11
Gill Lloyd	Deputy Headteacher	
Simon Pickett	Deputy Headteacher	Appointed 01/09/11
Jennifer West	Deputy Headteacher	Appointed 01/09/11
Tracy Anderson	Acting Assistant Headteacher	Appointed 01/09/11
		Resigned 30/06/12

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Steve Ellis	Acting Assistant Headteacher	Appointed 01/09/11 Resigned 30/06/11
Helen Bates	Assistant Headteacher	
Fiona Carruthers	Assistant Headteacher	Appointed 01/07/12
Trevor Hughes	School Business Manager	

Registered office Lincoln Road
Welton
Lincoln
LN2 3JB

Auditors Duncan and Toplis
15 Chequergate
Louth,
Lincolnshire
LN11 0LJ

Bankers HSBC Bank plc
Lincoln Stonebrow
221 High Street
Lincoln
LN1 1TS

Insurers Marsh Limited
Education Practice
Capital House
1-5 Perrymount Road
Haywards Heath
West Sussex
RH16 3SY

Solicitors Legal Services,
Lincolnshire County Council
County Offices
Newland
Lincoln
LN1 1YT

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TRUSTEES' REPORT

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, are pleased to present their annual report together with the financial statements of the company for the year ended 31 August 2012. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by charities' issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration number 07469546) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Academy was opened on 1 January 2011 replacing William Farr Church of England Comprehensive School (a foundation school) as a result of the Academies Act 2010.

Members of the charitable company are the Chair of Governors, the Vice Chair of Governors, the Chair of the Finance Committee, the Chair of the Diocesan Board of Education or his/her nominee.

Members' liability

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

Trustees' and governors' indemnities

A full insurance indemnity is taken out with the Academy's insurance company. Each claim is covered for up to £2,000,000. This is reviewed annually to protect against potential risk.

Organisational structure

The organisational structure consists of three levels: the members, the trustees and the senior leadership team.

The Academy Trust is managed by the trustees who may exercise all its powers. The trustees may delegate to any trustee, committee, the Headteacher or any other holder of an executive office, such of their powers or functions they consider should be exercised by them. Any action or decision taken with respect to the exercise of that power or function must be reported back to the next trustees' meeting.

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

The Senior Leadership Team consisted of the Headteacher, four Deputy Headteachers, two Assistant Headteachers and a Business Manager. Two Acting Assistant Headteachers carried out the role of one Assistant Headteacher for part of the financial year. The new leadership structure was created to reflect the new development plan. These managers control the Academy at an executive level, being responsible for the day to day management of the school, acting out the strategic decisions taken by the trustees, ensuring an annual development plan is set out, monitored and carried out successfully.

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Risk management

The trustees confirm that the major risks, to which the Academy Trust is exposed, have been reviewed and systems have been established to mitigate those risks. They have approved policies, for example, the Trips Policy, Child Protection Policy, operational procedures and internal financial controls in order to minimise risk. They have consulted specialists in fire risks and health and safety, and employed staff to maintain the school grounds and buildings. Where significant financial risk still remains, they have ensured there is adequate insurance cover in place. The Trust has ensured that the Academy has effective systems of internal financial controls as detailed on page 12.

Objectives and Activities

Public benefit

In setting the objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The key public benefit delivered by the Trust is the provision of a high quality of education to its students and community cohesion.

Objects and aims

The Academy Trust's object is to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character, offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England.

The Academy provides secondary education with an emphasis on science for pupils who are wholly or mainly drawn from the area in which the school is situated.

At the end of the academic year, there were 1519 students aged 11-18 with a planned capacity of 1500 students. The capacity of the sixth form is for 300 students.

OBJECTIVES, STRATEGIES AND ACTIVITIES

Objectives

The main objectives of the Trust during the year ending 31 August 2012 were as follows:

Teaching and Learning

- Tracking groups of students,
- Improved use of Individual Education Plans,
- Examining and improving the use of Teaching Assistants,
- Developing the Virtual Learning Environment,
- Developing intervention strategies and monitoring the effects of the intervention,
- Shadowing the development of the school timetable,
- Updating the IT infrastructure of the school.

Care and Guidance

- Reviewing job descriptions for Heads of Year, Assistant Heads of Year and Heads of House,
- Evaluating outcomes of mentoring and coaching,
- Working through the Healthy Schools Enhancement Programme,
- Re-writing Key Stage 3 and 4 Careers Education Guidance due to the new statutory framework,

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- Review of primary liaison, Citizenship and Personal Social and Moral Education policies,
- To support learning support through the Special Educational Needs' changes

Staff Development

- Developing coaching and mentoring,
- Developing leadership,
- Quality assurance of teaching,
- Twilight inset

Environmental

- Maintaining a safe warm environment suitable for learning,
- Ensuring health and safety issues are kept at the forefront of the maintenance team priorities,
- Upholding legal requirements for fire and electrical safety,
- Ensuring the site and accommodation is suitable to meet the needs of the curriculum,
- Developing an on-going planned maintenance regime and refurbishment programme,
- Upgrading and replacing susceptible elements of site equipment,
- Providing required enhancements for students to enable them to have access to the full curriculum,
- Developing the catering facility, allowing greater uptake in school,
- Pursuing funding for additional accommodation and facilities

Strategies

The Academy Trust's main strategy is encompassed in its vision statement

'William Farr Church of England Comprehensive School aims to provide the highest quality of education whereby everyone is encouraged to strive for excellence in all that they do and each student is known, valued and achieves as an individual

We will know that we have achieved our vision when

Every student has the opportunity to develop their knowledge and understanding through a broad and balanced curriculum

Each individual is confident and behaves in a way that reflects the Christian principles on which the school was founded

Everyone knows they are valued '

Strategic activities and achievements of the Trust during the year included

- Departments able to monitor, analyse findings and then create actionable points as part of a Departmental Development Plan,
- Introduction of a new MIS for use by parents who can now access information on attendance, Special Educational Needs, and behaviour and attainment The new Virtual Learning Environment has centralised stores of work that can be distributed to individuals or classes,
- Specific groups now identified by SISRA achieve in line with the school within the context of the group against similar national patterns,

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- Staff have been effectively prepared to be more confident in teaching specific groups,
- The role of the tutor has been subject to specific focus in order to raise awareness of best practice This has been completed in order to initiate Year Team Quality Assurance,
- Greater engagement of groups within the community,
- The school has focussed on the implementation of government changes to Performance Management, Ofsted and Initial Teacher Training,
- High quality Continuing Profession Development has been offered by the school through its substantial twilight programme,
- Employment of a Chaplain (10 hours per week),
- Establishment of an Equestrian Team,
- Establishment of a weekly Parent Surgery,
- Highly successful production of 'Oliver', the musical,
- Modern Foreign Languages accepted as full members of the Prince's Teaching Institute,
- Head of Art invited to develop the Art strand at the Prince's Teaching Institute,
- Awarded full International School status, with members of staff visiting America, Finland and India,
- 135 accepted at university with 5 to Oxbridge,
- Over £10,000 raised for charity Highest in the school's history,
- Newsletters introduced Six produced in year,
- Canteen awarded 5 stars

Achievements and performance

At GCSE 1 in 5 students achieved 8 or more A* or A grades, the Academy Trust's highest ever, emphasising its commitment to academic excellence Students achieved the second highest ever capped (best eight) point score

- 58% of all GCSE results were either an A*, A or B grade
- 81% of all students achieved 5 or more A* to C grades
- 77% of all students achieved 5 or more A* to C grades including English and Mathematics, significantly exceeding both the county and national averages
- 100% of students achieved 5 or more GCSEs

There were a record number of students sitting at Advanced Level The average number of UCAS points at 88.5 per 'A' level exam per student was the highest total ever achieved

- 51% of all grades were A*, A or B grades, with 78% of students achieving one or more of these higher grades
- 33 students achieved at least one A*, 11 students achieved 2 or more A* grades, and 121 students achieved at least one A*-B grade
- Over 71% of all students gained 4 or more A level subject passes
- 98% of all examinations resulted in a pass
- 5 students had places confirmed at Oxbridge
- Virtually all students qualified for the university course of their choice 85% of students gained their first or second university choice compared to 62% of students nationally

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Going concern

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

Key Financial Performance Indicators

The following Key Financial Performance Indicators were agreed during the year: surplus/deficit as a percentage of income, net liquidity in days, current assets to liabilities, staff costs as a percentage of total income. The Finance Committee used these indicators during the financial year.

KPI	31/8/11	30/11/11	31/12/11	31/01/12	29/2/12	31/3/12	30/4/12	31/5/12	31/8/12
Surplus as % total Forecast Income	3.29%	12.32%	12.31%	12.52%	6.67%	6.77%	4.80%	4.49%	5.08%
Net Liquidity (Bank Creditors/ Total expenditure) x 365 days	27 days	123 days	94 days	78 days	45 days	51 days	33 days	31 days	28 days
Current Assets to total liabilities	68.8%	96.2%	70.31%	92.4%	74.5%	94.45%	97.7%	97.7%	94.6%
Staff costs as % total Income	78.09%	70.18%	71.48%	71.17%	73.94%	73.25%	73.67%	74.4%	73.4%

FINANCIAL REVIEW

Most of the Trust's annual income is obtained from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year ended 31 August 2012 and its associated expenditure are shown as restricted general funds in the Statement of Financial Activities. The Trust also receives grants for fixed assets from the DfE. In accordance with the Charities' Statement of Recommended Practice (SORP 2005) such grants are shown in the Statement of Financial Activities as restricted income in the restricted capital funds. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned, as set out in the Academy's finance policy.

The Academy has a fixed asset register, which tabulates assets purchased by the Academy and depreciates in accordance with its finance policy.

For accounts purposes the value of buildings inherited from the local authority has been estimated at £11,250,000 on a continuing use basis (which is based on a discounted insurance valuation of £17,800,000 that includes site clearance, associated costs on reconstruction, and VAT).

In 2012, the Directors have been advised by the actuary to the Local Government Pension Scheme that the pension liability to fund non-academic staff's final salary pension schemes is £1,376,000 of which £1,191,000 was inherited from Lincolnshire County Council on 1 January 2011.

Financial position

During the year ending 31 August 2012 total expenditure, excluding the opening deficit on the local government pension scheme, of £7,940,685 was covered by the recurrent grant funding from the DfE with other incoming resources. The excess of income over expenditure was £11,917,987. The Academy held fund balances at 31 August 2012 of

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£11,016,680 comprising of £611,972 of restricted funds, pension reserve of £(1,376,000), £154,217 of unrestricted funds and fixed asset funds of £11,626,491

Reserves policy

The trustees will review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. Trustees will agree a more detailed policy on all reserves during 2012-2013.

The policy of the trustees is to transfer appropriate surpluses to reserves for investment in tangible fixed assets identified in the Academy's five year strategic development plan to assist the teaching staff to achieve increasing academic standards. The Trust has a number of restricted funds, details of which can be found in notes 21 of the financial statements. The Trust has £54,841 of restricted capital to spend on future specific capital projects in line with its objectives.

Investment policy

The trustees will develop an investment policy during the next academic year to ensure that surplus funds are invested in a manner to obtain the best possible return and that these are invested with reputable and ethical investors.

PLANS FOR FUTURE PERIODS

The Academy Trust will continue to strive to improve levels of achievement of all its students. The agreed targets for 2012-2013 are:

- 79% of students to achieve 5+ A* - C including English and Mathematics

The Academy Trust's Minimum Target Grades for 3 levels and 4 levels of progress in English and Mathematics are:

	3 levels	4 levels
English	90%	51%
Mathematics	95%	56%

The Academy Trust's attendance target is 95.4% of all sessions. There are four key priorities:

1. A focus on raising attainment across the school including performance of significant groups
2. Improving effectiveness of Teaching and Learning and of Care and Guidance through a focussed Quality Assurance process
3. Assess the impact of community (on school and school in community)
4. Improve effectiveness of feedback

The Senior Leadership Team will plan appropriately and ensure that the following sub-priorities are embedded in the overall plans. In addition, the Senior Leadership Team, in partnership with staff, will focus on the following areas:

Greater accountability at all levels

- Develop Departmental and Year Team strategic plans including a response to effective self-evaluation,

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- Embed Quality Assurance across the school with greater emphasis on Student Voice and Work Scrutiny,
- Develop a very robust planning cycle with involvement of the trustees This must align with the need to be fiscally prudent,
- Co-ordinate work between Heads of Year and Heads of Department when considering underachievement,
- Engage with the School Improvement Adviser (SIA) to design and build process which encompasses all aspects of school life, including premises and the Christian ethos,
- Greater Student Council Voice in this, including the opportunity to have a voice at trustee level

Expansion and consolidation of 'personalisation' agenda

- Chaplain must continue to play key role, in addition to involving planning and delivery, in the co-ordination of Collective Worship,
- Support the redesign of 'thought for the day' to include longer passages/stories, promoting 'awe and wonder',
- Take a full part in the Academy Trust's Care and Guidance team, attending lunches, meetings and contributing to Whole School Review and planning,
- The Lawres Chapel must resume the purpose for which it was intended – a dignified place for reflection at the heart of the Academy Trust

Expansion of the CPD programme to build formally on the outstanding work at classroom level

Funds held as Custodian Trustee on behalf of others

Included in other creditors is £76,048 due to the students in respect of monies held on their behalf in bank accounts in the Academy's name This amount is also included in the figure for cash at bank and in hand on the balance sheet

This amount above relates to the William Farr Church of England Comprehensive School Fund, the main objective of the fund is to provide school trips to pupils

The Academy Trust keeps separate accounting records for the fund, as well as running separate bank accounts


Auditor

In so far as the trustees are aware

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

Approved by order of the members of the Governing Body on 19 November 2012 and signed on its behalf by

Signed:



Angela White
Chair

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Governance Statement

Scope of responsibility

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

The trustees have delegated the day-to-day responsibility to the Headteacher as Accounting Officer, for ensuring financial controls conform to 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 William Farr Church of England Comprehensive School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the trustees any material weaknesses or breakdowns in internal control.

Governance

Governors act as the trustees for the charitable activities of the Academy Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as William Farr Church of England Comprehensive School.

Details of the trustees who served throughout the year, except as noted, are included in the Reference and Administrative details on pages 1-2.

The number of trustees is not less than three nor more than twenty three. The members may appoint up to 5 trustees. Other categories of trustees include foundation trustees appointed by the ex-officio foundation trustee, staff trustees elected by the staff, parent trustees elected by parents and co-opted trustees appointed by the trustees. The Headteacher is an ex-officio trustee as well as the incumbent or his/her nominee. Trustees serve for a four year term.

During the year trustees attended the following training courses and conferences: Admissions, Effective School Visits, Governor Foundation (induction) Training and Update for Existing Governors, Health and Safety Management for Governors, National Governors' Association Conference, Safeguarding Requirements under the New 2012 Ofsted Framework, and Taking the Chair.

Appeals' training was also provided for the Academy's independent appeals panel on the new Admissions and Appeals Codes. The governing body is a member of the National Governors' Association as a gold member, conferring such benefits as legal advice for trustees.

The trustees also worked closely with a School Improvement Adviser to review their governance structure to improve its effectiveness in monitoring and challenging the school. An effective joint trustee/Senior Leadership Team strategy morning took place in July as a result of which a new Committee structure was proposed for the next financial year.

An induction checklist provides new trustees with a range of information, training and support in their role as trustees. The Chair of Governors gives trustees a tour around the Academy and introduces them to the Headteacher and senior staff.

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During the financial year to 31 August 2012, the trustees held five Full Governing Body meetings. The following Committee meetings took place: Admissions (3), Estates (3), Finance (8), Human Resources (3), Learning and Guidance (3), Learning Support (3). The trustees had one working party during the year (Chaplaincy Working Party).

Attendance during the year at meetings of the Full Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Teresa Askew	1	1
Richard Bluck	1	2
Susan Blyth	2	2
Helen Brittain	4	5
Marcus Brittain	2	2
Richard Collett	0	1
Gillian Doyle	1	4
David Grant	3	5
Jeffrey Heskins	4	5
Joan Huckle	4	5
Andy King	1	5
Stephen Kirby	4	5
Denise Leah	1	1
Alistair Logan	5	5
Ross Marshall	3	5
Steven Perez	4	5
Mark Protheroe	1	5
Alison Smith	0	1
Tim Smith	2	2
Shaun Stevenson	5	5
Andrew Stones	5	5
David Subden	4	5
Ann Towse	0	2
Martin Walsh	4	5
Angela White	5	5

The Finance Committee was a Committee of the main Governing Body. Its purpose was to monitor and review expenditure on a regular basis and ensure compliance with its Funding Agreement, to consider a draft budget based on priorities in the school development plan to present to the Governing Body for adoption, to establish and monitor procedures for sound budgetary control, to determine financial delegation, to respond to any issues arising from the audit of the school's accounts, ensure that financial implications of staffing decisions were identified and budgeted for, to recommend the appointment of auditors to the Governing Body.

Attendance at its meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Richard Bluck	3	4
Richard Collett	1	1
Stephen Kirby	7	8
Alistair Logan	5	8
Ross Marshall	3	8

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Timothy Smith	2	4
Andrew Stones	6	8
Martin Walsh	2	8

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 effectively and economically. The system of internal control has been in place in the Academy Trust 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 Academy Trust 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 Academy Trust is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust'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 Academy Trust.

The risk and control framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the trustees,
- Regular reviews by the Finance 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 trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. They have appointed the Boston Office of Duncan and Toplis Chartered Accountants, as Responsible Officer ('RO'). The RO's role includes giving advice on financial procedures and performing a range of checks on the Academy Trust's financial systems. On a termly basis the RO has reported to the Academy Trust on the operation of the systems of control and on the discharge of the Academy Trust's financial responsibilities. There have been no issues arising from the checks.

Review of effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

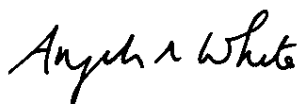
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- The work of the Responsible Officer,
- The work of the external auditor,
- The financial management and governance self-assessment process,
- The work of the executive managers within the Academy Trust who have responsibility for the development 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 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 trustees on 19 November 2012 and signed on its behalf by

Signed:



Angela White
Chair

Signed:



Andrew Stones
Accounting Officer

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Statement on regularity propriety and compliance

As Accounting Officer of William Farr Church of England Comprehensive School, I have considered my responsibility to notify the Academy Trust 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 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.

Signed



Andrew Stones
Accounting Officer

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL

Statement of Trustees Responsibilities

The trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Young People's Learning Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and 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

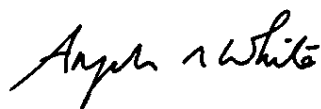
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the Academy Trust on 19 November 2012 and signed on its behalf by

Signed:



Angela White
Chair of Trustees

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

We have audited the financial statements of William Farr C of E Comprehensive School for the year ended 31 August 2012 on pages nineteen to forty two. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 11/12 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 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

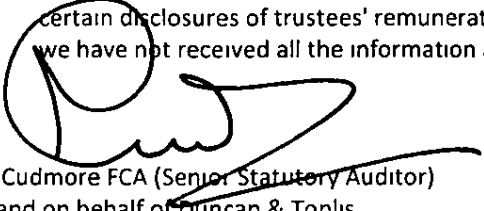
- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006 and the Annual Accounts Direction 11/12 issued by the Education Funding Agency.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WILLIAM FARR C OF E COMPREHENSIVE SCHOOL**

Matters on which we are required to report by exception

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

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



N P Cudmore FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis
Chartered Accountants and
Statutory Auditors
15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date

19th November 2012

INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY OF WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL

In accordance with the terms of our engagement letter dated 12 November 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 William Farr Church of England Comprehensive School Academy Trust 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 William Farr Church of England Comprehensive School 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 William Farr Church of England Comprehensive School 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 William Farr Church of England Comprehensive School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed

Retrospective responsibilities of William Farr Church of England Comprehensive School Academy trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of William Farr Church of England Comprehensive School Academy Trust's funding agreement with the Secretary of State for Education dated 31 December 2010 and the Academies Financial Handbook, 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

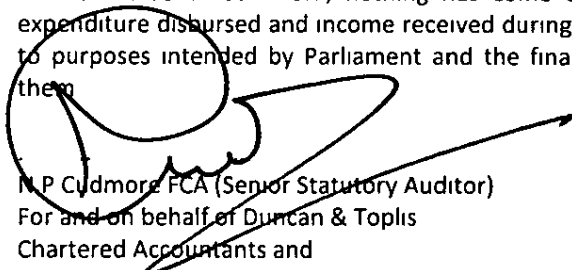
Approach

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 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 year 1 September 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them


N.P. Cudmore FCA (Senior Statutory Auditor)
For and on behalf of Duncan & Topliss
Chartered Accountants and
Statutory Auditors
15 Chequergate
Louth
Lincolnshire
LN11 0LJ
Date 19 November 2012

WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2012

				YEAR ENDED 31/8/12	PERIOD 14/12/10 TO 31/8/11
	Notes	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	3	7,409	-	11,250,000	11,257,409
Activities for generating funds	4	505,882	27,871	-	533,753
Investment income	5	726	-	-	726
Incoming resources from charitable activities					
Funding for the Academy's educational operations	6	-	8,066,784	-	8,066,784
Total incoming resources		514,017	8,094,655	11,250,000	19,858,672
RESOURCES EXPENDED					
Charitable activities					
Funding for the Academy's educational operations	7	427,370	7,151,496	315,037	7,893,903
Governance costs	10	-	46,782	-	46,782
Total resources expended		427,370	7,198,278	315,037	7,940,685
NET INCOME/(EXPENDITURE) FOR THE YEAR before transfers					
		86,647	896,377	10,934,963	11,917,987
Gross transfers between funds	21	-	(555,542)	555,542	-
Net income/(expenditure) for the year before other recognised gains and losses					
		86,647	340,835	11,490,505	11,917,987
Actuarial gains/losses on defined benefit schemes		-	(252,000)	-	(252,000)
Net movement in funds		86,647	88,835	11,490,505	11,665,987
RECONCILIATION OF FUNDS					
Total funds brought forward		67,570	(852,863)	135,986	(649,307)
TOTAL FUNDS CARRIED FORWARD		154,217	(764,028)	11,626,491	11,016,680

WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2012**

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities

A statement of total recognised gains and losses is not required as all gains and losses are included in the Statement of Financial Activities

WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

BALANCE SHEET **07469646**
AT 31 AUGUST 2012

					2012	2011
	Notes	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £	Total funds £
FIXED ASSETS						
Tangible assets	15	-	-	11,626,491	11,626,491	135,986
CURRENT ASSETS						
Stocks	16	3,916	2,389	-	6,305	4,950
Debtors amounts falling due within one year	17	6,556	184,825	-	191,381	294,966
Cash at bank and in hand		<u>151,085</u>	<u>731,754</u>	<u>-</u>	<u>882,839</u>	<u>833,618</u>
		161,557	918,968	-	1,080,525	1,133,534
CREDITORS						
Amounts falling due within one year	18	(7,340)	(306,996)	-	(314,336)	(799,827)
NET CURRENT ASSETS		<u>154,217</u>	<u>611,972</u>	<u>-</u>	<u>766,189</u>	<u>333,707</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		154,217	611,972	11,626,491	12,392,680	469,693
PENSION LIABILITY	20	-	(1,376,000)	-	(1,376,000)	(1,119,000)
NET ASSETS/(LIABILITIES)		<u>154,217</u>	<u>(764,028)</u>	<u>11,626,491</u>	<u>11,016,680</u>	<u>(649,307)</u>
FUNDS	21					
Unrestricted funds					154,217	67,570
Restricted funds					611,972	266,137
Restricted pension funds					(1,376,000)	(1,119,000)
Restricted fixed asset funds					<u>11,626,491</u>	<u>135,986</u>
TOTAL FUNDS					<u>11,016,680</u>	<u>(649,307)</u>

The financial statements were approved by the Board of Trustees on 19 November 2012 and were signed on its behalf by


Mrs A M White -Trustee

The notes form part of these financial statements

WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

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

		YEAR ENDED 31/8/12 £	PERIOD 14/12/10 TO 31/8/11 £
Net cash inflow from operating activities	Notes 1	604,038	980,241
Returns on investments and servicing of finance	2	726	177
Capital expenditure and financial investment	2	(555,543)	(146,800)
		<u>49,221</u>	<u>833,618</u>
Increase in cash in the period		<u>49,221</u>	<u>833,618</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		<u>49,221</u>	<u>833,618</u>
Change in net debt resulting from cash flows		<u>49,221</u>	<u>833,618</u>
Movement in net debt in the period		49,221	833,618
Net debt at 1 September 2011		<u>833,618</u>	<u>-</u>
Net debt at 31 August 2012		<u>882,839</u>	<u>833,618</u>

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012

1 RECONCILIATION OF NET INCOMING\((OUTGOING) RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	PERIOD 14/12/10 TO 31/8/11 £	YEAR ENDED 31/8/12 £
Net incoming\((outgoing) resources	(744,307)	11,917,987
Depreciation charges	10,814	315,037
Interest received	(177)	(726)
Non cash transaction – property transferred	-	(11,250,000)
FRS17 on incorporation	1,191,000	-
FRS17 movement in the year	23,000	5,000
Increase in stocks	(4,950)	(1,355)
Decrease/(increase) in debtors	(294,966)	103,586
(Decrease)/increase in creditors	799,827	(485,491)
Net cash inflow from operating activities	980,241	604,038

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	PERIOD 14/12/10 TO 31/8/11 £	YEAR ENDED 31/8/12 £
Returns on investments and servicing of finance		
Interest received	177	726
Net cash inflow for returns on investments and servicing of finance	177	726
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(146,800)	(555,543)
Net cash outflow for capital expenditure and financial investment	(146,800)	(555,543)

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/9/11 £	Cash flow £	At 31/8/12 £
Net cash			
Cash at bank and in hand	833,618	49,221	882,839
Total	833,618	49,221	882,839

4. MAJOR NON CASH TRANSACTIONS

Included in fixed asset additions is the sum of £11,250,000 being the value attributed to the academy's buildings that were transferred over from the Local Authority on conversion but which have only this year been evaluated for inclusion in the accounts. No cash flows resulted from this transfer.

WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

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

1. GENERAL ANNUAL GRANT

	2012 £	2011 £
a Results and carry forward for the year		
GAG brought forward from previous year	26,597	-
GAG allocation for current year	<u>7,632,868</u>	<u>4,374,706</u>
Total GAG available to spend	7,659,465	
Recurrent expenditure from GAG	6,725,143	4,327,728
Capital expenditure from GAG	<u>397,392</u>	<u>20,381</u>
GAG carried forward to next year	536,930	26,597
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<u>915,944</u>	<u>536,699</u>
GAG to surrender to DfE	<u>-</u>	<u>-</u>
 b. Use of GAG brought forward from previous year for recurrent purposes (Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)		
Recurrent expenditure from GAG in current year	6,725,143	-
GAG allocation for current year	(7,632,868)	-
GAG allocation for previous year x 2%	<u>(87,494)</u>	<u>-</u>
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	<u>(995,219)</u>	<u>-</u>
2% rule breached if result is positive	no breach	

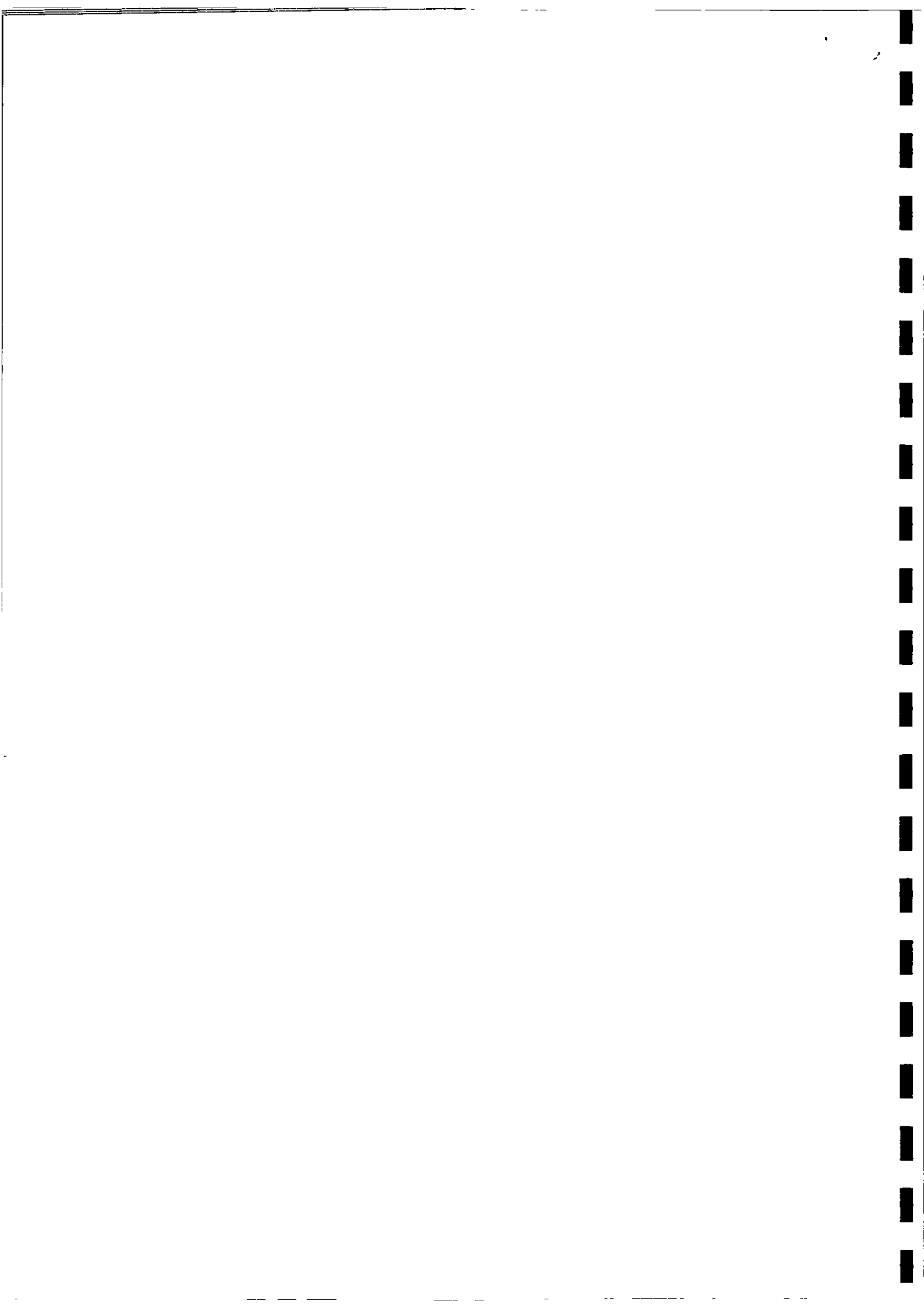
2. ACCOUNTING POLICIES

Format of financial statements

The standard format for the financial statements as required by the Companies Act 2006 schedule 4 part 1 has been adapted to provide more appropriate information which 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

Accounting convention

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



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

2. ACCOUNTING POLICIES - continued

Incoming resources

Grants receivable

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

Donations

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

School fund

The Academy runs a school fund which mainly relates to income and expenditure for school trips, these funds are kept in a separate bank account.

No transactions are included within the statement of financial activities, however, an amount is included in cash at bank and in hand, and is also included in creditors within one year.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy is recognised in the statement of financial activities at their estimated value to the Academy in the period in which they are receivable, and where the benefit is both quantifiable and material. Where the actual cost of the donated service or gift in kind can be ascertained, this is used as the value in the financial statements.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis where the amount can be quantified with reasonable accuracy.

Lettings income

The Academy receives income from letting its facilities to other organisations. This is accounted for on a receivable basis.

Other income

Other income is accounted for on a receivable basis.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. In accordance with the Charities SOFA, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Governance costs

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. The governors are unable to quantify the value of management time spent in dealing with this area and therefore no such costs have been allocated to governance costs.

Irrecoverable VAT

Any VAT not recoverable by the Academy is charged to the expense code to which it relates.

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

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Leasehold property	- 2% on cost or valuation
Improvements to property	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

Tangible fixed assets acquired 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 their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). 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 less than £1,000 are written off in the year of acquisition.

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

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

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on a first in first out basis.

Taxation

The Academy Trust 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 Trust 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.

Fund accounting

Unrestricted funds can be used in accordance with the Academy's objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the Academy. Restrictions arise when specified by the DfE and other donors or when funds are raised for particular restricted purposes.

Restricted fixed asset fund

In accordance with the DfE guidelines where funding has been used to acquire tangible fixed assets the cost of the assets have been transferred to a restricted fixed asset fund, as detailed in the notes to the accounts.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012**2 ACCOUNTING POLICIES - continued****Pension costs and other post-retirement benefits**

Academy staff are members of one of two pension schemes, both of which are defined benefit schemes. More details of the schemes are given in the notes to the accounts.

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (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 Academy in the period.

Local Government Pension Scheme

Non-teaching members of staff are offered membership of the Local Government Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of pension assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed. The Academy's share of the LGPS assets are measured at bid value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Leased assets

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the period of the lease.

The Academy's buildings are currently leased for a 125 year period on a peppercorn rent. The governors have not been able to quantify a notional rent to reflect the fair value of the buildings, therefore no gift in kind or corresponding cost is included within these financial statements.

Going concern

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

3 VOLUNTARY INCOME

	PERIOD 14/12/10 TO 31/8/11	YEAR ENDED 31/8/12
	£	£
Donations	35,273	11,250,000
School trips	6,316	7,409
	<u>41,589</u>	<u>11,257,409</u>

WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

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

4 ACTIVITIES FOR GENERATING FUNDS

	YEAR ENDED 31/8/12 £	PERIOD 14/12/10 TO 31/8/11 £
Hire of facilities	16,314	6,470
Catering income	419,103	260,280
Other income	70,778	78,849
Salary reclaims	<u>27,558</u>	<u>75,076</u>
	<u>533,753</u>	<u>420,675</u>

5. INVESTMENT INCOME

	YEAR ENDED 31/8/12 £	PERIOD 14/12/10 TO 31/8/11 £
Bank account interest	<u>726</u>	<u>177</u>

6 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Activity	YEAR ENDED 31/8/12 £	PERIOD 14/12/10 TO 31/8/11 £
Grants	Funding for the Academy's educational operations	<u>8,066,784</u>	<u>5,147,882</u>

WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

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

6 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - continued

Grants received, included in the above, are as follows

	PERIOD 14/12/10 TO 31/8/11	YEAR ENDED 31/8/12 £
General annual grant	4,374,706	7,632,868
HPSS Funding	131,176	-
Devolved capital	29,447	29,683
SEN 1 1 Funding	160,579	239,000
Other grants	29,433	81,182
Science college	70,305	-
Pupil premium	12,095	26,884
Lincoln Cluster	55,706	-
P Learning	20,716	-
Inset (Self Improvement)	18,175	2,329
One to One	15,830	-
Mainstream grants	110,564	-
Capital Maintenance Grant	119,150	54,838
	<u>5,147,882</u>	<u>8,066,784</u>

7 CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 8) £	Support costs (See note 9) £	Totals £
Funding for the Academy's educational operations	<u>6,173,252</u>	<u>1,720,651</u>	<u>7,893,903</u>

8 DIRECT COSTS OF CHARITABLE ACTIVITIES

	PERIOD 14/12/10 TO 31/8/11	YEAR ENDED 31/8/12 £
Staff costs	3,579,514	5,405,326
Books, apparatus and stationary	132,083	103,229
Equipment maintenance	44,488	27,450
Other direct costs	59,351	138,669
Examination fees	118,890	144,886
Staff development	-	30,294
16-18 Bursary funding	-	8,361
Depreciation	10,814	315,037
	<u>3,945,140</u>	<u>6,173,252</u>

WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

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

9. SUPPORT COSTS

Funding for the Academy's educational operations	£ <u>1,720,651</u>
--	-----------------------

Support costs, included in the above, are as follows

	YEAR ENDED 31/8/12	PERIOD 14/12/10 TO 31/8/11
	Funding for the Academy's educational operations £	Funding for the Academy's educational operations £
Wages	720,347	481,687
Operating leases	13,111	10,967
Rates	39,853	19,062
Insurance	46,363	32,741
Light and heat	98,640	62,544
Telephone	17,584	10,592
Postage and stationery	113,951	57,357
Sundries	15,266	5,158
Pension deficit on incorporation	-	1,191,000
Maintenance of premises and equipment	103,232	118,520
Cleaning	36,507	22,861
Security	6,661	3,390
Technology costs	146,976	88,850
Catering	237,782	158,867
Other support costs	24,133	27,203
Transport	29,775	20,525
Health and safety	21,470	-
Expected return on pension scheme assets	(80,000)	(47,000)
Interest on pension scheme liabilities	<u>129,000</u>	<u>80,000</u>
	<u>1,720,651</u>	<u>2,344,324</u>

WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

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

10. GOVERNANCE COSTS

	YEAR ENDED 31/8/12	PERIOD 14/12/10 TO 31/8/11
	£	£
Auditors remuneration – non audit services	8,334	2,081
Personnel fees	27,741	17,561
Legal and professional fees	3,207	38,024
Auditors' remuneration	<u>7,500</u>	<u>7,500</u>
	<u>46,782</u>	<u>65,166</u>

11 NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting)

	YEAR ENDED 31/8/12	PERIOD 14/12/10 TO 31/8/11
	£	£
Auditors' remuneration	7,500	7,500
Depreciation - owned assets	315,038	10,814
Other operating leases	<u>13,111</u>	<u>10,967</u>

12 TRUSTEES' REMUNERATION AND BENEFITS

Principal and staff governors (trustee governors) only received remuneration in respect of services they provided 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

A Stones, Principal	£90k - £95k (2011 £nil)
P Strong, Principal	£nil (2011 £65k - £70k)
T Askew, Staff Governor	£0k - £5k (2011 £10k - £15k)
H Brittain, Staff Governor	£50k - £55k (2011 £25k - £30k)
M Brittain, Staff Governor	£25k - £30k (2011 nil)
G Doyle, Staff Governor	£15k - £20k (2011 £10k - £15k)
D Leah, Staff Governor	£0k - £5k (2011 £30k - £35k)
A Towse, Staff Governor	£5k - £10k (2011 nil)

Trustees' Expenses

Trustees' expenses were paid to one trustees of £5,096 (2011 £nil) during the year ended 31 August 2012. These expenses were paid in their role as an employee.

WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

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

13. STAFF COSTS

	PERIOD 14/12/10 TO 31/8/11	YEAR ENDED 31/8/12 £	£
Wages and salaries		5,043,327	3,341,861
Social security costs		366,945	238,034
Other pension costs		715,401	481,306
		<u>6,125,673</u>	<u>4,061,201</u>

The average monthly number of employees during the period, expressed as a full time equivalent in 2012 but as a number of employees in 2011, was as follows

	2012 Number of full time equivalents	2011 Number of employees
Teachers	92	103
Administration and support staff	76	123
	<u>168</u>	<u>226</u>

During the year ended 31 August 2012 3 employee's had emoluments (including taxable benefits but excluding employers' pension contributions) of more than £60,000 per annum. The total emoluments of these employees were in the following ranges

	2012	2011
£60,001 - £70,000	2	-
£90,001 - £100,000	<u>1</u>	<u>1</u>

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these members of staff amounted to £31,515 (2011 £9,407)

14. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees' and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2012 was £1,798 (2011 £1,798)

WILLIAM FARR C OF E COMPREHENSIVE SCHOOL

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

15 TANGIBLE FIXED ASSETS

	Long leasehold property £	Fixtures and fittings £	Computer equipment £	Totals £
COST OR VALUATION				
At 1 September 2011	79,437	5,557	61,806	146,800
Additions	348,745	97,643	109,155	555,543
Local authority transfer	<u>11,250,000</u>	<u>-</u>	<u>-</u>	<u>11,250,000</u>
At 31 August 2012	<u>11,678,182</u>	<u>103,200</u>	<u>170,961</u>	<u>11,952,343</u>
DEPRECIATION				
At 1 September 2011	2,045	185	8,584	10,814
Charge for year	<u>269,802</u>	<u>6,991</u>	<u>38,245</u>	<u>315,038</u>
At 31 August 2012	<u>271,847</u>	<u>7,176</u>	<u>46,829</u>	<u>325,852</u>
NET BOOK VALUE				
At 31 August 2012	<u>11,406,335</u>	<u>96,024</u>	<u>124,132</u>	<u>11,626,491</u>
At 31 August 2011	<u>77,392</u>	<u>5,372</u>	<u>53,222</u>	<u>135,986</u>

All of the tangible fixed assets are used for educational purposes

The Academy land and buildings are currently on a 125 year lease. The valuation included as a voluntary transfer from the Local Authority this year has been based on a discounted insurance replacement cost basis

16. STOCKS

	2012 £	2011 £
Consumables	<u>6,305</u>	<u>4,950</u>

17 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	15,466	66,004
Grants receivable	43,870	59,575
Other debtors	-	37,701
VAT	56,451	83,573
Prepayments	<u>75,594</u>	<u>48,113</u>
	<u>191,381</u>	<u>294,966</u>

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

18 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade creditors	231,172	299,123
Social security and other taxes	-	111,516
Other creditors	2,612	335,036
Accrued expenses	45,427	27,898
Deferred government grants	<u>35,125</u>	<u>26,254</u>
	<u>314,336</u>	<u>799,827</u>

Deferred income

	2012
	£
Deferred income brought forward	26,254
Resources deferred in the year	35,125
Amounts released from previous years	<u>(26,254)</u>
Deferred income at 31 August 2012	<u>35,125</u>

Included in trade creditors is £76,048 (2011 £55,695) due to students in respect of school trips monies held on their behalf in bank accounts in the Academy's name. This amount is also included in the figure for cash at bank and in hand on the balance sheet.

19. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Other operating leases	
	2012	2011
	£	£
Expiring		
Within one year	5,703	-
Between one and five years	<u>11,837</u>	<u>16,054</u>
	<u>17,540</u>	<u>16,054</u>

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

20. PENSION COMMITMENTS

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

The total pension cost to the Academy during the year ended 31 August 2012 was £715,401 of which £496,355 relates to the TPS and £219,046 relates to LGPS

Teachers Pension Scheme (TPS)

Under the definitions set out in Financial Reporting Standard 17, Retirement Benefits, the TPS is classed as a multi-employer pension scheme. The Academy is unable to identify its share of the underlying (notional) 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 below the latest information available for the 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.

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.

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

20. PENSION COMMITMENTS

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 (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 contribution rates.

The pension cost charged in the financial statements for this scheme for the year ended 31 August 2012 was £496,355 which were the employer contributions due for the period. Nil was outstanding at the year end.

Local Government Pension Scheme

The Academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The total contribution made for the year ended 31 August 2012 was £333,000 of which employer's contributions totalled £264,000 and employees' contributions totalled £69,000. Nil was outstanding at the year end. The agreed contribution rates for the year ended 31 August 2012 were 22.7% for employers, employees' rates varied according to salary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2004, updated to 31 August 2012 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	4.5%	4.9%
Rate of increase in pensions	2.2%	2.6%
Discount rate for liabilities	4.1%	5.4%
Inflation	5.0%	6.2%

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

20. PENSION COMMITMENTS

The Academy's share of assets and liabilities in the scheme and the expected rate of return were

	Long-term rate of return expected at 31 August 2012	Value at 31 August 2012	Long-term rate of return expected at 31 August 2011	Value at 31 August 2011 £'000
Equities	5.5%	1,186	6.8%	822
Bonds	3.7%	206	4.6%	158
Property	3.7%	174	4.8%	135
Cash	2.8%	16	3.9%	11
Total fair value of assets		1,582		1,126
Present value of scheme liabilities		(2,958)		(2,245)
Net pension liability		(1,376)		(1,119)

None of the fair values shown above include any of the Academy's own financial instruments, or any property occupied by, or other assets used by the Academy

The actual return on pension scheme assets in the year was £123,000

Analysis of amount chargeable to the Statement of Financial Activities

	2012 £'000	2011 £'000
Current service cost	220	151
Interest cost	129	80
Expected return on assets	(80)	(47)
Total expenditure to be recognised in the SOFA	269	184

Amount recognised in the statement of total recognised gains and losses (STRGL) (Incorporated in the SOFA)

	2012 £'000	2011 £'000
Actuarial (loss)/gain on pension scheme assets	(295)	193
Actuarial (loss)/gain on the scheme liabilities	43	(98)
Actuarial (loss)/gain recognised in STRGL (Incorporated in the SOFA)	(252)	95

Contributions

The total contributions made by the employer during the year were £264,000. The best estimate for contributions to be paid for the year ended 31 August 2013 is £268,000.

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

20. PENSION COMMITMENTS - continued

Movement in deficit during the period

	2012 £'000	2011 £'000
Deficit in the scheme at 1 September 2011	1,119	1,191
Movement in year		
Current service cost	220	151
Employer contributions	(264)	(161)
Interest costs	129	80
Expected return on assets	(80)	(47)
Actuarial (gain)/loss	252	(95)
Deficit in the scheme at 31 August 2012	<u>1,376</u>	<u>1,119</u>

Reconciliation of opening and closing balances of the present value of the Academy's share of the scheme assets and liabilities.

	2012 £'000	2011 £'000
Scheme liabilities at 1 September 2011	2,245	2,162
Current service cost	220	151
Interest cost	129	80
Contributions by members	69	45
Actuarial losses/(gains)	295	(193)
Scheme liabilities at 31 August 2012	<u>2,958</u>	<u>2,245</u>

	2012 £'000	2011 £'000
Scheme assets at 1 September 2011	1,126	971
Expected return on assets	80	47
Contributions by members	69	45
Contributions by employer	264	161
Actuarial (losses)/gains	43	(98)
Scheme assets at 31 August 2012	<u>1,582</u>	<u>1,126</u>

History of experience gains and losses

	2012 £'000	2011 £'000
Fair value of assets	1,582	1,126
Present value of scheme liabilities	(2,958)	(2,245)
Deficit in scheme	(1,376)	(1,119)
Experience adjustment on scheme assets	43	98
Experience adjustment on scheme liabilities	295	193
Percentage of scheme assets	2.7%	8.7%
Percentage of scheme liabilities	9.9%	8.6%

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

20 PENSION COMMITMENTS - continued

Sensitivity Analysis

	Approximate % increase to Employer Liability	Approximate monetary amount (£'000)
Change in assumptions at the year ended 31 August 2012		
0.5% decrease in Real Discount Rate	12%	345
1 year increase in member life expectancy	3%	89
0.5% increase in Salary Increase Rate	5%	145
0.5% increase in the Pension Increase Rate	7%	193

21 MOVEMENT IN FUNDS

	At 1/9/11 £	Net movement in funds £	Transfers between funds £	At 31/8/12 £
Unrestricted funds				
Other income not for capital purposes	67,570	86,647	-	154,217
Restricted funds				
General Annual Grant (GAG)	26,596	902,725	(392,392)	536,929
HPSS Funding	40,921	(40,921)	-	-
Inset (self improvement)	5,240	(5,240)	-	-
Pupil Premium	11,815	(1,752)	-	10,063
Other grants	14,924	(5,607)	(9,317)	-
One to One funding	11,210	(7,838)	-	3,372
Other income	36,281	(29,511)	-	6,770
Pension reserve	(1,119,000)	(252,000)	(5,000)	(1,376,000)
Devolved capital	119,150	29,683	(148,833)	-
Capital maintenance grant	-	54,838	-	54,838
	(852,863)	644,377	(555,542)	(764,028)
Restricted fixed asset funds				
Fixed assets purchased from GAG	17,550	(61,091)	397,140	358,830
Fixed assets purchased from capital income	28,689	11,014,708	148,834	158,869
Fixed assets purchased from other income	89,747	(18,654)	9,568	83,792
	135,986	10,934,963	555,542	11,626,491
TOTAL FUNDS	<u>(649,307)</u>	<u>11,665,987</u>	<u>-</u>	<u>11,016,680</u>

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

21. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Other income not for capital purposes	514,017	(427,370)	-	86,647
	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds				
Other income	27,871	(57,382)	-	(29,511)
General Annual Grant (GAG)	7,632,868	(6,730,143)	-	902,725
HPSS Funding	-	(40,921)	-	(40,921)
Inset (self improvement)	2,329	(7,569)	-	(5,240)
Pupil Premium	26,884	(28,636)	-	(1,752)
Other grants	81,182	(86,789)	-	(5,607)
One to One funding	239,000	(246,838)	-	(7,838)
Devolved capital	29,683	-	-	29,683
Capital maintenance grant	54,838	-	-	54,838
Pension reserve	-	-	(252,000)	(252,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	8,094,655	(7,198,278)	(252,000)	644,377
	<hr/>	<hr/>	<hr/>	<hr/>
Restricted fixed asset funds				
Fixed assets purchased from GAG	-	(61,091)	-	(61,091)
Fixed assets purchased from capital grants	-	(18,654)	-	(18,654)
Fixed assets purchased from other income	11,250,000	(235,292)	-	11,014,708
	<hr/>	<hr/>	<hr/>	<hr/>
	11,250,000	(315,037)	-	10,934,963
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>19,858,672</u>	<u>(7,940,685)</u>	<u>(252,000)</u>	<u>11,665,987</u>

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

21. MOVEMENT IN FUNDS - continued

1 - Other income - Some of this balance relates to the unspent funds introduced from the predecessor school. This must be used for the running costs of the Academy. Other income in the fund can be spent at the trustees' discretion in relation to the academy's educational activities.

2 - General Annual Grant - must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.

3 - HPSS Funding - this must be used to boost standards of the attainment within the Academy.

4 - Science college/Lincoln cluster grants - this grant can be used as the trustees see fit towards the funding of educational activities.

5 - Inset (Self improvement) - this must be used to boost standards of the attainment within the Academy. Unspent funds can be carried forward.

6 - Pupil Premium - is received to support deprived children, the money can be spent how the Academy best sees fit.

7 - Other grants - This funding is to be used at the discretion of the trustees to boost standards within the Academy.

8 - SEN One to One funding - This funding is to be used for one to one tuition of children on the special educational needs register.

9 - Devolved capital - This funding can be used for capital expenditure and repairs to enhance the fabric of the Academy's buildings.

10 - Capital Maintenance - This funding is received for a specific purpose following a bid for a project.

11 - Pension reserve - the costs, income associated with the defined benefit pension scheme, the local government pension scheme (LGPS) have been recorded in the restricted fund. Staff costs are paid from this fund including contributions to the LGPS and the pension liability has therefore been aligned with these costs. The transfer between funds of £5,000 relates to the movement on the liability (excluding actuarial gains/losses).

Transfers between funds and capital expenditure

During the year the Academy incurred capital expenditure of £555,542. The Trustees agreed to fund the £555,542 out of income as detailed in the funds note. This amount has been treated as a transfer between funds in accordance with the Department for Education guidelines.

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

22. 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 re-invest 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 and

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

23. CAPITAL COMMITMENTS

	2012	2011
	£	£
Contracted but not provided for in the financial statements	<u>80,838</u>	<u>59,575</u>

24. RELATED PARTY DISCLOSURES

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

During the year the Academy purchased services at market value totalling £19,412 from H R Solutions Limited, a company in which the trustee, Mr D Subden is a director

During the year the Academy purchased services at market value totalling £36,288 from SERCO, a company with which the trustee, Mr T Smith has an association with as an employee

25. ULTIMATE CONTROLLING PARTY

The trustees have ultimate control of the Academy

26. 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

