

BARROW 1618 THE SCHOOL CO
GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013



WR
Whittingham Riddell
chartered accountants

BARROW 1618 THE SCHOOL CO
(A company limited by guarantee)

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BARROW 1618 THE SCHOOL CO
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013**

Governors

Ms Jennifer Beets
Ms Natasha Branston
Mrs Sarah Britton (resigned 3 September 2012)
Mr Gregory D Day (resigned 3 September 2012)
Ms Michelle A Gough (appointed 17 June 2013)
Mrs Selina L Graham, Chair
Mr Keith A Harrington
Mr Richard Jackson
Ms Carolyn N Jones (appointed 17 June 2013)
Ms Victoria Mantle
Ms Elizabeth J Moseley (appointed 12 November 2012)
Mr John A Newton (appointed 17 June 2013)
Ms Annabel Prideaux
Mr Maylin J Ware
Mr Gregory D Watson
Ms Penny Wells

Company registered number

07640198

Principal and registered office

The Office and Old Malthouse Queens Street
Brosely
Telford
Shropshire
TF12 5NB

Chief executive officer

John Newton

Independent auditors

Whittingham Riddell LLP
Chartered Accountants
Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

BARROW 1618 THE SCHOOL CO
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Barrow 1618 The School Co (the academy) for the year ended 31 August 2013. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. Constitution

The academy is a charitable company limited by guarantee and was set up by a Memorandum of Association on 18 May 2011. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

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

b. 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.

c. Method of recruitment and appointment or election of Governors

The management of the academy is the responsibility of the Governors who are elected and co-opted under the terms of the Trust Deed.

d. Policies and procedures adopted for the induction and training of Governors

The academy provides access for Governors to suitable training, and ensures that any new Governors are familiarised with the work and procedures of the academy, so that they can play a full role on the governing body. Governors are provided with access to the academy's reports, budgets and plans so that they have the information to carry out their duties, and are encouraged to meet with staff, students and parents. Where necessary, training will be provided on the charity, educational, legal and financial matters.

e. Organisational structure

The Governors are responsible for setting the general policy of the academy. They approve annual plans, budgets, targets and monitor the academy's performance against the aims expressed in these documents. Governors approve any capital expenditure undertaken by the academy.

BARROW 1618 THE SCHOOL CO
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

f. Risk management

The Governors have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy. The control environment has been developed through the year, putting systems and procedures in place to mitigate exposure to the major risks.

The school has recently achieved Safety Mark accreditation, now ranking within the top schools in the country for safety management practices.

g. Governors' indemnities

As part of its insurance cover, the academy has purchased Governors' Liability Insurance, as detailed in note 13 of the accounts.

Objectives and Activities

a. Objects and aims

Our aims are to ensure that:

- Each and every child is valued for their individual contributions, and develops a positive attitude towards everyone in the life of the school and community.
- Each child develops self-esteem, confidence, self-worth, a sense of responsibility and independence as learners.
- Each child is enabled to develop knowledge, skills and understanding so that they have the confidence and ability to investigate, experiment, take risks, challenge, develop a sense of adventure to help them make informed choices whilst at school and later life.
- Each child develops an understanding and mutual respect for people from other religions, races, cultures, genders and those with disabilities.

b. Objectives, strategies and activities

Termly meetings of the governing body ensure that a discrete agenda is formally presented. These cover a range of curriculum, personnel, financial and health and safety matters which are comprehensively reviewed.

Weekly meetings with staff and school management also take place to ensure that the school objectives are being efficiently disseminated and effectively met.

c. Activities for achieving objectives

Review of practice and monitoring of delivery are part of the norm. All Governors participate in a monitoring role and work alongside staff to ensure that high standards are met.

d. Public benefit

In setting objectives and planning the activities of the academy, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

BARROW 1618 THE SCHOOL CO
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Achievements and performance

a. Going concern

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

b. Review of activities

An annual presentation is made to the full governing body by appropriate staff, outlining all school results for the academic year. Accountability for performance is enhanced through open dialogue and transparency.

Financial review

a. Reserves policy

Budgets are set by Governors with the intention of fully utilising funding each year to provide enlivening experiences for pupils in and out of the classroom. Any reserves created as being held to allow the school to be able to meet unexpected and unbudgeted costs that may arise going forward.

Plans for the future

a. Future developments

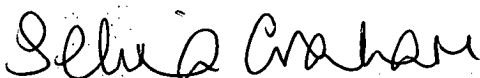
Following a successful first year, Barrow 1618 Free School has increased its pupil numbers welcoming more children into the Barrow learning community. The school is continuing with its capital development programme to provide the very best learning environment and equipment for both pupils and staff.

Disclosure of information to auditors

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by order of the Governor on 7 March 2014 and signed on its behalf by:



Mrs Selina L. Graham
Chair of Trustees



Mr Richard Jackson
Governor

BARROW 1618 THE SCHOOL CO
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Barrow 1618 The School Co 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 Governors have delegated the day-to-day responsibility to the Chair of Finance, 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 Barrow 1618 The School Co and the Secretary of State for Education. They are also responsible for reporting to the any material weaknesses or breakdowns in internal control.

Governance

The Finance Committee is a sub-committee of the main board of Governors. Its purpose is to appropriately deal with the financial matters of the school that arise during the year and agree on the financial strategy of the school.

Governor	Meetings attended	Out of a possible
Richard Jackson	6	6
Selina Graham	6	6
Maylin Ware	6	6
Greg Watson	3	6

The Audit Committee is also a sub-committee of the main board of Governors. Its purpose is to review the effectiveness of the school's internal control system to ensure that the aims, objectives and key performance targets of the school are achieved in the most economic, effective and environmentally preferable manner.

Governor	Meetings attended	Out of a possible
Selina Graham	1	1
Annabel Prideaux	1	1
Keith Harrington	1	1

BARROW 1618 THE SCHOOL CO
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GOVERNANCE STATEMENT (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Barrow 1618 The School Co for the year 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 Audit has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Audit is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Finance ;
- 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 Audit Committee has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Whittingham Riddell LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the auditors report to the Audit on the operation of the systems of control and on the discharge of the s' financial responsibilities.

BARROW 1618 THE SCHOOL CO
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GOVERNANCE STATEMENT (continued)

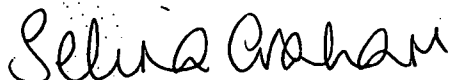
Review of Effectiveness

As Accounting Officer, the Chair of Finance 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 external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the on 7 March 2014 and signed on their behalf, by:



Mrs Selina L Graham
Chair of Trustees



Mr Richard Jackson
Accounting Officer during the period

BARROW 1618 THE SCHOOL CO
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Barrow 1618 The School Co I have considered my responsibility to notify the academy and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the academy are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2012).

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



Mr Richard Jackson
Accounting Officer during the
period

BARROW 1618 THE SCHOOL CO
(A company limited by guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

The Governors (who act as governors of Barrow 1618 The School Co 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 Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the governing body on 7 March 2014 and signed on its behalf by:



Mrs Selina L Graham
Chair of Trustees

BARROW 1618 THE SCHOOL CO
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARROW 1618 THE SCHOOL CO

We have audited the financial statements of Barrow 1618 The School Co 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 section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Governors and auditors

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

The Governors have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. 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 Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements. 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 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.

BARROW 1618 THE SCHOOL CO
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARROW 1618 THE SCHOOL CO

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Governors' report is inconsistent in any material respect with the financial statements; or
- the academy has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date:

7 March 2014

Whittingham Riddell LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

BARROW 1618 THE SCHOOL CO
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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO BARROW 1618
THE SCHOOL CO AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 29/07/2013 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 Barrow 1618 The School Co 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 Barrow 1618 The School Co and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Barrow 1618 The School Co 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 Barrow 1618 The School Co and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Barrow 1618 The School Co's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Barrow 1618 The School Co's funding agreement with the Secretary of State for Education dated July 2012, 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.

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.



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date: 7 March 2014

BARROW 1618 THE SCHOOL CO
(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:						
Donations	2	21,901	-	-	21,901	-
Pension Deficit introduced	2	-	(16,000)	-	(16,000)	-
Activities for generating funds	3	33,251	-	-	33,251	893
Investment income	4	74	-	-	74	1
Incoming resources from charitable activities	5	-	425,877	123,609	549,486	117,556
TOTAL INCOMING RESOURCES		55,226	409,877	123,609	588,712	118,450
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs	3	3,072	-	-	3,072	893
Charitable activities	7	-	329,506	19,227	348,733	47,876
Governance costs	6	-	10,145	-	10,145	1,475
TOTAL RESOURCES EXPENDED	8	3,072	339,651	19,227	361,950	50,244
NET INCOMING RESOURCES BEFORE REVALUATIONS		52,154	70,226	104,382	226,762	68,206

BARROW 1618 THE SCHOOL CO
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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					
Actuarial gains and losses on defined benefit pension schemes	-	6,000	-	6,000	-
NET MOVEMENT IN FUNDS FOR THE YEAR	52,154	76,226	104,382	232,762	68,206
<i>Total funds at 1 September 2012</i>	<i>1</i>	<i>34</i>	<i>68,171</i>	<i>68,206</i>	<i>-</i>
TOTAL FUNDS AT 31 AUGUST 2013	52,155	76,260	172,553	300,968	68,206

All activities relate to continuing operations.

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

The notes on pages 19 to 36 form part of these financial statements.

BARROW 1618 THE SCHOOL CO
(A company limited by guarantee)
REGISTERED NUMBER: 07640198

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	14		172,553		68,171
CURRENT ASSETS					
Stocks	15	1,196		3,372	
Debtors	16	51,800		100,104	
Cash at bank and in hand		185,335		5,577	
			238,331	109,053	
CREDITORS: amounts falling due within one year	17	(94,916)		(109,018)	
NET CURRENT ASSETS			143,415		35
TOTAL ASSETS LESS CURRENT LIABILITIES			315,968		68,206
Defined benefit pension scheme liability	24		(15,000)		-
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			300,968		68,206
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	18	61,260		34	
Restricted fixed asset funds	18	172,553		68,171	
Restricted funds excluding pension asset		233,813		68,205	
Pension reserve		15,000		-	
Total restricted funds			248,813		68,205
Unrestricted funds	18		52,155		1
TOTAL FUNDS			300,968		68,206

The Governors consider that the academy is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the academy to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

BARROW 1618 THE SCHOOL CO
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BALANCE SHEET (continued)
AS AT 31 AUGUST 2013

The financial statements were approved by the Governors, and authorised for issue, on 7 March 2014 and are signed on their behalf, by:


Mrs Selina L Graham
Chair of Governors


Mr Richard Jackson
Governor

The notes on pages 19 to 36 form part of these financial statements.

BARROW 1618 THE SCHOOL CO
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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	20	303,293	73,747
Returns on investments and servicing of finance	21	74	1
Capital expenditure and financial investment	21	(123,609)	(68,171)
INCREASE IN CASH IN THE YEAR		179,758	5,577

**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	179,758	5,577
MOVEMENT IN NET FUNDS IN THE YEAR	179,758	5,577
Net funds at 1 September 2012	5,577	-
NET FUNDS AT 31 AUGUST 2013	185,335	5,577

The notes on pages 19 to 36 form part of these financial statements.

BARROW 1618 THE SCHOOL CO
(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 Fund accounting

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

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

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

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

BARROW 1618 THE SCHOOL CO
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.3 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.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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 donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.4 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 Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £100 are capitalised.

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

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

Property Improvements	-	2% Straight Line
Motor Vehicles	-	25% Straight Line
Fixtures and Fittings	-	15% Straight Line
Computer Equipment	-	33% Straight Line

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

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 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.

1.9 Taxation

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

1.10 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes 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 24, 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.

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

1. ACCOUNTING POLICIES (continued)

1.10 Pensions (continued)

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.

2. VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Donations	21,901	-	21,901	-
Pension Deficit introduced	-	(16,000)	(16,000)	-
Voluntary income	21,901	(16,000)	5,901	-

3. ACTIVITIES FOR GENERATING INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Income				
Various including uniform & lettings Income	33,251	-	33,251	893
Expenditure				
Uniform Expenses	3,072	-	3,072	893
Net income from activities for generating income	30,179	-	30,179	-

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

4. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Interest Received	74	-	74	1

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Academy's Educational Operations	-	549,486	549,486	117,556

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
DfE/EFA grants				
GAG	-	264,260	264,260	-
SEN & Other Grants	-	238,406	238,406	117,556
Student Placements	-	430	430	-
DFC	-	46,390	46,390	-
	-	549,486	549,486	117,556

6. GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Governance Auditors' remuneration	-	4,450	4,450	1,475
Governance Auditors' non audit costs	-	5,695	5,695	-
	-	10,145	10,145	1,475

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**NOTES TO THE FINANCIAL STATEMENTS
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7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
DIRECT COSTS				
Wages and salaries	-	89,669	89,669	17,138
National insurance	-	5,251	5,251	1,900
Pension cost	-	15,333	15,333	2,115
Depreciation	-	19,227	19,227	-
Maintenance	-	3,291	3,291	2,101
Cleaning	-	9,146	9,146	567
Rent and rates	-	12,482	12,482	800
Insurance	-	6,938	6,938	750
Educational supplies	-	11,245	11,245	2,657
School trips	-	4,451	4,451	-
Other direct costs	-	1,647	1,647	-
Staff development	-	1,794	1,794	2,053
Consultancy	-	43,310	43,310	-
	-	223,784	223,784	30,081
SUPPORT COSTS				
Wages and salaries	-	60,355	60,355	-
National insurance	-	3,398	3,398	-
Pension cost	-	6,630	6,630	-
Insurance	-	1,100	1,100	-
Catering	-	5,588	5,588	-
Other Support costs	-	5,389	5,389	2,011
Professional costs	-	16,170	16,170	781
Marketing	-	5,957	5,957	15,003
Governors' remuneration (note 12)	-	20,362	20,362	-
	-	124,949	124,949	17,795
	-	348,733	348,733	47,876

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**NOTES TO THE FINANCIAL STATEMENTS
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8. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Fundraising expenses	-	-	3,072	3,072	893
Costs of generating funds	-	-	3,072	3,072	893
Academy's Educational Operations	110,253	19,227	94,304	223,784	30,081
Support costs - Academy's Educational Operations	90,745	-	34,204	124,949	17,795
Charitable activities	200,998	19,227	128,508	348,733	47,876
Governance	-	-	10,145	10,145	1,475
	200,998	19,227	138,653	358,878	50,244

9. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £	Total 2012 £
Teaching and education	223,784	124,949	348,733	47,876

10. NET INCOMING RESOURCES

This is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the charity	19,227	-
Auditors' remuneration	4,450	1,475

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

11. STAFF COSTS

Staff costs were as follows:

	2013 £	2012 £
Wages and salaries	170,386	17,138
Social security costs	8,649	1,900
Other pension costs (Note 24)	21,963	2,115
	<u>200,998</u>	<u>21,153</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.
Teaching Staff	3	1
Support Staff	4	0
	<u>7</u>	<u>1</u>

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

12. GOVERNORS' REMUNERATION AND EXPENSES

	2013 £	2012 £
Remuneration	<u>20,362</u>	<u>-</u>

The highest paid Governor received remuneration of £20,362 (2012 - £NIL).

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

	2013 £	2012 £
Ms Elizabeth J Moseley	20,000-25,000	

Governors received remuneration amounting to £20,362 in the current year (2012 - £NIL).

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

During the year, no Governors received any reimbursement of expenses (2012 - £NIL).

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

13. 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £225 (2012 - £225).

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

14. TANGIBLE FIXED ASSETS

	Property improvements £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2012	17,000	42,013	9,158	-	68,171
Additions	63,652	29,875	22,832	7,250	123,609
At 31 August 2013	80,652	71,888	31,990	7,250	191,780
Depreciation					
At 1 September 2012	-	-	-	-	-
Charge for the year	962	9,156	7,296	1,813	19,227
At 31 August 2013	962	9,156	7,296	1,813	19,227
Net book value					
At 31 August 2013	79,690	62,732	24,694	5,437	172,553
At 31 August 2012	17,000	42,013	9,158	-	68,171

15. STOCKS

	2013 £	2012 £
Uniform	1,196	3,372

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

16. DEBTORS

	2013 £	2012 £
Trade debtors	1,563	-
Other debtors	45,033	13,589
Prepayments and accrued income	5,204	-
Grants receivable	-	86,515
	<u>51,800</u>	<u>100,104</u>

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

	2013 £	2012 £
Trade creditors	47,722	103,521
Other taxation and social security	1,732	-
Other creditors	34,165	5,497
Accruals and deferred income	11,297	-
	<u>94,916</u>	<u>109,018</u>

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources expended £	Gains/ (Losses) £	Carried forward £
Unrestricted funds					
General Funds	1	55,226	(3,072)	-	52,155
Restricted funds					
Restricted Funds	34	409,877	(348,651)	-	61,260
Pension reserve	-	-	9,000	6,000	15,000
	<u>34</u>	<u>409,877</u>	<u>(339,651)</u>	<u>6,000</u>	<u>76,260</u>
Restricted fixed asset funds					
Restricted Fixed Asset Funds	68,171	123,609	(19,227)	-	172,553
Total restricted funds	<u>68,205</u>	<u>533,486</u>	<u>(358,878)</u>	<u>6,000</u>	<u>248,813</u>
Total of funds	<u>68,206</u>	<u>588,712</u>	<u>(361,950)</u>	<u>6,000</u>	<u>300,968</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

The restricted funds relate to GAG and other Dfe, EFA or government funding for the continuing operation of the academy. This includes devolved formula capital monies which was transferred from the previous closed school to be spent on ongoing capital works, ICT and other capital needs.

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 £	Gains/ (Losses) £	Carried forward £
General funds	1	55,226	(3,072)	-	52,155
Restricted funds	34	409,877	(339,651)	6,000	76,260
Restricted fixed asset funds	68,171	123,609	(19,227)	-	172,553
	<u>68,206</u>	<u>588,712</u>	<u>(361,950)</u>	<u>6,000</u>	<u>300,968</u>

19. 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	-	-	172,553	172,553	68,171
Current assets	52,155	186,177	-	238,332	109,053
Creditors due within one year	-	(94,917)	-	(94,917)	(109,018)
Provisions for liabilities and charges	-	(15,000)	-	(15,000)	-
	<u>52,155</u>	<u>76,260</u>	<u>172,553</u>	<u>300,968</u>	<u>68,206</u>

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

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Net incoming resources before revaluations	226,762	68,206
Returns on investments and servicing of finance	(74)	(1)
Depreciation of tangible fixed assets	19,227	-
Decrease/(increase) in stocks	2,176	(3,372)
Decrease/(increase) in debtors	42,807	(100,104)
(Decrease)/increase in creditors	(8,605)	109,018
FRS 17 adjustments	21,000	-
Net cash inflow from operations	303,293	73,747

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

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	74	1
	74	1
	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(123,609)	(68,171)
	(123,609)	(68,171)

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	5,577	179,758	-	185,335
Net funds	5,577	179,758	-	185,335

23. CAPITAL COMMITMENTS

At 31 August 2013 the academy had capital commitments as follows:

	2013 £	2012 £
Contracted for but not provided in these financial statements	217,745	-

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

24. 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 Shropshire County Pension Fund. 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.

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

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24. PENSION COMMITMENTS (continued)

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 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.

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24. PENSION COMMITMENTS (continued)

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 £10,214, of which employer's contributions totalled £6,630 and employees' contributions totalled £3,583. The agreed contribution rates for future years are 10.7% for employers and 5.5 - 5.9% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The amounts recognised in the Balance Sheet are as follows:

	2013 £	2012 £
Present value of funded obligations	(101,000)	-
Fair value of scheme assets	86,000	-
Net liability	<u>(15,000)</u>	<u>-</u>

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

	2013 £	2012 £
Interest on obligation	(3,000)	-
Expected return on scheme assets	3,000	-
Total	<u>-</u>	<u>-</u>

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

	2013 £	2012 £
Interest cost	3,000	-
Contributions by scheme participants	4,000	-
Liabilities assumed in a business combination	82,000	-
Current service cost	12,000	-
Closing defined benefit obligation	<u>101,000</u>	<u>-</u>

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

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

	2013 £	2012 £
Expected return on assets	3,000	-
Actuarial gains and (losses)	6,000	-
Contributions by employer	7,000	-
Contributions by employees	4,000	-
Assets acquired in a business combination	66,000	-
	<u>86,000</u>	<u>-</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £NIL (2012 - £NIL).

The academy expects to contribute £NIL 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	57.20 %	- %
Government bonds	12.20 %	- %
Other bonds	9.60 %	- %
Cash / liquidity	8.00 %	- %
Other	10.10 %	- %

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

	2013	2012
Discount rate for scheme liabilities	4.50 %	- %
Expected return on scheme assets at 31 August	4.96 %	- %
Rate of increase in salaries	3.90 %	- %
Rate of increase for pensions in pension	2.40 %	- %
Inflation assumption (CPI)	2.40 %	- %
Commutation of pensions to lump sums	50.00 %	- %

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	22.3	
Females	25	
Retiring in 20 years		
Males	24.1	
Females	27	

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

24. PENSION COMMITMENTS (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2013 £	2012 £	2011 £	2010 £	2009 £
Defined benefit obligation	(101,000)	-	-	-	-
Scheme assets	86,000	-	-	-	-
Deficit	(15,000)	-	-	-	-
Experience adjustments on scheme assets	6,000	-	-	-	-

25. 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, transactions may take place with organisations in which a Governor 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.

New Reflexions Limited, a company in which Mr Harrington and Mr Watson, Governors, have a majority interest, carried out payroll services during the prior period at no cost to the academy, no such services were carried out in the current financial year.

Willey Estates Company, an organisation in which Mrs S Graham, Governor, has a majority interest incurred transactions totalling £5,983 (2012: £1,500), relating to extensions completed throughout the year. There was £nil (2012: £1,500) outstanding at the year end.

ADCP LLP, a partnership in which Gregory Day, Governor, has a majority interest incurred transactions totalling £nil (2012: £170), relating to reimbursement of a planning application fee and services during the period. There were no amounts outstanding at the year end (2012: £nil).

C2C Building & Property Services Limited, a company in which Mr Harrington and Mr Watson, Governors, have a majority interest, completed works for the school totalling £11,496 (2012: £nil). There was £11,496 (2012: £nil) outstanding at the year end.