

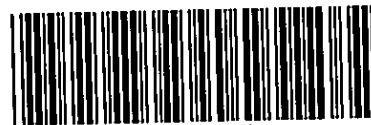
**The Arnewood School**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Period from 1 March 2011 to 31 August 2012**

**Chantrey Vellacott DFKLLLP**

THURSDAY



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29/11/2012

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COMPANIES HOUSE

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## Reference and Administrative Details

### Governors

Mrs E Cook\*

Chairman of the Governing Body

Mr C Hummerstone\*

Head Teacher, Chief Executive Officer and Accounting Officer

#### *Community Governors*

Cllr G Beck\*

Mrs Gillmon\*

Mrs M Hughes\*

Cllr O'Sullivan\*

Mrs E Reed\*

Mr R Wilkins\*

Mr B Maugham\*

Mr R Farmer

Responsible Officer

Resigned 27 January 2012

#### *Staff Governor*

Mr N Pressnell\*

Mr R Williamson\*

Mrs J Young\*

Mrs S Allinson

Appointed 14 October 2011

Resigned 30 September 2011

#### *Parent Governors*

Mrs S Byrne\*

Professor D Richards\*

Mr S Hayes\*

#### *Members*

Mrs E Cook

Mr L Daniels

Mr R Farmer

Mr H Green

Mr J Harris

Mr P Winfield

Mr B Maugham

Resigned 31 January 2012

\* Registered as statutory directors at Companies House

#### *Company Secretary*

Mrs V Woods

#### *Senior Management Team*

Mr C Hummerstone

Head Teacher Chief Executive Officer and Accounting Officer

Mr N Pressnell

Deputy Head Teacher

Dr M Horswell

Deputy Head Teacher

Mr H Roberts

Assistant Head Teacher

Mrs S Stroud

Assistant Head Teacher & Advanced Skills Teacher

Mr C Price

Assistant Head Teacher

Mr G Jagger

Special Educational Needs Co-Ordinator

Mr D Cornford

Director of Specialism

Mr P Barrett

Advanced Skills Teacher

**Reference and Administrative Details (*continued*)**

*Principal and Registered Office*  
The Arnewood School  
Gore Road  
New Milton  
BH25 6RS

*Company Registration Number*  
(England and Wales) 07546874

*Independent Auditor*  
Chantrey Vellacott DFK LLP  
Prospect House  
58 Queens Road  
Reading  
Berkshire  
RG1 4RP

*Bankers*  
Lloyds TSB  
25 High Street  
Ringwood  
BH24 1BD

*Solicitors*  
Blake Lapthorn  
New Kings Court  
Tollgate  
Chandler's Ford  
Eastleigh  
SO53 3LG

*Actuaries*  
AON Hewitt Limited  
8 Devonshire Square  
London  
EC2M 4PL

*Surveyors*  
Drivers Jonas Deloitte  
Hill House  
1 Little New Street  
London  
EC4A 3TR

## **Governors' Report**

The Governors present their annual report together with the audited financial statements and auditors' report of The Arnewood School (hereafter referred to as "Charitable Company" or "Academy Trust" or "Academy" or "School") for the period ended 31 August 2012. The Charitable Company was incorporated on 1 March 2011. On 1 April 2011 The Arnewood School converted to an Academy.

## **Structure, Governance and Management**

### Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Governors act as the Trustees for the charitable activities of The Arnewood School and are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Arnewood School.

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

### Members' Liability

Each Member of the Charitable Company undertakes to contribute to the assets of the 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.

### Governors' Indemnities

In accordance with normal commercial practice the Academy has insurance in place to protect Governors and officers from claims arising against negligent acts, errors or omissions occurring whilst on Academy business. The Governors' liability is insured with an indemnity limit of £5,000,000.

### Principal Activities

The Academy Trust's objects, as set out in the Articles of Association, is to provide secondary education for public benefit by establishing, maintaining, carrying on, managing and developing the Academy by offering a broad and balanced curriculum with an emphasis on elearning.

It continues 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 the Academy by offering a broad and balanced curriculum, and if and to the extent the Directors may decide from time to time, to promote for the benefit of the inhabitants of the community in which the Academy is located and the surrounding area, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants, and any other charitable purpose.

### Method of Recruitment and Appointment or Election of Governors ("Directors")

Appointment of Directors as per the Articles of Association of The Arnewood School.

The Members may appoint up to 7 Directors.

The Members may appoint Staff Directors through such process as they may determine provided that the total number of Directors including the Chief Executive Officer who are employees of the Charitable Company does not exceed one third of the total number of Directors. Normally and by preference Staff Directors shall include teaching and non teaching staff.

## **Governors' Report (*continued*)**

### Method of Recruitment and Appointment or Election of Governors ("Directors") (*continued*)

The Chairman and/or a Director can invite interested persons to join the Governing Body, in particular individuals who have specific skills to bring to the group. The appointment of any new Director is undertaken by the full Governing Body.

#### **Parent Directors**

Parent Directors shall be elected by the Parent members of the School Governing Body (who shall themselves have been elected or appointed in accordance with the terms of reference determined by the Directors from time to time) from amongst their number. The elected Parent Directors must be a parent of a registered student at the Academy at the time when s/he is elected.

The number of Parent Directors required shall be made up by Parent Directors appointed by the Directors if the number of parents standing for election is less than the number of vacancies.

The Directors shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Directors, including any question of whether a person is a parent of a registered student at the Academy. Any election of the Parent Directors which is contested shall be held by secret ballot.

In appointing a Parent Director the Directors shall appoint a person who is the parent of a registered student at the Academy, or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The process for recruiting a Parent Director is by ballot. Parents are notified of vacancy and invited to apply. Clerk to the Governing Body will receive nominations and will open on the date and time specified.

#### **Chief Executive Officer**

The Chief Executive Officer shall be a Director for as long as she/he remains in office as such.

#### **Co-Opted Directors**

The Directors may appoint up to 3 Co-opted Directors. A 'Co-opted Director' means a person who is appointed to be a Director by being Co-opted by Directors who have not themselves been so appointed. The Directors may not co-opt an employee of the Company as a Co-opted Director if thereby the number of Directors who are employees of the Company would exceed one third of the total number of Directors including the Chief Executive Officer.

### Policies and Procedures Adopted for the Induction and Training of Governors ("Directors")

**Induction** The Chairman meets all new Governors on a one to one basis. Relevant paperwork is then issued as follows,

- DFE Guide to the Law
- Staff Handbook
- School brochures
- Health & Safety Policy
- School Improvement Plan
- Minutes of all meetings
- Committee terms of reference
- Code of practice

## Governors' Report (*continued*)

### Policies and Procedures Adopted for the Induction and Training of Governors ("Directors") (*continued*)

- Any other strategic documentation distributed by the Headteacher
- Desirable competencies of Governing Body members

Training is undertaken both "in house" and via an external provider

An audit of Governor skills is undertaken annually

### Organisational Structure

The Senior Management Team consists of a Headteacher, two Deputy Headteachers, four Assistant Headteachers, a Director of Specialism and an Advanced Skills Teacher. The Headteacher is Chief Executive Officer and Accounting Officer. The Scheme of Delegation identifies the responsibilities of the Governing Body while the day to day management of the Academy has been devolved to the Senior Management Team.

### Risk Management

A risk register was in place prior to conversion to academy status. This was reviewed regularly and has continued to be reviewed on a regular basis since conversion.

The major financial risks have been identified as fluctuations in student numbers due to political, economic and social pressures, resulting in inconsistent funding which will be managed by three year budget forecasts allowing time to plan for possible shortfalls in funding.

A Statement on Internal Control was also in place prior to conversion and has been adopted subsequent to conversion and is monitored on a regular basis.

### Connected Organisations, including Related Party Relationships

*Hardys* – a company in which Mr O'Sullivan, a Governor is an employee. Transactions totalling £940, relating to the purchase of appliances. There were no amounts outstanding at the period end.

*Toshiba information systems* – a company in which Mr Daniels, a member, is an employee. Transactions totalling £86,029, relating to the indirect purchase of equipment. There were no amounts outstanding at the period end.

## Objectives and Activities

### Objectives, Strategies and Activities

In 2010 the School Improvement Partner's and OFSTED (2008) assessment of good in all areas matched that of the School. The curriculum was judged to be 'outstanding'. The medium term aim for the Academy is to move from good, with some outstanding features to an outstanding learning community in all respects. To do so will require the following key features:

- **Excellent reputation**
  - Local partnership and collaboration
  - national
  - international
- **High Quality learning behaviours**
  - Consistent discipline/attendance
  - Facing facts – transforming performance and opening minds
  - Reducing inhibitors to high performance
  - Effective CPD/coaching to be 'outstanding'
  - Mature emotional intelligence, trust and sustained relationships

## Governors' Report (*continued*)

### Objectives, Strategies and Activities (*continued*)

- **Excellent Leadership**
  - Aims and ethos – everybody included
  - Vision and aspiration
  - High interpersonal skills
  - Distributed responsibility and collaboration
  - Succession planning/encouraging talent
- **Transforming**
  - Information
  - Identification
  - Intervention (appropriately)
  - Impact
- **High Academic Standards**
  - KS3 – above 85% Level 5
  - KS4 – above 90% 5 A\*-C
  - English/Maths/Science – 70% and above including 5 A\*-C
  - Post 16 – BBB average/above – (ALPS grade 3)
  - 3 Specialisms add value
  - All students achieve well – appropriate curriculum, assessment, teaching and learning styles
- **Every Child Matters and every member of staff.**
  - Safe
  - Healthy
  - Achieving and Enjoying
  - Participating
  - Enterprising

"Children" – all children – deserve the best we can give them because for the great teacher the individual child is at the very centre" (Sir Alec Clegg)

To achieve and sustain excellence by

- Providing a diversity of teaching and learning styles in a positive environment
- Celebrating and supporting all those who respect the values of The Arnewood School
- Encouraging a sense of belonging to The Arnewood School and contributing to that identity in the local community

2011-12 Aims

Key Stage 3 Progress

- Pilot KS3 Rate of Progress monitoring and tracking programme with English, Mathematics and Science
- Lesson Observation focus on assessment for learning, student engagement and learner independence
- Intervention strategies co-ordinated by Heads of Years 7-9

## Governors' Report (*continued*)

### Objectives, Strategies and Activities (continued)

#### Inclusive Practice

- 'Behaviour to Learn' restated Code of Conduct and consistent application of Reward & Sanction Policy with staff training for SEN and Child Protection
- 'Attendance to Learn' through assembly, competitions and targeting sub groups
- Engagement curriculum review to include literacy and raising the school participation age, students leading learning
- Impact of elearning evaluated through student voice

#### KS2-3 Transition

- Further develop cross phase subject liaison
- Implement and evaluate cross phase bridging project for benchmarking standards

#### Whole School Literacy

- Development of a whole school Literacy Strategy and subsequent monitoring of implementation to ensure all areas of learning are making appropriate contributions to improving literacy of all students

#### Professional Learning Community

- Develop professional learning centre
- Integrate CPD and Performance Management
- Integrate Teaching & Learning with Lesson Observations for all areas of learning
- Enhanced links with the community including business partners

#### Learning Environment

- Improving the physical fabric of the school

### Public Benefit

The Academy Trust Governors have complied with their duty to provide goods, services and social benefit for the general public to support the primary objective of the Academy Trust without providing a financial return for any individual within the Academy Trust

## Achievements and Performance 2011-12

#### GT1

- A pilot for KS3 was undertaken for student progress tracking and assessment, with Heads of Year central to the intervention process
- As a result, electronic tracking for KS3 in all subjects is now for consultation with all Heads of Centre
- In 2011-12 at least 80% of lessons (11-16) were deemed to be at least good or better 92% good or outstanding in the Sixth Form

#### GT2

- 39 incidents of exclusion in comparison to 79 in 2010-11 - almost a 50% reduction (target 10%)
- As part of our improved behaviour and attendance strategy, attendance figures surpassed the target of 93 to 94%
- Students and parents have reported high satisfaction in general with e-learning procedures up to 93% (90% target)

#### GT3

- Developments continue into 2012-13 with new national Primary Curriculum developments This continues to have implications for an engaging curriculum (GT2) and the development of literacy, in particular, to allow for appropriate personalisation and progression This remains part of benchmarking activities at transition
- The strategic working of The Arnewood Pyramid continues to be effective, now bringing in senior health partners as part of an annual Healthy Schools cross phase project

## Governors' Report (*continued*)

### Achievements and Performance 2011-12 (*continued*)

#### GT4

- The excellent outcomes in English and Mathematics make a significant contribution to general standards of literacy and numeracy. In August 2012, 82% of students in both English and Mathematics gained A\*-C grades. 91% of students achieved 5 A\*-C at GCSE. A Level results were similarly record breaking for the Academy. 5 students gained A\* grades in Mathematics A Level. 11 A\* grades were achieved in total.
- The Headteacher led training in January 2012 for all staff to consider how improved literacy in various forms makes a very significant contribution to the spiritual, moral, social and cultural life of the Academy.

#### GT5

- Significant developments have improved both the physical provision for Continuing Professional Development (CPD) and a more integrated approach to training and Performance Management has improved the effectiveness of delivery and accountability.
- The flourishing partnership of the NewBiz business community of New Milton with the Academy has afforded new opportunities for mutually beneficial activities.

#### GT6

- Significant site improvements have been made in provision for 3 new Science laboratories, 2 new vocational salons for Hair and Beauty courses, a new Professional Learning Centre, a new Reception area, a new dining area, general redecoration, improved accessibility and storage facilities, all completed within the timescales and budget.

### Going Concern

After making appropriate enquiries, the Governing Body has 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 Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties where possible and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- Regular reviews by the Finance 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.

### **Financial Review**

The majority of income is received in the form of General Annual Grant funding received from the EFA and expenditure of this is restricted to the purpose of providing education and other activities as defined in the Funding Statement, identified above as the principle activities of the Academy. The General Annual Grant has been spent in accordance with the Funding Statement and details can be found in the Statement of Financial Activities. Any shortfall in funds from the EFA to meet the Academy's costs was provided by income generated for educational activities outside of the curriculum. Two Capital Grants were awarded during the period for specific projects, the first (£326,077) for replacement of boilers, renewal of main ICT servers and refurbishment and development of the school canteen all of which were completed before the end of the school year, the second (£55,000) was for further replacement of boilers and this work will take place in the next financial period. The second grant will be presented in the next year's financial statements accordingly.

## Governors' Report (continued)

### Financial Review (continued)

The fixed assets of the former Community Trust school were transferred to the Academy on conversion and capitalised appropriately after taking depreciation into account. The combined restricted and unrestricted funds of the Academy show an operating surplus after a large capital investment from Academy funds to provide teaching space for new courses and to improve teaching facilities for existing courses. The defined benefit pension scheme was introduced on conversion with a deficit and this deficit has increased over the period covered by the financial statements.

The Academy holds an interest-paying current account with Lloyds TSB and any surplus funds are placed in a daily rolling Treasury Deposit with Lloyds TSB.

### Restricted Funds

In the period, the Academy has received General Annual Grant (GAG) income totalling £8,679,833 of which £8,095,786 of this was spent on GAG activities and £517,019 was spent on fixed assets. The Academy carries forward £67,028 into the next accounting period. At the period end the Academy holds restricted funds of £13,817,798. Within restricted funds is a fixed asset fund of £14,457,427, general restricted funds of £72,371 and pension reserve in deficit of £712,000.

### Unrestricted Funds

At the period end the Academy holds unrestricted funds of £362,915.

### Financial and Risk Management Objectives and Policies

The following financial management policies have been adopted in the accounting period:

- Fraud Policy
- Scheme of Delegation
- Finance Manual – updated

The following financial management policies are to be adopted in the next accounting period:

- Business Continuity Plan
- Reserves Policy

### Principal Risks and Uncertainties

The principal risk to the Academy is fluctuating income as a result of Government changes and demographic decline in student numbers in the Academy's feeder schools. Proposed changes to the way in which Academies are funded causes uncertainty and hinders budget forecasting for future years. The Academy is reliant on successfully bidding for future Capital Grants in order to improve the fabric of the buildings and prolong their useful life. The main school boilers have been replaced and upgraded in the last twelve months. The Academy's allocation of the Local Government Pension Scheme resulted in an opening deficit which has increased during the period of the financial statements.

### Reserves Policy

The Academy has General Annual Grant restricted reserves amounting to £67,028, which has been carried forward as a contingency against reduced student numbers in future years and can also be used for maintenance and improvement of the premises and equipment. Ideally the Governing Body would wish to carry forward restricted reserves of £250,000 to guard against future changes to income and it is hoped that the EFA will relax its policy on carry forward amounts to enable this to happen. The pension deficit of £712,000 has not been included in this figure as it is not an immediate liability and is expected to be recouped over a twenty-five year period. The Academy currently has unrestricted reserves of £362,915 which will be used to enhance teaching and learning over the coming years. The Academy's Reserves Policy is to be presented to the Full Governing Body at the next meeting for approval and will be reviewed annually thereafter.

## Governors' Report (*continued*)

### Financial Review (*continued*)

#### Investment Policy

All funds surplus to immediate requirement are invested on treasury deposit on a daily rolling basis, enabling the maximum amount of funding to be deposited whilst still having instant access to funds. The rate of interest is considerably more than that paid on the current account.

#### Plans for Future Periods

The Academy aims to raise the aspirations of its students, improving their achievements and preparing them for a successful future at university or in the workplace.

The Academy will continue to strive to secure capital grants in order to improve the buildings and teaching facilities, and to continue to build on the already strong links with the surrounding junior schools by way of outreach work.

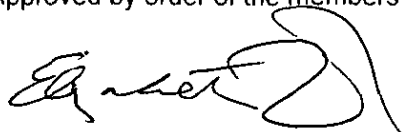
The Arnewood School has been designated as an active Sponsoring Academy by the DfE (October 2012).

#### Auditor

In so far as the Governors are aware

- there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- the Governors 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 21 November 2012 and signed on its behalf by



**Elizabeth Cook**  
Chair of Governors

## **Governance Statement**

### **Scope of Responsibility**

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

The Governing Body has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Arnewood School and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 6 times during the period. Attendance during the period at meetings of the Governing Body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mrs E Cook (Chairman)	6	6
Mr B Maugham (Responsible Officer)	6	6
Mr N Pressnell (Staff Governor)	5	6
Mr R Williamson (Staff Governor)	5	6
Mrs J Young (Staff Governor appointed 14 October 2011)	2	6
Mrs S Allinson (Staff Governor resigned 30 September 2011)	1	2
Mr R Farmer (Community Governor resigned 27 January 2012)	2	3
Mr C Hummerstone (Head Teacher and Accounting Officer)	6	6
Cllr G Beck (Community Governor)	5	6
Mrs Byrne (Parent Governor)	5	6
Mrs Gillmon (Community Governor)	2	6
Mr S Hayes (Parent Governor)	4	6
Mrs M Hughes (Community Governor)	5	6
Cllr A O'Sullivan (Community Governor)	4	6
Mrs E Reed (Community Governor)	4	6
Prof D Richards (Parent Governor)	5	6
Mr R Wilkins (Community Governor)	4	6

The **Finance and General Purposes Committee** is a sub-committee of the main Governing Body. Its purpose is to, review and approve the Academy's annual budget, review and approve financial policies and monitor expenditure and variances against the budget.

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mrs E Cook	6	6
Mr C Hummerstone	6	6
Mr B Maugham (Responsible Officer from 23.11.11)	6	6
Mr A O'Sullivan	5	6
Mr N Pressnell	6	6
Prof D Richards	3	6
Mr R Farmer (Resigned 27 January 2012)	1	3
Cllr G Beck (Joined 6 February 2012)	2	2

## **Governance Statement (*continued*)**

### **The Purpose of the System of Internal Control**

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

### **Capacity to Handle Risk**

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

### **The Risk and Control Framework**

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- Regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- Setting targets to measure financial and other performance,
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties,
- Identification and management of risks

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mr B Maugham, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis from January 2012 following appointment on 23 November 2011 the Responsible Officer reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

### **Review of Effectiveness**

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

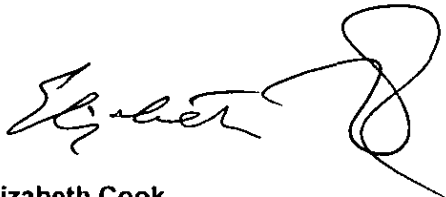
- The work of the Responsible Officer,
- The work of the external auditor,
- The financial management and governance self-assessment process,
- The work of the finance officer within the Academy Trust together with the finance committee, who have responsibility for the development and maintenance of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

**Governance Statement (*continued*)**

**Review of Effectiveness (*continued*)**

The Accounting Officer has been advised of the implications of the result of his review of the system of internal control by the Finance and General Purposes Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place where appropriate

Approved by order of the members of the Governing Body on 21 November 2012 and signed on its behalf by



**Elizabeth Cook**  
Chair of Governors



**Christopher Hummerstone**  
Accounting Officer

**Statement on Regularity, Propriety and Compliance**

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

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

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



**Christopher Hummerstone**  
Accounting Officer  
21 November 2012

## **Statement of Governors' Responsibilities**

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

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

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

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

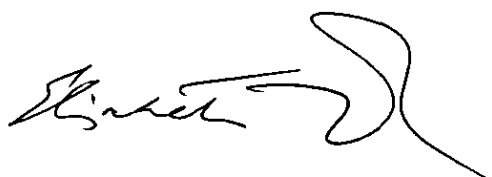
The Governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Young People's Learning Agency, Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the Governors are aware

- there is no relevant audit information of which the Academy's auditor is unaware, and
- the Governors 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

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

Approved by order of the members of the Governing Body on 21 November 2012 and signed on its behalf by



**Elizabeth Cook**  
Chair of Governors

## **Independent Auditor's Report on the Financial Statements to the Members of The Arnewood School**

We have audited the financial statements of The Arnewood School for the period 1 March 2011 to 31 August 2012 set out on pages 19 to 37. These financial statements have been prepared under the policies set out therein.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Governors and auditor**

As explained more fully in the Governors' Responsibilities Statement set out on page 15, the Governors (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 (APB'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 Governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Governors' 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,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**Independent Auditor's Report on the Financial Statements to the Members of The Arnewood School (continued)**

**Matters on which we are required to report by exception**

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

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

*Chantrey Vellacott DFK LLP*

Ian B Johnson (Senior Statutory Auditor)  
for and on behalf of CHANTREY VELLACOTT DFK LLP  
Chartered Accountants and Statutory Auditor  
Reading

*27/11/12*

Chantrey Vellacott DFK LLP

**Independent Reporting Accountant's Assurance Report on Regularity to The Arnewood School and the Education Funding Agency**

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

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

**Respective responsibilities of The Arnewood School's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The Arnewood School's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Financial Handbook as published by DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether, anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 April 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

**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 period 1 April 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

*Chantrey Vellacott DFK LLP*  
**CHANTREY VELLACOTT DFK LLP**  
Chartered Accountants  
Reading

27/11/12

**Statement of Financial Activities for the period 1 April 2011 to 31 August 2012**

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	1 April 2011 to 31 August 2012 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	3	21,307	-	-	21,307
Transfer from trust school on conversion	28	81,950	(455,000)	13,935,850	13,562,800
Activities for generating funds	4	706,085	-	-	706,085
Investment income	5	2,306	-	-	2,306
<i>Incoming resources from charitable activities</i>					
Funding for the academy's educational operations	6	34,591	8,829,137	365,662	9,229,390
<b>Total incoming resources</b>	17	846,239	8,374,137	14,301,512	23,521,888
<b>Resources expended</b>					
<i>Cost of generating funds</i>					
Costs of generating voluntary income		8,300	940	-	9,240
<i>Charitable activities</i>					
Academy's educational operations	8	481,467	8,204,384	361,104	9,046,955
Governance costs	9	-	51,980	-	51,980
<b>Total resources expended</b>	7/17	489,767	8,257,304	361,104	9,108,175
<b>Net incoming / (outgoing) Resources before transfers</b>		356,472	116,833	13,940,408	14,413,713
Transfer of additions purchased through the GAG	2	-	(517,019)	517,019	-
Gross transfers between funds	17	6,443	(6,443)	-	-
<b>Net Income/(Expenditure) for the period</b>		362,915	(406,629)	14,457,427	14,413,713
<b>Other recognised gains and losses</b>					
Actuarial (losses) gains on defined benefit pension schemes	17,26	-	(233,000)	-	(233,000)
<b>Net movement in funds</b>		362,915	(639,629)	14,457,427	14,180,713
<b>Reconciliation of funds</b>					
Total funds brought forward at 1 April 2011	17	-	-	-	-
<b>Total funds carried forward at 31 August 2012</b>	17	362,915	(639,629)	14,457,427	14,180,713

All of the Academy's activities derive from continuing operations during the above financial period

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

Balance sheet as at 31 August 2012

	Notes	2012 £	2012 £
<b>Fixed assets</b>			
Tangible assets	13		14,417,842
<b>Current assets</b>			
Stock	14	1,779	
Debtors	15	176,969	
Cash at bank and in hand		606,358	
		<u>785,106</u>	
<b>Liabilities</b>			
Creditors Amounts falling due within one year	16	(310,235)	
<b>Net current assets</b>			<u>474,871</u>
<b>Total assets less current liabilities</b>			<u>14,892,713</u>
<b>Net assets excluding pension liability</b>			<u>14,892,713</u>
Pension scheme liability	26		(712,000)
<b>Net assets including pension liability</b>			<u>14,180,713</u>
<b>Funds of the academy</b>			
<b>Restricted income funds</b>			
Fixed asset fund(s)	17		14,457,427
General fund(s)	17		72,371
Pension reserve	17		(712,000)
<b>Total restricted funds</b>			<u>13,817,798</u>
<b>Unrestricted income funds</b>			
General fund(s)	17		362,915
<b>Total unrestricted funds</b>			<u>362,915</u>
<b>Total funds</b>			<u>14,180,713</u>

The financial statements on pages 19 to 37 were approved by the Governors, and authorised for issue on 21 November 2012 and are signed on their behalf by

  
**Elizabeth Cook**  
Chair of Governors

Company Limited by Guarantee  
Registration Number 07546874

**Cash Flow Statement for the period 1 April 2011 to 31 August 2012**

	<b>Notes</b>	<b>2012 £</b>
<b>Net cash inflow from operating activities</b>	<b>21</b>	<b>963,939</b>
Returns on investments and servicing of finance	22	2,306
Capital expenditure	23	(477,434)
Cash transferred on conversion to an Academy Trust	28	117,547
<b>(Decrease)/Increase in cash in the period</b>	<b>24</b>	<b>606,358</b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Net funds at 1 April 2011		-
<b>Net funds at 31 August 2012</b>		<b>606,358</b>

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

## Notes to the Financial Statements for the Period ended 31 August 2012

### 1 Statement of Accounting Policies

#### Basis of Preparation

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 EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### Conversion to an Academy

The conversion from a Community Trust to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from The Arnewood School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Arnewood School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 28.

#### Going Concern

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

#### Incoming Resources

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

- **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. Grants receivable consist of the following:

The General Annual Grant ("GAG") relates to recurrent income and expenditure for the establishment, conduct and administration and maintenance of the Academy, where such expenditure does not fall under any other grant.

The Start-Up Grant is a "one off" payment of £25,000, which was awarded to all Schools on successful conversion to Academy status.

Other local authority grants relate to funding received directly from the local authority, most notably Hampshire County Council, for the provision of specific services such as education for special educational needs students.

Other DFE/EFA grants received are for specific services such as bursary funding for 6<sup>th</sup> form students, or teacher threshold and mainstreamed grant payments.

## Notes to the Financial Statements for the Period ended 31 August 2012 (*continued*)

### 1. Statement of Accounting Policies (*continued*)

- **Grants receivable (*continued*)**

Other income grants are received for specific services and include the "Lets Get Cooking Scheme" This Scheme is funded by the "School Food Trust", which funds a national network of cooking clubs for children, families and their communities across England. The surplus of this fund to carry forward as at 31 August 2012 is £331.

Fixed asset funds include the transfer of land and buildings from the Arnewood Community Trust to an Academy. Where tangible fixed assets are acquired through the aid of a specific grant they are credited to the restricted fixed asset fund within the Statement of Financial Activities and also included in the balance sheet within fixed assets. Funds will be transferred on an annual basis into the fixed asset fund, where required, from available revenue reserves at the behest of the Governors.

Capital grants received as part of the GAG are treated in the same way as the fixed asset fund.

- **Donations**

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

- **Other income**

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

- **Donated Services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust 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 Academy Trust's policies.

- **Land and buildings**

Land and Buildings transferred to The Arnewood School at the time of conversion to an academy were professionally valued and have been recognised within the Statement Of Financial Activities at that valuation.

### **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**

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

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations.

- **Governance Costs**

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

All resources expended are exclusive of VAT.

## Notes to the Financial Statements for the period ended 31 August 2012 (*continued*)

### 1 Statement of Accounting Policies (*continued*)

#### Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

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. 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 Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Freehold buildings	2%
Furniture and equipment	20%
Computer equipment	25%
Plant	10%

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.

#### Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

#### Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

#### 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.

#### Pensions Benefits

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

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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying

**Notes to the Financial Statements for the period ended 31 August 2012 (continued)**

**1 Statement of Accounting Policies (continued)**

**Pensions Benefits (continued)**

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 Trust 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 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 until 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.

**Fund Accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, Department for Education and other funders 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 Education Funding Agency, Department for Education and the local authority.

**2 General Annual Grant (GAG)**

**a Results and Carry Forward for the period**

	2012 £
GAG brought forward from previous period	-
GAG allocation for current period (See below)	8,679,833
<b>Total GAG available to spend</b>	<b>8,679,833</b>
Recurrent expenditure from GAG	(8,095,786)
Fixed assets purchased from GAG	(517,019)
<b>GAG carried forward to next year</b>	<b>67,028</b>
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	1,041,580
<b>GAG to surrender to DfE</b> (12% rule breached if result is positive)	<b>(974,552)</b>
	<b>No breach</b>

The GAG allocation includes income from separate restricted funds transferred into the GAG at the end of the period. Income received directly through the GAG was £8,088,982 (Note 6). Income transferred in from other funds at the end of the period was £590,851 and expenditure transferred was £125,871.

**3. Voluntary Income**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Other Donations	21,037	-	21,037
	21,037	-	21,037

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Hire of Facilities	21,556	-	21,556
Catering Income	141,053	-	141,053
Clubs / Trips	411,827	-	411,827
Other Income	131,649	-	131,649
	<u>706,085</u>	<u>-</u>	<u>706,085</u>

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Bank interest received	2,306	-	2,306
	<u>2,306</u>	<u>-</u>	<u>2,306</u>

6 Funding for Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2012 £
<b>DfE / EFA revenue grants</b>				
General Annual Grant (GAG) (note2)	-	8,088,982	-	8,088,982
Start Up Grants	-	25,000	-	25,000
Other DfE / EFA grants	5,500	420,222	365,662	791,384
	<u>5,500</u>	<u>8,534,204</u>	<u>365,662</u>	<u>8,905,366</u>
<b>Other Government grants</b>				
Local Authority grants	2,000	270,050	-	272,050
Special educational projects	4,013	-	-	4,013
Other income	23,078	24,883	-	47,961
	<u>34,591</u>	<u>8,829,137</u>	<u>365,662</u>	<u>9,229,390</u>

7. Resources Expended

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2012 £
Costs of generating voluntary income	-	-	9,240	9,240
Academy's educational operations				
Direct costs	6,072,483	-	532,843	6,605,326
Allocated support costs	799,909	554,961	579,791	1,934,661
Activities for generating funds	-	-	506,968	506,968
	<u>6,872,392</u>	<u>554,961</u>	<u>1,628,842</u>	<u>9,056,195</u>
Governance costs including allocated support costs	-	-	51,980	51,980
	<u>6,872,392</u>	<u>554,961</u>	<u>1,680,822</u>	<u>9,108,175</u>

Incoming/outgoing resources for the period include:

	2012 £
Operating leases	20,072
Fees payable to auditor - audit	7,815
- other services	2,175
(Profit)/loss on disposal of fixed assets	<u>4,987</u>

Notes to the Financial Statements for the period ended 31 August 2012 (*continued*)

8. Charitable Activities – Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
<b>Direct costs</b>			
Teaching and educational support staff costs	1,761	6,070,722	6,072,483
Educational supplies	-	131,376	131,376
Examination fees	-	161,020	161,020
Staff development	-	40,712	40,712
Educational consultancy	-	1,054	1,054
Other direct costs	2,900	195,781	198,681
	4,661	6,600,665	6,605,326
<b>Allocated support costs</b>			
Support staff costs	-	636,909	636,909
Depreciation	-	356,117	356,117
(Gain) / Loss on disposal of fixed assets	-	4,987	4,987
Recruitment and support	-	14,732	14,732
Maintenance of premises and equipment	-	219,369	219,369
Cleaning	-	143,106	143,106
Rent & rates	-	170,102	170,102
Telephone	-	22,384	22,384
Printing, postage and stationery	-	59,449	59,449
Insurance	-	76,025	76,025
Security and transport	-	30,699	30,699
Retirement benefit cost including finance cost	-	180,000	180,000
Other support costs	4,556	16,226	20,782
	4,556	1,930,105	1,934,661
<b>Activities for generating funds</b>			
Catering	72,166	29,956	102,122
School trips and clubs	400,084	4,762	404,846
	472,250	34,718	506,968
<b>Total</b>	481,467	8,565,488	9,046,955

9. Governance costs

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Legal and professional fees	-	41,990	41,990
Auditor's remuneration			
• Audit of financial statements	-	7,815	7,815
• Accountancy, taxation and other services	-	2,175	2,175
		51,980	51,980

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

10. Staff costs

Staff costs during the period were	2012 £
Wages and salaries	5,646,955
Social security costs	437,851
Pension costs	777,573
	<u>6,862,379</u>
Supply teacher costs	10,013
Compensation payments	-
	<u>6,872,392</u>

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

	2012 No.
<b>Charitable Activities</b>	
Teachers	93
Administration and support	56
Management	9
	<u>158</u>

The number of employees whose emoluments, which includes employer's pension contributions, over a 17 month period, fell within the following bands was

	12 months to 31 August 2012	17 months to 31 August 2012
£60,001 - £70,000	2	20
£70,001 - £80,000	2	17
£80,001 - £90,000	-	1
£90,001 - £100,000	-	1
£100,001 - £110,000	-	2
£110,001 - £120,000	1	-
£160,001 - £170,000	-	1
	<u>5</u>	<u>42</u>

Of the 42 employees noted above for the 17 month period, in an equivalent 12 month period only 5 employees earned in excess of £60,001. 42 of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £382,032.

11. Governors' remuneration and expenses

Head Teacher and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Head Teacher 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, which includes employer's pension contributions, in the 17 month period, and in an equivalent 12 month period was as follows

	12 months to 31 August 2012	17 months to 31 August 2012
Head Teacher & Chief Executive Officer	£115k – £120k	£165k – £170k
4 Staff Governors (1 of whom resigned 30 September 2011) in total	£150k – £155k	£210k – £215k

During the period ended 31 August 2012, travel and subsistence expenses totalling £nil were reimbursed to the Governors in respect of their services as Governors. Staff Governors received a total of £3,830 in respect of their staff roles.

Other related party transactions involving the Governors are set out in note 27

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

12. Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2012 was £295.

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

13 Tangible Fixed Assets

	Freehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Plant £	Total £
<b>Cost</b>					
At 1 April 2011	-	-	-	-	-
Transfer on conversion	13,844,771	26,403	64,676	-	13,935,850
Additions	381,525	135,939	246,340	79,292	843,096
Disposals	-	(3,065)	(10,140)	-	(13,205)
At 31 August 2012	14,226,296	159,277	300,876	79,292	14,765,741
<b>Depreciation</b>					
At 1 April 2011	-	-	-	-	-
Charged in period	222,159	34,378	91,651	7,929	356,117
Disposals	-	(613)	(7,605)	-	(8,218)
At 31 August 2012	222,159	33,765	84,046	7,929	347,899
<b>Net book values</b>					
<b>At 31 August 2012</b>	14,004,137	125,512	216,830	71,363	14,417,842
At 1 April 2011	-	-	-	-	-

On 31 August 2012 Land was professionally valued at £2,908,848 and Buildings were valued at £10,935,923. The total amount of £13,844,771, which the Governors have deemed to be equivalent to the fair value of land and buildings on conversion from the Arnewood Community Trust to The Arnewood School on 1 April 2011 and have been adopted by them for the purposes of the financial statements for the period ended on 31 August 2012.

The valuation was obtained from a "desktop valuation" carried out by the valuers "Drivers Jonas Deloitte" and the Governors have considered this valuation sufficient for the purposes of the financial statements.

14 Stock

	2012 £
Clothing	-
Catering	1,779
	<u>1,779</u>

15 Debtors

	2012 £
Trade debtors	27,928
Other debtors	87,765
Prepayments	61,276
	<u>176,969</u>

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

16 Creditors amounts falling due within one year

	2012 £
Trade creditors	88,054
Other creditors	56
Accruals and deferred income	222,125
	<b>310,235</b>

	2012 £
Deferred Income at 1 April 2011	-
Resources deferred in the period	114,414
Amounts released from previous periods	-
Deferred Income at 31 August 2012	<b>114,414</b>

At 31 August 2012 the Academy held the following in respect of deferred income

	2012 £
Capital grant (Boiler)	11,000
Devolved Formula Capital Grant	14,057
Canteen – Cashless Cards	2,810
Bursary fund for FY 2013	8,158
2012/13 Trips abroad	78,389
	<b>114,414</b>

17. Funds

	Balance at 1 April 2011 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2012 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	8,088,982	(7,969,915)	(52,039)	67,028
Start Up Grant	-	25,000	(23,241)	(1,759)	-
Other DfE / EFA Grants		420,222	(42,553)	(372,657)	5,012
Local Authority Grants		270,050	(173,058)	(96,992)	-
Other Income		24,883	(24,537)	(15)	331
Pension reserve	-	(455,000)	(24,000)	(233,000)	(712,000)
	-	8,374,137	(8,257,304)	(756,462)	(639,629)
<b>Restricted fixed asset funds</b>					
Fixed assets upon transfer	-	13,935,850	(361,104)	-	13,574,746
DfE/EFA capital grants	-	365,662	-	-	365,662
Capital expenditure from GAG				517,019	517,019
	-	14,301,512	(361,104)	517,019	14,457,427
<b>Total restricted funds</b>	-	22,675,649	(8,618,408)	(239,443)	13,817,798
<b>Unrestricted funds</b>					
Unrestricted funds	-	846,239	(489,767)	6,443	362,915
<b>Total unrestricted funds</b>	-	846,239	(489,767)	6,443	362,915
<b>Total funds</b>	-	23,521,888	(9,108,175)	(233,000)	14,180,713

**Notes to the Financial Statements for the period ended 31 August 2012 (continued)**

**17 Funds (continued)**

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

The General Annual Grant ("GAG") relates to recurrent income and expenditure for the establishment, conduct and administration and maintenance of the Academy, where such expenditure does not fall under any other grant

The Start-Up Grant is a "one off" payment of £25,000, which was awarded to all schools on successful conversion to Academy status

Other local authority grants relate to funding received directly from the local authority, most notably Hampshire County Council, for the provision of specific services such as education for special educational needs students

Other DFE/EFA grants received are for specific services such as bursary funding for 6th form students, or teacher threshold and mainstreamed grant payments

Other income grants are received for specific services and include the "Lets Get Cooking Scheme" This Scheme is funded by the "School Food Trust", which funds a national network of cooking clubs for children, families and their communities across England. The surplus of this fund to carry forward as at 31 August 2012 is £331

The pension reserve relates to the provision of pension costs for non teaching staff. The fund includes the transfer of a pension deficit from the local authority to The Arnewood School upon conversion to an Academy

Fixed asset funds include the transfer of land and buildings from the Arnewood Community Trust upon conversion to an academy. Where tangible fixed assets are acquired through the aid of a specific grant they are credited to the restricted fixed asset fund within the Statement of Financial Activities and also included in the balance sheet within fixed assets. Funds will be transferred on an annual basis into the fixed asset fund, where required, from available revenue reserves at the behest of the Governors

Capital grants received as part of the GAG are treated in the same way as the fixed asset fund

Unrestricted funds are generated from income and expenditure that is incidental and supplementary to the educational activities of the Academy such as from sales in the canteen and the letting of buildings to other organisations

**18 Analysis of net assets between funds**

Fund balances at 31 August 2012 are represented by

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	14,417,842	14,417,842
Current assets	362,915	382,606	39,585	785,106
Current liabilities	-	(310,235)	-	(310,235)
Pension scheme liability	-	(712,000)	-	(712,000)
<b>Total net assets</b>	<b>362,915</b>	<b>(639,629)</b>	<b>14,457,427</b>	<b>14,180,713</b>

**19 Capital commitments**

	2012 £
Contracted for, but not provided in the financial statements concerning a new boiler and science lab refurbishments	87,738

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

20 Financial commitments

Operating leases

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

	2012 £
<b>Other items</b>	
Expiring within one year	3,476
Expiring within two and five years inclusive	9,846
Expiring in over five years	-
	<u>13,322</u>

<b>21. Reconciliation of net income to net cash inflow from operating activities</b>	2012 £
Net income	14,413,713
Depreciation (note 13)	356,117
Loss on disposal (note 13)	4,987
Capital grant from DfE/YPLA/EFA	(365,662)
Transfer of fixed assets upon conversion to an academy	(13,935,850)
Transfer of pension deficit upon conversion to an academy	455,000
Interest receivable (note 5)	(2,306)
FRS 17 pension cost less contributions payable (note 26)	7,000
FRS 17 pension finance cost (note 26)	17,000
(Increase)/decrease in stocks	(1,779)
(Increase)/decrease in debtors	(176,969)
Increase/(decrease) in creditors	310,235
Cash received on conversion to an academy	(117,547)
<b>Net cash inflow from operating activities</b>	<u>963,939</u>

<b>22. Returns on investments and servicing of finance</b>	
Interest received	2,306
<b>Net cash inflow from returns on investment and servicing of finance</b>	<u>2,306</u>

<b>23. Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(843,096)
Receipt of capital grants from DfE/YPLA/EFA	326,077
	<u>(517,019)</u>
Receipt of devolved formula capital grant carried forward	39,585
<b>Net cash (outflow) / inflow from capital expenditure and financial investment</b>	<u>(477,434)</u>

<b>24. Analysis of changes in net funds</b>	<b>At 1 April 2011</b>	<b>Cash flows</b>	<b>At 31 August 2012</b>
	£	£	£
Cash in hand and at bank	-	606,358	606,358
	-	606,358	606,358

25. 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

## Notes to the Financial Statements for the period ended 31 August 2012 (*continued*)

### 26 Pension and similar obligations

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 AON Hewitt Limited Both are defined-benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2012

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

#### Teachers' Pension Scheme

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

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

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

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

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%

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

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

Notes to the Financial Statements for the period ended 31 August 2012 (*continued*)

**26. Pension and similar obligations (continued)**

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.

During the period ended 31 August 2012 pension contributions to the TPS scheme amounted to £614,236.

**Local Government Pension Scheme**

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 period ended 31 August 2012 was £206,000, of which employer's contributions totalled £156,000 and employees' contributions totalled £50,000. The agreed contribution rates for future years are 13.1 per cent for employers and between 5.5 and 7.5 per cent for employees, depending on their level of earnings.

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the Community Trust and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

**Principal Actuarial Assumptions**

	<b>At 31 August 2012</b>
Rate of increase in salaries	4.6%
Rate of increase for pensions in payment / inflation	2.1%
Discount rate for scheme liabilities	4.1%
Inflation assumption (CPI)	2.1%
Rate of increase (RPI)	3.1%

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

	<b>At 31 August 2012</b>
<i>Retiring today</i>	
Males	88.9
Females	89.9
<i>Retiring in 20 years</i>	
Males	90.6
Females	91.8

**Notes to the Financial Statements for the period ended 31 August 2012 (continued)**

**26. Pension and similar obligations (continued)**

**Local Government Pension Scheme (continued)**

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

	<b>Expected return at 31 August 2012</b>	<b>Fair value at 31 August 2012</b>
Equities	7.5%	<b>538,656</b>
Government Bonds	2.5%	<b>273,792</b>
Corporate Bonds	3.2%	<b>13,888</b>
Property	7.0%	<b>79,360</b>
Cash	1.3%	<b>33,728</b>
Alternative Assets	7.5%	<b>52,576</b>
<b>Total market value of assets</b>		<b>992,000</b>
Present value of scheme liabilities - funded		<b>(1,704,000)</b>
<b>Surplus/(deficit) in the scheme</b>		<b>(712,000)</b>

The return on the Fund (on a bid value to bid value basis) for the period ended 31 August 2012 is estimated to be 6.2%. The Academy's share of the assets of the fund is less than 1%. The expected rate of return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period.

The actual return on scheme assets was £51,000.

**Amounts recognised in the statement of financial activities**

	<b>2012 £</b>
Current service cost (net of employee contributions)	<b>(163,000)</b>
Past service cost	<b>-</b>
<b>Total operating charge</b>	<b>(163,000)</b>
<b>Analysis of pension finance income / (costs)</b>	
Expected return on pension scheme assets	<b>84,000</b>
Interest on pension liabilities	<b>(101,000)</b>
<b>Pension finance income/(costs)</b>	<b>(17,000)</b>

The actuarial gains and losses for the current period are recognised in the Statement Of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement Of Financial Activities since the adoption of FRS 17 is a loss of £233,333.

**Notes to the Financial Statements for the period ended 31 August 2012 (continued)**

**26 Pension and similar obligations (continued)**

**Local Government Pension Scheme (continued)**

**Movements in the present value of defined benefit obligations were as follows:**

	2012 £
<b>At 1 April 2011</b>	<b>1,224,000</b>
Current service cost	163,000
Interest cost	101,000
Employee contributions	50,000
Actuarial (gain)/loss	200,000
Benefits paid	(34,000)
Past Service cost	-
Curtailments and settlements	-
<b>At 31 August 2012</b>	<b>1,704,000</b>

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

	2012 £
<b>At 1 April 2011</b>	<b>769,000</b>
Expected return on assets	84,000
Actuarial gain/(loss)	(33,000)
Employer contributions	156,000
Employee contributions	50,000
Benefits paid	(34,000)
<b>At 31 August 2012</b>	<b>992,000</b>

The estimated value of employer contributions for the year ended 31 August 2013 is £114,000

**The five-year history of experience adjustments is as follows:**

	2012 £
Present value of defined benefit obligations	(1,704,000)
Fair value of share of scheme assets	992,000
<b>Surplus/(Deficit) in the scheme</b>	<b>(712,000)</b>
<b>Experience adjustments on share of scheme assets</b>	<b>2012 £</b>
Amount	(33,000)
<b>Experience adjustments on scheme liabilities:</b>	
Amount	£Nil

**Notes to the Financial Statements for the period ended 31 August 2012 (continued)**

**27. Related Party Transactions**

Owing to the nature of the Academy's operations and the composition of the Board of Governors 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 Governors 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.

*Hardys* – a company in which Mr O'Sullivan, a Governor is an employee

Transactions totalling £940, relating to the purchase of appliances. There were no amounts outstanding at the period end.

*Toshiba information systems* – a company in which Mr Daniels, a member is an employee

Transactions totalling £86,029, relating to the indirect purchase of equipment. There were no amounts outstanding at the period end.

**28. Conversion to an Academy Trust**

On 1 April 2011 the Arnewood School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Arnewood School from the Arnewood Community Trust for £nil consideration.

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

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets				
Freehold / leasehold land and buildings	-	-	13,844,771	13,844,771
Other tangible fixed assets	-	-	91,079	91,079
Budget surplus / (deficit) on other school funds	81,950	-	-	81,950
LGPS pension surplus / (deficit)	-	(455,000)	-	(455,000)
<b>Net assets / (liabilities)</b>	<b>81,950</b>	<b>(455,000)</b>	<b>13,935,850</b>	<b>13,562,800</b>

The above net assets include £117,547 that was transferred as cash. The balance relates to an inherited surplus, debtors and creditors.