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WILLIAM FARR CHURCH OF ENGLAND

COMPREHENSIVE SCHOOL
(A Company Limited by Guarantee)

Annual Report and Audited Financial Statements

Year ended 31 August 2013

TUESDAY



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COMPANIES HOUSE

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

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Angela White	ex-officio	
Joan Huckle	ex-officio	Resigned 17/9/12
Stephen Kirby	ex-officio	Resigned 10/4/13
Timothy Smith	ex-officio	Appointed 17/9/12
Paul Thompson	Nominee of Chair of Diocesan Board of Education	

Trustees

Angela White*	Chair	
Timothy Smith	Vice Chair	
Susan Blyth	Parent Trustee	Resigned 31/8/13
Helen Brittain	Staff Trustee	
Marcus Brittain	Staff Trustee	
David Grant*	Trustee appointed by members	
Jeffrey Heskins	Foundation Trustee	
Yvonne Hill	Foundation Trustee	Appointed 11/3/13
Simon Hinton*	Staff Trustee	Appointed 4/10/12
Joan Huckle	Foundation Trustee	Resigned 31/12/12
Andrew King	Parent Trustee	
Stephen Kirby*	Foundation Trustee	Resigned 10/4/13
Alistair Logan*	Parent Trustee	
Janet Machalski	Foundation Trustee	Appointed 11/3/13
Ross Marshall*	Parent Trustee	
Steven Perez	Co-opted Trustee	
Timothy Smith	Parent Trustee	
Shaun Stevenson*	Trustee appointed by members	
Andrew Stones*	Head Teacher and Accounting Officer	
David Subden*	Foundation Trustee	
Ann Towse*	Staff Trustee	
Martin Walsh*	Parent Trustee	

* members of the Finance Committee

Company Secretary

Sally Coulter

Head Teacher and Senior Leadership Team

Andrew Stones	Head Teacher	
Jonathan Knowler	Deputy Head Teacher	
Gill Lloyd	Deputy Head Teacher	Resigned 31/8/13
Simon Pickett	Deputy Head Teacher	
Jennifer West	Deputy Head Teacher	
Helen Bates	Assistant Head Teacher	
Fiona Carruthers	Assistant Head Teacher	
Trevor Hughes	School Business Manager	

Registered office

Lincoln Road
Welton
Lincoln
LN2 3JB

Company Registration No. 07469546 (England and Wales)

Independent Auditor

Duncan & Toplis
15 Chequergate
Louth,
Lincolnshire
LN11 0LJ

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Bankers	HSBC Bank plc Lincoln Stonebrow 221 High Street Lincoln LN1 1TS
Insurers	Marsh Limited Education Practice Capital House 1-5 Perry Mount 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 are pleased to present their Annual Report together with the financial statements and Auditor's Reports of the charitable company for the year ended 31 August 2013. 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 Trustees of the Academy Trust 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.

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.

Principal activities

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 1498 students aged 11-18 with a planned capacity of 1500 students. The capacity of the sixth form is for 300 students.

Method of recruitment and appointment or election of Trustees

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 or 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 Head Teacher is an ex-officio Trustee as well as the incumbent or his/her nominee. Trustees serve for a four year term. The members' Trustees and co-opted Trustees appointments are based on a skills' audit of the Trustees to ensure that the Trustees bring a rich skills' profile to benefit the Academy and its students.

Policies and procedures adopted for the induction and training of Trustees

The Academy Trust is keen for all its Trustees to receive training. This can range from induction training for new Trustees, to training for specific responsibilities (e.g. performance management and health and safety) and new initiatives. Governors are also encouraged to attend national and local conferences, and access local networking opportunities.

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During the year Trustees attended the following training courses and conferences Admissions, Academies Show, Annual Diocesan Governor Conference, Diocesan Conference for Head Teachers and Chairs of Governors, Job Evaluation, Governor Partnership Meeting, Directors' Duties and Role of Company Secretary, Getting Ready for Inspection, Health and Safety Management, National Governors' Association Conference, Performance Management, Teachers' Performance Related Pay

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 Head Teacher and senior staff

The Governing Body is a member of the National Governors' Association as a gold member, conferring such benefits as legal advice for Trustees, conferences, advice and information

Organisational structure

The organisational structure consists of three levels the members, the Trustees and the Senior Leadership Team (SLT)

The Academy Trust is managed by the Trustees who may exercise all its powers The Trustees may delegate to any Trustee, committee, the Head Teacher 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 board meets at least 4 times a year and has delegated a number of responsibilities to its Committees, which are reported to and discussed at Board of Trustees' meetings The routine Committees consisted of a Co-ordinating Committee, Resource Management Committee (to include Estates and Finance), a Student Achievement Committee (to include Care and Guidance and Quality of Teaching) Standing Committees included the Admissions Committee, Pupil Discipline Committee, Staff Discipline Committee and Head Teacher Pay and Performance Review Committee

The SLT consisted of the Head Teacher who is the Accounting Officer, four Deputy Head Teachers, two Assistant Head Teachers and a Business Manager One Deputy Head Teacher retired at the end of the financial year and has been replaced by two Assistant Head Teachers from 1 September 2013 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

Risk management

The Trustees confirm that the major risks, to which the Academy Trust is exposed, have been reviewed and systems or procedures have been established to manage those risks They have approved policies, for example, the Trips Policy, Child Protection Policy, and have in place 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

Objects and aims

The principal object of the Trust is contained in Article 4 of its Articles of Association

The Academy Trust's object ("the Object") 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 with a designated Church of England religious character offering a broad and balanced curriculum ("the Academy") conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Funding Agreement) and in having regard to the advice of the Diocesan Board of Education

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Objectives, strategies and activities

The main objectives of the Trust during the year ending 31 August 2013 were as follows

Teaching and Learning

To ensure a 'rigorous and robust approach to Quality Assurance' by

- Providing opportunities for Heads of Department to work with a Consultant to develop 'flight paths' of expected progress, skills and knowledge that take students from Key Stage 2 to A*/A, B, C, D grades at GCSE,
- Understanding how to have 'safe' and constructive feedback at all levels to demonstrate and reinforce the success of the middle leadership team,
- Identifying what support departmental teachers need and negotiate Practitioner Professional Development (PPD) for the individuals (Proactive to complement teacher led),
- Supporting Heads of Department where issues are raised in the Head Teacher exam review and provide negotiated PPD for teachers within departments where appropriate

To ensure 'Greater Engagement with the Community' by

- Providing information and review how to let parents know what progress is expected in Key Stage 3,
- Working with Trustees to identify what they actually want to know and how the school can provide it

To 'Raise the Attainment of Certain Groups' by

- Looking at the progress more carefully of particular groups,
- Identifying the group of students who transfer below a level 4 (LOW) and track their performance at a whole school level,
- Supporting the progress of students with Case Studies,
- Specifically considering Free School Meals as a whole school,
- Developing assessments for the most able,
- Sharing how Reading, Writing, Communication and Mathematics (RWCM) will be inspected,
- Looking for opportunities like SSAT and the Prince's Teaching Institute to enthuse staff, especially Heads of Department

To 'Improve the quality of Feedback to students' by

- Discussing feedback more,
- Sharing good practice what has worked, what has not,
- Holding a work review in an Ofsted style at the end of the previous year,
- Asking Heads of Department to add feedback to agenda items

Care and Guidance

To ensure 'Greater Engagement with the Community' by

- Hosting a Drugs/Internet Safety Evening,
- Developing the foundation of an Alumni association,
- Arranging for a 'meet the tutor' session with Year 7 parents,
- Increasing letter communication to parents,
- Continuing to look for new opportunities to promote the students in the local community,
- Encouraging Head of Year to host/ celebrate one community event i.e. charity, newsletter etc

To 'Raise the Attainment of Specific Groups' by

- Using increased hours from Attendance Officer to identify patterns of attendance on vulnerable groups,
- Identifying issues as identified by the Every Child Matters (ECM) survey, specifically in relation to vulnerable groups,
- Supporting Young Carers and look to achieve Quality Mark,
- Embedding the work of the Intervention group,
- Providing targeted support for specific groups,
- Offering Youth Offending support,
- Developing the work of the second post of Student Welfare Officer

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To 'Develop the quality of Feedback' by

- Developing the Year Group tutor mentoring process,
- Collaborating with the School Council,
- Engaging with ex-students and the development of an 'Alumni' project,
- Seeking feedback from parents - Host a Finance Evening for parents of those students considering Higher Education,
- Surveys – ECM/Personal Social and Moral Education

Staffing and Training

To ensure a 'rigorous and robust approach to Quality Assurance' by

- Analysing the impact of Development Management,
- Assessing 'Value for Money' and impact of external CPD and INSET days,
- Benchmarking the accuracy of Teaching and Learning judgements,
- Ensuring M6 teachers are fully prepared for new Threshold standards,
- Advising key stakeholders on changes/updates to framework,
- Evaluating new ITT practices in school,
- Increasing number of 'Good'/'Outstanding' lessons in Modern Foreign Languages

To ensure 'Greater Engagement with the Community' by

- Continuing to develop high quality in-house CPD programmes,
- Working with Trustees' Sub-Committees on strategic issues,
- Providing additional welfare to support staff,
- Investigating viability of joining a Teaching School Alliance

To 'Raise the Attainment of Certain Groups' by,

- Staff sharing best practice and trialling new Teaching and Learning, CPD ideas

To 'Develop the quality of Feedback' by

- Developing staff confidence in providing feedback

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,
- Continuing to develop an on-going planned maintenance regime and refurbishment programme,
- 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,
- Acquiring and developing the Youth centre

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

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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.

ACHIEVEMENTS AND PERFORMANCE

At GCSE the Academy Trust posted an exceptional set of GCSE results.

A remarkable 41 students collected eight A* and A grades and 84% of the 238 pupils achieved grades of A* - C, which was up on last year.

The results came despite a drop in A* - C grades across the UK, down from 69.4% to 68.1%, putting the school results 16% above the national average.

Three quarters of the pupils at the school achieved grades of A* to C in English, mathematics and science.

Almost a third of every exam sat at the school resulted in an A* or A grade.

Grades between A* to C in the core subjects of mathematics and English also performed well with 93% and 83% respectively.

At Advanced Level there was a record set of A level results with the highest ever percentage of pupils achieving A* to B grades for a decade.

Of the 134 pupils who sat A levels at the school, 82.5% achieved grades of C and higher and the average UCAS points per pupil of 305 was the second highest since the sixth form began in 1995.

Nearly half of the pupils who sat the exams achieved at least one A* or A grade – double last year's national average.

The percentages of students achieving A* to B grades has increased by 5% on last year's figures and for A* to C grades is nearly 9% up on last year.

The results include all A levels sat by pupils at the school, excluding general studies, and come despite numbers in the sixth form being the second highest ever.

The overall pass rate for the school for results, not including general studies, came in at 99.5%.

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.

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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	Sept 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	June 13	July 13	Aug 13
Surplus as % of total income	32.17	18.92	15.07	11.97	10.67	8.52	6.46	4.20	3.19	2.73	2.59	2.04
Net liquidity in days	549.08	263.24	200.58	153.5	125.7	125.45	82.89	62.49	52.95	2.72	2.59	2.04
Assets/liabilities	96.92	78.82	68.48	93.66	61.88	69.01	95.48	94.13	98.57	97.64	98.12	31.04
Staff costs as % total income	51.48	63.17	67.47	70.72	71.54	72.97	73.98	74.30	74.82	74.76	74.66	75.46

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 2013 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.

In 2013, 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 £1,331,000 of which £1,191,000 was inherited from Lincolnshire County Council on 1 January 2011.

Financial and risk management objectives and policies

The SLT and Trustees monitor financial exposure, using management accounts recording actual activity against forecast in conjunction with procedures laid out in its Finance Policy.

The Board of Trustees recognises the importance of setting a detailed budget, which is compiled for each line of income and expenditure, using incremental budgeting based on input from SLT budget holders prior to discussion at SLT meetings. Following discussions at SLT meetings, a final draft budget recommended by the SLT is presented to the Resource Management Committee for consideration.

The Board of Trustees recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under-spending and over-spending.

The Head Teacher, Business Manager and SLT monitor the budget on a monthly basis by reviewing printouts from the school's financial system for

- Errors,
- Miscoding,
- Large or unusual items,
- Potential underspends or overspends against budget

and act promptly, where appropriate.

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The Board of Trustees recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the school

During the preparation of the accounts, month end reconciliations of key Balance Sheet accounts, including bank accounts, age debtors and aged creditors, are completed and reviewed by the Business Manager. Funding streams and salary costs are also monitored and reconciled to budget so that the financial risk of a deficit budget occurring are reduced.

At 31 August 2013 the Local Government pension scheme deficit was £1,331,000. Although the deficit is material the academy are taking the advice of the actuary regarding the repayment structure. Advised future contributions have also been included within the annual budget.

Principal risks and uncertainties

The school has compiled a Risk Register as laid out in the Academies Financial Handbook and reviews this on an annual basis.

The register is being reviewed in October 2013 following the 2012/13 financial audit and will be completed for the FGB meeting in December 2013.

The principal risks are:

- Competition risks
- Information security risk
- IT systems out of date
- Trustees are not considered to be arms length for charity
- Trustees become too involved in the management of the charity
- Environmental risks are unknown

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.

The Trustees have determined that £50,000 per annum should go into capital reserves and £25,000 should be put into revenue reserves, building the revenue reserves up to £160,000 (equivalent to one week's operating reserve). Approval by the Board of Trustees is required to put a smaller figure into either capital or revenue reserves.

Investment policy

There are no investments beyond cash deposits in the Academy Trust's bank. The Trustees have not wished to make any speculative investments.

PLANS FOR FUTURE PERIODS

The Academy Trust will continue to strive to improve levels of achievement of all its students. The agreed targets for 2013 – 2014 are:

82% 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	86%	53%
Maths	86%	49%

The Academy Trust's attendance target is 96% of all sessions.

There are four key priorities:

- 1 Developing the Individual
- 2 Developing Community and School Infra-structure
- 3 Reducing In-school variation
- 4 Narrowing the Gap

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The SLT will plan appropriately and ensure that the priorities are embedded in the overall plans

Funds held as Custodian Trustee on behalf of others

Included in other creditors is £81,777 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 them 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 Board of Trustees on 25 November 2013 and signed on its behalf by

Signed:



Angela White
Chair of Trustees

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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 Head Teacher 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

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met four times during the year and held one joint strategy meeting with the SLT at the end of the academic year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Susan Blyth	3	4
Helen Brittain	3	4
Marcus Brittain	4	4
David Grant	2	4
Jeffrey Heskins	2	4
Yvonne Hill	1	1
Simon Hinton	2	3
Joan Huckle	2	2
Andy King	3	4
Stephen Kirby	2	3
Alistair Logan	3	4
Janet Machalski	1	1
Ross Marshall	1	4
Steven Perez	4	4
Timothy Smith	4	4
Shaun Stevenson	4	4
Andrew Stones	4	4
David Subden	3	4
Ann Towse	4	4
Martin Walsh	3	4
Angela White	4	4

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The Resource Management (Finance) Committee was a Committee of the main Board of Trustees. 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 Board of Trustees 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 Board of Trustees.

Attendance at its meetings in the year was as follows

Trustee	Meetings attended	Out of a possible
David Grant	1	6
Simon Hinton	2	5
Stephen Kirby	3	4
Alistair Logan	4	6
Ross Marshall	3	6
Shaun Stevenson	6	6
Andrew Stones	5	6
David Subden	4	6
Ann Towse	6	6
Martin Walsh	4	6
Angela White	6	6

The purpose of the system of internal control

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

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The 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 period 1 September 2012 to 31 August 2013 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

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 Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. They have appointed the Boston Office of Duncan & Topliss 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. The RO has delivered the schedule of work as planned. The

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Board of Trustees is satisfied that the RO function has been fully delivered in line with the Education Funding Agency's requirements. No material control issues have been notified to Trustees as a result of the RO's work.

Review of effectiveness

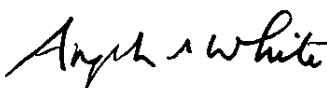
As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

- The work of the Responsible Officer,
- The work of the external auditor,
- The financial management and governance self-assessment process,
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

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

On behalf of the Board of Trustees

Signed:



Angela White
Chair

Dated: 25 November 2013

Signed:



Andrew Stones
Accounting Officer

Dated: 25 November 2013

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

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

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

Signed

A handwritten signature in black ink, appearing to read 'AC Stones', written over a horizontal line.

Andrew Stones
Accounting Officer

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as governors of William Farr Church of England Comprehensive School) 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 Education Funding Agency (EFA), 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

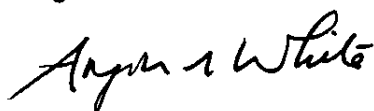
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 Board of Trustees on 25 November 2013 and signed on its behalf by

Signed:



Angela White
Chair of Trustees

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIAM FARR CHURCH OF ENGLAND
COMPREHENSIVE SCHOOL**

We have audited the financial statements of William Farr Church of England Comprehensive School for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

UNQUALIFIED OPINION

In our opinion the financial statements

- give a true and fair view of the state of the Academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the 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 Academies Accounts Direction 2013 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

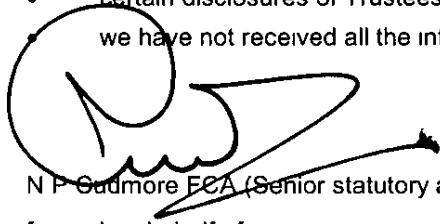
WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIAM FARR CHURCH OF ENGLAND
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 Gaudmore FCA (Senior statutory auditor)

for and on behalf of

Duncan & Toplis

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

25 November 2013

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO WILLIAM FARR
CHURCH OF ENGLAND COMPREHENSIVE SCHOOL AND THE EDUCATION FUNDING AGENCY**

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 2013, 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 during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

**RESPECTIVE RESPONSIBILITIES OF WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE
SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of William Farr Church of England Comprehensive School's funding agreement with the Secretary of State for Education dated 31 December 2010, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

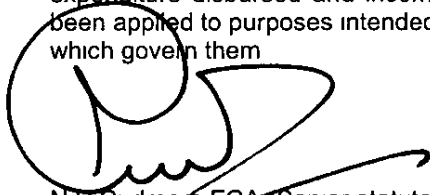
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO WILLIAM FARR
CHURCH OF ENGLAND COMPREHENSIVE SCHOOL 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 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



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

25 November 2013

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure account and Statement of Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	4,246	926	-	5,172	7,409
Transfer from predecessor school		-	-	-	-	11,250,000
Activities for generating funds	3,4	532,150	25,331	-	557,481	533,753
Investment income	5	1,981	-	-	1,981	726
Funding for the Academy's educational operations		-	7,982,287	29,515	8,011,802	8,066,784
TOTAL INCOMING RESOURCES		538,377	8,008,544	29,515	8,576,436	19,858,672
RESOURCES EXPENDED						
Costs of generating funds						
Fundraising expenses and other costs	4	105,370	-	-	105,370	109,601
Funding for the Academy's educational operations		384,423	7,488,547	421,996	8,294,966	7,784,302
Governance costs	8	-	41,607	-	41,607	46,782
TOTAL RESOURCES EXPENDED	11	489,793	7,530,154	421,996	8,441,943	7,940,685
NET INCOMING RESOURCES BEFORE TRANSFERS		48,584	478,390	(392,481)	134,493	11,917,987

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
	Note					
Transfers between Funds	22	-	(393,329)	393,329	-	-
NET INCOME FOR THE YEAR		48,584	85,061	848	134,493	11,917,987
Actuarial gains and losses on defined benefit pension schemes		-	87,000	-	87,000	(252,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		48,584	172,061	848	221,493	11,665,987
<i>Total funds at 1 September 2012</i>		<i>154,217</i>	<i>(764,028)</i>	<i>11,626,491</i>	<i>11,016,680</i>	<i>(649,307)</i>
TOTAL FUNDS AT 31 AUGUST 2013		202,801	(591,967)	11,627,339	11,238,173	11,016,680

All activities relate to continuing operations

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

The notes on pages 24 to 46 form part of these financial statements

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL

(A company limited by guarantee)
REGISTERED NUMBER 07469546

**BALANCE SHEET
AS AT 31 AUGUST 2013**

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	18		11,622,339		11,626,491
CURRENT ASSETS					
Stocks	19	18,895		6,305	
Debtors	20	176,949		191,381	
Cash at bank and in hand		1,138,988		882,839	
		<u>1,334,832</u>		<u>1,080,525</u>	
CREDITORS amounts falling due within one year	21	(387,998)		(314,336)	
NET CURRENT ASSETS			<u>946,834</u>		<u>766,189</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,569,173</u>		<u>12,392,680</u>
Defined benefit pension scheme liability	30		(1,331,000)		(1,376,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>11,238,173</u></u>		<u><u>11,016,680</u></u>
FUNDS OF THE ACADEMY					
Restricted funds					
Restricted funds	22	739,033		611,972	
Restricted fixed asset funds	22	11,627,339		11,626,491	
Restricted funds excluding pension liability		12,366,372		12,238,463	
Pension reserve		<u>(1,331,000)</u>		<u>(1,376,000)</u>	
Total restricted funds			<u>11,035,372</u>		<u>10,862,463</u>
Unrestricted funds	22		<u>202,801</u>		<u>154,217</u>
TOTAL FUNDS			<u><u>11,238,173</u></u>		<u><u>11,016,680</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 25 November 2013 and are signed on their behalf, by


Mrs A M White - Trustee
Chair of Trustees

The notes on pages 24 to 46 form part of these financial statements

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

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

	Note	2013 £	2012 £
Net cash flow from operating activities	24	642,496	519,517
Returns on investments and servicing of finance	25	1,982	726
Capital expenditure and financial investment	25	(388,329)	(471,022)
INCREASE IN CASH IN THE YEAR		256,149	49,221

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

	2013 £	2012 £
Increase in cash in the year	256,149	49,221
MOVEMENT IN NET FUNDS IN THE YEAR	256,149	49,221
Net funds at 1 September 2012	882,839	833,618
NET FUNDS AT 31 AUGUST 2013	1,138,988	882,839

The notes on pages 24 to 46 form part of these financial statements

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Company status

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

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 Trustees.

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

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

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

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Incoming resources

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

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

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

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

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

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

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.

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Going concern

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

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 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.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Property	-	2% straight line or valuation
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line
Improvements to property	-	20% straight line

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1 8 Operating leases

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

1 9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

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 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 30, 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.

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

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

2 VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Donations	-	926	926	-
Other voluntary income	4,246	-	4,246	7,409
	<u>4,246</u>	<u>926</u>	<u>5,172</u>	<u>7,409</u>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Lettings income	20,293	-	20,293	16,314
Catering income	450,704	-	450,704	419,103
Receipts from staff insurance claims	-	25,331	25,331	27,558
Other income	61,153	-	61,153	70,778
	<u>532,150</u>	<u>25,331</u>	<u>557,481</u>	<u>533,753</u>

4 TRADING ACTIVITIES

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Fundraising trading expenses				
Catering costs	53,350	-	53,350	53,416
Fundraising trading expenses - wages and salaries	52,020	-	52,020	56,185
	<u>105,370</u>	<u>-</u>	<u>105,370</u>	<u>109,601</u>
Net expenditure from trading activities	<u>(105,370)</u>	<u>-</u>	<u>(105,370)</u>	<u>(109,601)</u>

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

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

5 INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Bank account interest	1,981	-	1,981	726

6 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Funding for the Academy's educational operations	-	8,011,802	8,011,802	8,066,784

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
DfE/EFA revenue and capital grants				
General Annual Grant (GAG)	-	7,580,824	7,580,824	7,632,868
Pupil Premium	-	92,044	92,044	26,884
Other DfE/EFA Revenue grants	-	18,674	18,674	7,600
Devolved Formula Capital grant	-	29,515	29,515	29,683
Capital Maintenance grant	-	-	-	54,838
	-	7,721,057	7,721,057	7,751,873
Other government grants				
SEN 1-1 Funding	-	209,689	209,689	239,000
Other government revenue grants	-	77,144	77,144	73,582
	-	286,833	286,833	312,582
Other funding				
Other income revenue	-	3,912	3,912	2,329
	-	3,912	3,912	2,329
	-	8,011,802	8,011,802	8,066,784

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

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

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Funding for the Academy's educational operations	384,423	7,910,543	8,294,966	7,784,302

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Funding for the Academy's educational operations	6,170,400	421,996	1,702,570	8,294,966	7,784,302

8. GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Auditors' remuneration	-	7,500	7,500	7,500
Auditors' non audit costs	-	5,425	5,425	8,334
Legal and professional fees	-	4,541	4,541	3,207
Personnel fees	-	24,141	24,141	27,741
	-	41,607	41,607	46,782

9 DIRECT COSTS

	Educational Operations £	Total 2013 £	Total 2012 £
Educational supplies	166,588	166,588	103,229
Examination fees	163,163	163,163	144,886
Staff Development	45,003	45,003	30,294
Other costs	291,515	291,515	175,807
Wages and salaries	4,425,448	4,425,448	4,428,391
National insurance	338,312	338,312	337,231
Pension cost	650,280	650,280	610,927
Depreciation	421,996	421,996	315,037
	6,502,305	6,502,305	6,145,802

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

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

10. SUPPORT COSTS

	Educational Operations £	Total 2013 £	Total 2012 £
Other finance income less expense	40,000	40,000	49,000
Technology costs	144,950	144,950	146,976
Maintenance of premises and equipment	100,144	100,144	130,682
Cleaning	33,776	33,776	36,507
Rent and rates	53,888	53,888	39,853
Energy costs	135,779	135,779	98,640
Insurance	50,074	50,074	46,363
Security	7,254	7,254	6,661
Transport	17,293	17,293	29,775
Telephone, postage and stationery	180,724	180,724	131,535
Catering	217,081	217,081	174,285
Other costs	42,816	42,816	60,869
Operating leases - other	12,522	12,522	13,111
Wages and salaries	605,721	605,721	529,957
National insurance	29,594	29,594	29,714
Pension cost	121,045	121,045	114,572
	<u>1,792,661</u>	<u>1,792,661</u>	<u>1,638,500</u>

11 ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Fundraising expenses	52,020	-	53,350	105,370	109,601
Costs of generating funds	<u>52,020</u>	<u>-</u>	<u>53,350</u>	<u>105,370</u>	<u>109,601</u>
Funding for the Academy's educational operations	6,170,400	421,996	1,702,570	8,294,966	7,784,302
Governance	-	-	41,607	41,607	46,782
	<u>6,222,420</u>	<u>421,996</u>	<u>1,797,527</u>	<u>8,441,943</u>	<u>7,940,685</u>

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12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £	Total 2012 £
Funding for the Academy's educational operations	<u>6,502,305</u>	<u>1,792,661</u>	<u>8,294,966</u>	<u>7,784,302</u>

13. NET INCOMING RESOURCES

This is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets - owned by the Academy	421,996	315,037
Auditors' remuneration	7,500	7,500
Auditors' remuneration - non audit	<u>5,425</u>	<u>8,334</u>

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14 STAFF COSTS

Staff costs were as follows

	2013 £	2012 £
Wages and salaries	5,083,189	5,014,533
Social security costs	367,906	366,945
Other pension costs (Note 30)	771,325	725,499
	<u>6,222,420</u>	<u>6,106,977</u>
Supply costs	56,622	7,889
Other costs	20,626	20,888
	<u>6,299,668</u>	<u>6,135,754</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

	2013 No	2012 No
Management	1	1
Teaching	89	91
Other staff	78	76
	<u>168</u>	<u>168</u>

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

	2013 No.	2012 No
In the band £60,001 - £70,000	2	2
In the band £90,001 - £100,000	1	1
	<u>3</u>	<u>3</u>

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for the members of staff amounted to £32,391 (2012 £31,515)

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15. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	2013 £'000	2012 £'000
A Stones, Principal	95-100	90-95
T Askew, Staff governor	0	0-5
H Brittain, Staff governor	40-45	50-55
M Brittain, Staff governor	35-40	25-30
G Doyle, Staff governor	0	15-20
D Leah, Staff governor	0	0-5
A Towse, Staff governor	10-15	5-10
S Hinton, Staff governor	25-30	0

During the year, no Trustees received any benefits in kind (2012 - £NIL)

During the year ended 31 August 2013, expenses totalling £234 (2012 - £5,096) were reimbursed to 2 Trustees (2012 - 1)

16. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2013 was £160 (2012 - £1,798)

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

17. OTHER FINANCE INCOME

	2013 £	2012 £
Expected return on pension scheme assets	88,000	80,000
Interest on pension scheme liabilities	(128,000)	(129,000)
	<u>(40,000)</u>	<u>(49,000)</u>

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18 TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2012	11,678,182	103,200	170,961	11,952,343
Additions	222,889	69,582	125,373	417,844
At 31 August 2013	11,901,071	172,782	296,334	12,370,187
Depreciation				
At 1 September 2012	271,847	7,176	46,829	325,852
Charge for the year	327,559	27,572	66,865	421,996
At 31 August 2013	599,406	34,748	113,694	747,848
Net book value				
At 31 August 2013	11,301,665	138,034	182,640	11,622,339
At 31 August 2012	11,406,335	96,024	124,132	11,626,491

All of the tangible fixed assets are used for educational purposes

The Academy land and buildings are currently on a 125 year lease. Included in the cost brought forward is the valuation of the buildings as at 31 August 2012 of £11,250,000. The valuation was based on a discounted insurance replacement cost.

19 STOCKS

	2013 £	2012 £
Consumables	18,895	6,305

20 DEBTORS

	2013 £	2012 £
Trade debtors	17,459	15,466
Other debtors	39,100	56,451
Prepayments and accrued income	70,445	75,594
Grants Receivable	49,945	43,870
	176,949	191,381

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21. CREDITORS:
Amounts falling due within one year

	2013 £	2012 £
Trade creditors	251,718	231,172
Other creditors	-	2,612
Accruals and deferred income	136,280	80,552
	<u>387,998</u>	<u>314,336</u>

Included in trade creditors is £81,777 (2012 £76,048) due to students in respect of school trip 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.

	£
Deferred income	
Deferred income at 1 September 2012	35,125
Resources deferred during the year	29,122
Amounts released from previous years	(35,125)
	<u>29,122</u>
Deferred income at 31 August 2013	<u>29,122</u>

Deferred income at 31 August 2013 relates to the proportion of the insurance grant received for the year ended 31 August 2014.

22 STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Fund	154,217	538,377	(489,793)	-	-	202,801
	<u>154,217</u>	<u>538,377</u>	<u>(489,793)</u>	<u>-</u>	<u>-</u>	<u>202,801</u>
Restricted funds						
General Annual Grant (GAG)	536,929	7,580,824	(7,060,422)	(338,491)	-	718,840
Other DfE/EFA grants	64,901	110,718	(106,802)	(54,838)	-	13,979
Government grants	3,372	286,833	(288,281)	-	-	1,924
Other income	6,770	30,169	(32,649)	-	-	4,290
Pension reserve	(1,376,000)	-	(42,000)	-	87,000	(1,331,000)
	<u>(764,028)</u>	<u>8,008,544</u>	<u>(7,530,154)</u>	<u>(393,329)</u>	<u>87,000</u>	<u>(591,967)</u>

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22 STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

DfE/EFA capital grants	158,869	29,515	(7,091)	54,838	-	236,131
Capital expenditure from GAG	358,830	-	(92,129)	338,491	-	605,192
Capital expenditure from other income	11,108,792	-	(322,776)	-	-	10,786,016
	<u>11,626,491</u>	<u>29,515</u>	<u>(421,996)</u>	<u>393,329</u>	<u>-</u>	<u>11,627,339</u>
Total restricted funds	<u>10,862,463</u>	<u>8,038,059</u>	<u>(7,952,150)</u>	<u>-</u>	<u>87,000</u>	<u>11,035,372</u>
Total of funds	<u>11,016,680</u>	<u>8,576,436</u>	<u>(8,441,943)</u>	<u>-</u>	<u>87,000</u>	<u>11,238,173</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy

Other DFE / EFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupils education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £42,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £87,000 actuarial reduction/increase in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

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22. STATEMENT OF FUNDS (continued)

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	154,217	538,377	(489,793)	-	-	202,801
Restricted funds	(764,028)	8,008,544	(7,530,154)	(393,329)	87,000	(591,967)
Restricted fixed asset funds	11,626,491	29,515	(421,996)	393,329	-	11,627,339
	<u>11,016,680</u>	<u>8,576,436</u>	<u>(8,441,943)</u>	<u>-</u>	<u>87,000</u>	<u>11,238,173</u>

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	-	11,622,339	11,622,339	11,626,491
Current assets	208,802	1,121,030	5,000	1,334,832	1,080,525
Creditors due within one year	(6,001)	(381,997)	-	(387,998)	(314,336)
Provisions for liabilities and charges	-	(1,331,000)	-	(1,331,000)	(1,376,000)
	<u>202,801</u>	<u>(591,967)</u>	<u>11,627,339</u>	<u>11,238,173</u>	<u>11,016,680</u>

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24. NET CASH FLOW FROM OPERATING ACTIVITIES

	Continuing £	Discontinued £	2013 Total £	2012 £
Net incoming resources before revaluations	134,493	-	134,493	11,917,987
Returns on investments and servicing of finance	(1,982)	-	(1,982)	(726)
Non cash transaction - property transferred	-	-	-	(11,250,000)
Depreciation of tangible fixed assets	421,996	-	421,996	315,037
Capital grants from DfE	(29,515)	-	(29,515)	(84,521)
Increase in stocks	(12,590)	-	(12,590)	(1,355)
Decrease in debtors	14,428	-	14,428	103,586
Increase/(decrease) in creditors	73,666	-	73,666	(485,491)
FRS 17 adjustments	42,000	-	42,000	5,000
Net cash inflow from operations			642,496	519,517

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

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	1,982	726
	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(417,844)	(555,543)
Capital grants from DfE	29,515	84,521
Net cash outflow capital expenditure	(388,329)	(471,022)

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26 ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	882,839	256,149	-	1,138,988
Net funds	882,839	256,149	-	1,138,988

27. MAJOR NON-CASH TRANSACTIONS

Included in fixed asset additions is the sum of £0 (2012 £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 flow resulted from this transfer.

28 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 grant was received, the Academy is required 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 the expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

29. CAPITAL COMMITMENTS

At 31 August 2013 the Academy had capital commitments as follows

	2013 £	2012 £
Contracted for but not provided in these financial statements	272,073	80,838

30 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 Lincolnshire County Council. Both are defined benefit schemes.

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

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30. PENSION COMMITMENTS (continued)

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

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

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

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30. PENSION COMMITMENTS (continued)

into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable

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

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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

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 2013 was £355,000, of which employer's contributions totalled £282,000 and employees' contributions totalled £73,000. The agreed contribution rates for the year is 21% for employers and varied rates for employees.

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30 PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £
Equities	6.60	1,687,000	5.50	1,186,000
Bonds	4.30	263,000	3.70	206,000
Property	4.70	241,000	3.70	174,000
Cash	3.60	-	2.80	16,000
Total market value of assets		<u>2,191,000</u>		<u>1,582,000</u>
Present value of scheme liabilities		<u>(3,522,000)</u>		<u>(2,958,000)</u>
(Deficit)/surplus in the scheme		<u>(1,331,000)</u>		<u>(1,376,000)</u>

The amounts recognised in the Balance Sheet are as follows

	2013 £	2012 £
Present value of funded obligations	(3,522,000)	(2,958,000)
Fair value of scheme assets	<u>2,191,000</u>	<u>1,582,000</u>
Net liability	<u>(1,331,000)</u>	<u>(1,376,000)</u>

The amounts recognised in the Statement of Financial Activities are as follows

	2013 £	2012 £
Current service cost	(284,000)	(220,000)
Interest on obligation	(128,000)	(129,000)
Expected return on scheme assets	<u>88,000</u>	<u>80,000</u>
Total	<u>(324,000)</u>	<u>(269,000)</u>
Actual return on scheme assets	<u>255,000</u>	<u>123,000</u>

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30. PENSION COMMITMENTS (continued)

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

	2013 £	2012 £
Opening defined benefit obligation	2,958,000	2,245,000
Current service cost	284,000	220,000
Interest cost	128,000	129,000
Contributions by scheme participants	73,000	69,000
Actuarial Losses	79,000	295,000
	<u>3,522,000</u>	<u>2,958,000</u>
Closing defined benefit obligation	<u>3,522,000</u>	<u>2,958,000</u>

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

	2013 £	2012 £
Opening fair value of scheme assets	1,582,000	1,126,000
Expected return on assets	88,000	80,000
Actuarial gains and (losses)	166,000	43,000
Contributions by employer	282,000	264,000
Contributions by employees	73,000	69,000
	<u>2,191,000</u>	<u>1,582,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £70,000 loss (2012 - £157,000 loss)

The Academy expects to contribute £363,000 to its Defined benefit pension scheme in 2014

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

	2013	2012
European equities	77.00 %	75.00 %
European bonds	12.00 %	13.00 %
Property	11.00 %	11.00 %
Cash	- %	1.00 %

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

Discount rate for scheme liabilities	4.60 %	4.10 %
Expected return on scheme assets at 31 August	6.10 %	5.00 %
Rate of increase in salaries	5.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.80 %	2.20 %

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30 PENSION COMMITMENTS (continued)

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

	2013	2012
Retiring today		
Males	21.2	21.2
Females	23.4	23.4
Retiring in 20 years		
Males	23.7	23.7
Females	25.7	25.7

Amounts for the current and previous two periods are as follows

Defined benefit pension schemes

	2013 £	2012 £	2011 £
Defined benefit obligation	(3,522,000)	(2,958,000)	(2,245,000)
Scheme assets	2,191,000	1,582,000	1,126,000
Deficit	(1,331,000)	(1,376,000)	(1,119,000)
Experience adjustments on scheme liabilities	(79,000)	(295,000)	193,000
Experience adjustments on scheme assets	166,000	43,000	(98,000)

31. OPERATING LEASE COMMITMENTS

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

	Land and buildings 2013 £	2012 £	2013 £	Other 2012 £
Expiry date				
Within 1 year	-	-	-	5,703
Between 2 and 5 years	-	-	14,574	11,837

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

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

32. RELATED PARTY TRANSACTIONS

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, transactions may take place with organisations in which a Trustees has 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.

	2013 £	2012 £
During the year the Academy purchased services at market value from H R Solutions Limited, a company in which the trustee, Mr D Subden is a director	15,983	19,412
During the year the Academy purchased services at market value from SERCO, a company with which the Trustee, Mr T Smith has an association with	-	36,288
During the year the Academy purchased services at market value from Aquila Business Solutions, a company in which a person connected to the School Business Manager is employed	19,435	-
At the year end amounts outstanding to Aquila Business Solutions	2,800	-
	-	-
	-	-
	<u> </u>	<u> </u>

33. CONTROLLING PARTY

The Trustees have ultimate control of the Academy