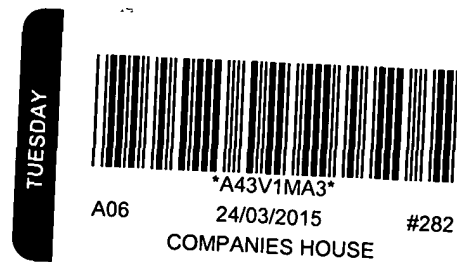


**Alderbrook School**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

31 August 2014



Company Registration No.07687619  
Registered Name: Alderbrook School

# Alderbrook School

## REFERENCE AND ADMINISTRATIVE DETAILS

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Members	A Scott AJ Coupland S Howells
Governors (Trustees)	T Lord (Head and Accounting Officer) (appointed 1 January 2014) WM Sedgwick (Head and Accounting Officer) (resigned 31 December 2013) A Scott (Chair) DS Higham TM Coggan A Allen AM Quigley (Responsible Officer) AJ Coupland A McGill (resigned 18 November 2014) D Evans RC Leitch S Howells P Johnson R Holt SE Pitrolino HP Armstrong
School Leadership Team	
Headteacher	T Lord
Deputy Headteacher	J Whitehead
Assistant Headteacher	N Beaumont
Assistant Headteacher	T Bhogal
Assistant Headteacher	P Gale
Assistant Headteacher	K Read
Finance Manager	J Hounsome
Principal and Registered Office	Blossomfield Road Solihull West Midlands B91 1SN
Company Registration Number	07687619 (England and Wales)
Independent Auditor	Baker Tilly UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham B2 5AF
Bankers	Lloyds Bank PLC Poplar Road Solihull Birmingham B91 3AN

# Alderbrook School

## REFERENCE AND ADMINISTRATIVE DETAILS

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Solicitors

Veale Wasborough Vizard  
Orchard Croft  
Orchard Lane  
Bristol  
BS1 5WS

# Alderbrook School

## GOVERNORS' REPORT (INCLUDING THE STRATEGIC REPORT)

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The governors present their annual report together with the financial statements and auditors' response of the charitable company for the period ended 31 August 2014.

The school operates an academy for pupils aged 11 to 16 serving a catchment area in Solihull. It has a pupil capacity of 1,287 and had a roll of 1,279 in the school census in May 2014. The school will expand to include post 16 students from September 2015.

### 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 company was incorporated on the 29 June 2011. On 1 August 2011 Alderbrook School converted from a maintained school to academy trust status under the Academies Act 2010 and all the operations, and assets and liabilities were transferred to Alderbrook School from the Governors of Alderbrook, Leading Edge School and Arts College.

The governors act as trustees for charitable activities of Alderbrook School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Alderbrook School.

Details of the governors who served throughout the period are included on 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 the amount required not exceeding £10. This will also continue for up to 1 year after they may cease to be a member, for the debts and liabilities contracted before they ceased to be a member.

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. See note 10 for further details.

#### Principal Activities

The Academy Trust's principal activities are specifically restricted 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. The Academy Trust operates under a Funding Agreement issued by the Department for Education on 29 June 2011 and commenced operations on 1 August 2011.

#### Method of recruitment and appointment or election of governors

The Members may appoint up to 9 governors as specified in the Articles and they may appoint staff governors through such process as they may determine, usually by secret ballot, provided that the total number of staff governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of governors. The Head shall be treated for all purposes as being an ex-officio governor. There will be a minimum of 2 parent governors who shall be elected by parents of registered pupils at the Academy. The governors may appoint up to 3 co-opted governors. The school also to maintain links with the local authority (LA) retained the ability of the LA to appoint a governor.

# Alderbrook School

## GOVERNORS' REPORT (INCLUDING THE STRATEGIC REPORT)

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### Principles and procedures adopted for the induction and training of Governors

New governors attend full governing body meetings and subsequently populate committees, often according to interests and personal expertise, as well as being given the opportunity to view the workings of the Academy on agreed visits at the school. The opportunity also exists for governors to join immersion days, governor training and school based INSET. They will also be given copies of school policies and any other relevant information.

### Organisational structure

A corporate leadership structure operates to help improve the way the Academy is run. The structure consists of the governors and the Leadership Team. The aim of the management structure is to devolve responsibility and encourage decision making at all levels.

The governors are responsible for the strategic development of the Academy: adopting and contributing to an annual School Improvement Plan and budget; monitoring the Academy by the use of reports; budgets and management accounts; questioning and challenging decisions; policy development; senior appointments and approving capital expenditure.

To ensure an efficient and effective committee structure within the Academy's School Improvement Plan there are 3 governor committees – Business Management, Curriculum and Staffing and Pay – that are responsible for Strategy, Resources, Standards, Curriculum Development, Staffing and Pay and Performance. The Business Management Committee responsibilities incorporate all matters pertaining to finance although the Pay Committee considers and decides the actual pay and remuneration of staff.

The Leadership Team changed during the year. The prior Headteacher, Bill Sedgwick retired at the end of December 2013 and was replaced by the Deputy at the time, Tracey Lord as Acting Headteacher. Her previous role was filled by Jeanette Whitehead who became Acting Deputy Headteacher. Both roles were confirmed as permanent from 1<sup>st</sup> April 2014. The Leadership Team at the end of the academic year consisted of the Headteacher, one Deputy Headteacher and four Assistant Headteachers. These leaders direct the Academy at an executive level implementing governors' policies and reporting back to them. The school has a Finance Manager directing and monitoring the finance activities of the school with her team and a Facilities Manager directs and monitors the facilities aspect of the school. The Finance and Facilities Managers collaborate over accommodation issues and the resources to effectively operate and develop the site. The Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff. For senior appointments the interview panels will always contain a governor. If governors request or the school believes it would be necessary then they may also join the appointment panels of other managerial positions. The governors have set out a delegation structure for managers within the school who will manage certain budgets. However all orders from the school are countersigned twice – by one of the finance team and the Headteacher. If the Headteacher is absent then the Deputy Headteacher is able to act as a signatory for the Headteacher.

Heads of Department are responsible for the day to day operation of curriculum subject areas and accordingly organise their teaching staff, capitation, resources, facilities and students.

### Risk Management

The governors have a responsibility to assess the strategic risks to which the Academy is exposed and will maintain a risk management register. An online risk management system has recently been adopted.

The governors have implemented a number of processes to assess risks that the Academy faces, especially the strategic risk areas and in relation to the control of finance. These are through the work undertaken by the Responsible Officer, the Business Management Committee, the School Leadership Team and the purchase of services from Solihull Local Authority (LA). The school has recently developed a suite of updated financial policies – together with its own Academy Financial Handbook - which are reviewed annually. The governors have introduced systems, including operational procedures and internal financial controls to minimise risk. The Academy has an effective system of internal financial control.

# Alderbrook School

## GOVERNORS' REPORT (INCLUDING THE STRATEGIC REPORT)

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### Connected organisations

As part of its operation the Academy has service level agreements with Solihull MBC to support the school by a variety of methods in a number of areas. The school is also a member of: the School Network formerly the Specialist Schools Trust, Solihull Chamber of Commerce, Leading Edge Trust, Arts Connect, School Direct and other education providers within Solihull and Higher education providers such as Warwick University. These links are maintained in the interests of supporting good practice and information sharing and consolidate well established mutually supportive associations.

### **Objectives and Activities**

#### Objects and aims

The Academy's main objectives are encompassed in its mission statement:

Our purpose is to provide a high quality, inclusive education, which will support, challenge and inspire children, enabling them to succeed and mature, to fulfil their potential and to become lifelong learners.

The Academy has a statement of Values that underpin the above mission statement:

**SELF** – We value ourselves as unique human beings, capable of spiritual, moral, intellectual and physical growth and development.

**RELATIONSHIPS** – We value others for themselves, not only for what they have or what they can do for us. We value relationships as fundamental to the development and fulfilment of others, ourselves and for the good of the community.

**SOCIETY** – We value truth, freedom, justice, human rights, the rule of law and collective effort for the common good. In particular, we value families as sources of love and support for all their members and as the basis of a society in which people care for others.

**ENVIRONMENT** – We value the environment, both natural and shaped by humanity, as the basis of life and a source of wonder and inspiration.

Therefore the school provides:

- Teaching and Learning opportunities to enable the pupils to attain the highest academic standards
- Training and development opportunities for all staff to improve performance
- Teaching and Learning opportunities for pupils to become positive informed and involved citizens
- A programme of activities in areas of sport, arts, leisure, productions, after school clubs, community links to enhance the pupils' range of experiences

The school implements the above statements in a School Improvement Plan and the priorities agreed for 2013-14 as set out in the accounts presented last year were together with outcomes:

#### Achievement and Standards

- a) School targets in relation to 5 A\*-C with English and Maths will be 78%
- b) Progress in English and Maths to significantly outperform national averages
- c) Expand the use of SISRA and in house systems to ensure all staff using data effectively
- d) To improve the quality of teaching and learning across all curriculum areas by developing greater challenge. This will also involve parents.
- e) To deliver training and provide time for staff to develop strategies
- f) Improve and maintain the achievement of certain groups within the school: More Able, Boys, FSM and BME pupils. Use of GTC. Develop mentoring through the Achievement Coordinators.
- g) Continue to develop and promote school approaches to learning such as BLP

Outcome:

# Alderbrook School

## GOVERNORS' REPORT (INCLUDING THE STRATEGIC REPORT)

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- In the final analysis, 80% of students leaving the school achieved 5A\*-C including English and Maths using their final entry results (as previously used). Partway through the academic year, the reported performance measure was changed to include only first entry results, the figure for this measure was 76%
- The proportion of pupils making expected progress in English was 85% and in Maths was 86%, which is far in advance of national figures
- More achievement co-ordinators, middle leaders, classroom staff are embracing SISRA to track progress and monitor student performance in their own areas relative to the rest of the curriculum context sheets making key data available to teaching staff after each data capture have been used to make sure student needs are planned for effectively and appropriately
- Work on challenge continued across the year in INSET, through work with extended leadership and curriculum leaders and at 32% the percentage of A\*-A grades as a proportion of entries was the highest ever achieved in the school (last year: 30%)
- A combination of internal CPD, INSET and suitable external training has supported teaching staff in making sure they are well briefed on new pedagogical developments and strategies so that lessons and schemes of work are well –designed
- Achievement co-ordinators focused on key groups and have worked to minimise gaps in achievement. This will continue next year
- The Assistant Head responsible for teaching and learning worked both in school and across the Synergy collaborative with our Primary colleagues to develop the use of BLP. In January INSET day featured a shared conference at the NEC, part of which was devoted to BLP, and presented by Guy Claxton. It also featured the launch of the shared Synergy website, a future vehicle for shared learning strategies across phases which should benefit transition from one key stage to another and support both learning and achievement

### Teaching

- a) Embed the use of the Great Teaching Checklist and to further share good practice
- b) Develop and implement a plan related to literacy and numeracy
- c) To continue to ensure that teaching and learning, intervention strategies are based upon the accurate use of assessment from SISRA and SIM
- d) Strengthen the impact of differentiation
- e) To continue to review homework and monitoring systems
- f) To develop a greater understanding of SMSC across the curriculum. Part of OFSTED inspection

### Outcome:

- Work on the Great Teaching Checklist developed into a whole new approach to the discussion of teaching standards and effectiveness. Sharing of good practice has been supported by the appointment of three lead practitioners and the planning of many collaborative, open door observation cycles involving a wide range of staff
- Lead staff continue to promote the development of literacy and numeracy and events such as World Number day and an external poetry competition (which a Year 7 student won) have also raised the profile of both staff and students for both aspects
- Work was undertaken to ensure that data which was collected was robust and reliable. Various key staff then used this systematically to intervene both at classroom teacher level and with additional extra-curricular intervention (catch-up sessions, additional lessons, targeted advice and mentoring) with students as needed and subsequently report back on the impact of this intervention
- As a whole school objective and with continued work/INSET on effective differentiation and suitable challenge for all students whatever their starting point, teacher confidence has increased as have the number of students making expected or exceeding expected progress
- Whole school and departmental monitoring calendars are in place and further work to review homework and assessment has been undertaken. The outcomes of this work will be embedded across the current academic year

# Alderbrook School

## GOVERNORS' REPORT (INCLUDING THE STRATEGIC REPORT)

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- SMSC has been included as an aspect of lessons which all teaching staff should take into account and be aware of opportunities to develop these where possible

### Curriculum and other Activities

- a) To review the curriculum to ensure it meets the needs of year groups, cohorts and individuals
- b) To continue to improve punctuality and attendance of pupils
- c) Review extra-curricular provision
- d) To continue to improve the learning behaviour of pupils
- e) To cost out different curriculum models

### Outcome:

- In terms of KS4, full account is taken of the needs of students to have appropriate progression routes whilst ensuring that the latest developments in views about what is a suitable curriculum for students are considered. Each cohort is viewed individually as they approach the point where they will be making option choices to make sure the curriculum offer meets their needs. Each year the availability of new courses is reviewed which examination board representatives as are those pre-existing courses which may be most suitable for students within a particular year group. At KS4, for our most able students, courses in further maths GCSE have been introduced as have extra-curricular opportunities to take General Studies GCSE. Within KS3, consideration is given not only to subjects that should be covered but how the available time is distributed to best effect. IT has now been largely changed to Computer science with only small amounts of IT focused content
- Work on attendance has impacted positively on figures which have risen over the year. Assemblies, rewards, focused work with families and also with EWO have had a positive impact and also resulted in our first prosecution which resulted in a fine for parents. Punctuality has been improved markedly through the use of assemblies and close monitoring by senior and classroom staff
- The review showed a broad range of high quality extra-curricular opportunities for all ages and interests from dance performances at international sporting events to basketball and table tennis
- Independence and engagement was a focus for various INSET giving teaching staff the opportunity to consider a variety of strategies and lead practitioners were appointed in May, one of whom has this as an on-going area of focus
- Various costing mechanisms show that the curriculum offer was delivered cost efficiently and this will continue to be analysed and considered this year

### Leadership and Management

- a) To continue to prepare for the 2013 Ofsted Inspection.
- b) Leadership group and Faculty Directors prepare SEF and all SSE documentation
- c) To continue to develop the school's Health and Safety systems and procedures
- d) Review, develop and implement new reporting structures
- e) Consult, develop and implement new academic structure by Christmas 2013
- f) Consider development of school budgets for the next 3 years
- g) Continue to improve communication and involvement of all school stakeholders

### Outcome:

- The Ofsted Inspection took place in January 2014; the outcome was 'Good' in all areas
- The SEF has been completed as has the SIP, taking into account Ofsted findings and the schools own monitoring outcomes
- Health and Safety meetings, risk assessment, and use of a Cloud monitoring system are all in place and on-going
- Given the schools changes in personnel, structures put in place now require further review although in September 2014 some new senior leadership appointments have been made to replace staff who have left and allow for more flexibility in reporting mechanisms in future
- Changes to the academic structure in particular in the Arts area have been implemented



# Alderbrook School

## GOVERNORS' REPORT (INCLUDING THE STRATEGIC REPORT)

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- Three year budgets have been developed but in light of the agreement to establish a sixth form these need redevelopment
- Communication with staff has been made more regular through whole staff briefings and use of daily bulletins with key information. Reports for communicating student data to parents are now in place and the introduction of a fortnightly newsletter ensures a wide range of information and news is communicated regularly

### Public Benefit

In drafting the above statements, the governors have taken the Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit within this governors' annual report.

**Benefits and Beneficiaries** – In accordance with its charitable objectives, the charitable company strives to advance the education of the pupils attending the school. The charitable company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the school.

**Governors' Assessment of Public Benefit** – In order to determine whether or not the charitable School Company has fulfilled its charitable objectives for public benefit, the governors gather evidence of the success of Alderbrook's activities.

### 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. Details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### Financial Review

Most of the Academy's income is obtained from the Department for Education (DFE) via the Education Funding Agency (EFA) in the form of General Annual Grant (GAG), the use of which is restricted to specific purposes. The grants received from the EFA during the year ending 31st August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The Academy also receives grants such as Pupil Premium and for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2014, total expenditure of £7,073,232 which included depreciation of £405,143 was covered by incoming resources of £6,898,539.

The excess of income over expenditure for the year (excluding restricted fixed asset funds and before actuarial gains or losses) was £54,017.

At 31 August 2014 the net book value of fixed assets was £22,404,254 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

# Alderbrook School

## GOVERNORS' REPORT (INCLUDING THE STRATEGIC REPORT)

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### Principal Risks, uncertainties and risk management

As set out below:

- Meeting appropriate standards of education for students in core subjects
- Complying with legislative requirements regarding employment law, data protection, equal opportunities, Companies House and HMRC, Child Protection, the Charity Commission and the National Curriculum
- Financial Risk - not operating within budget and creating a deficit, changes in funding, the possibility of post 16 developments and associated costs of building, staffing and operating, inappropriate or insufficient financial controls and systems, fraudulent activity and or financial commitments made without adequate authorisation.
- Operational risks resulting from inexperienced or inappropriate staff being employed and the use of inaccurate or incorrect information. The school will have to monitor closely the new ICT staffing and maintenance operations.

The key controls used by the academy include:

- Detailed terms of reference for all committees
- Formal agendas for the academy board and committees
- Schemes of delegation and formal financial regulations
- Formal written policies
- Clear authorisation and approval levels
- Policies and procedures required by law to protect the vulnerable

### Reserves policy

The governors will review the reserves levels of the academy annually. This review will encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have previously determined that an appropriate level of free reserves should be a minimum of £250, 000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Although the academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £682,618 the governors have decided to maintain reserves at this level due to the uncertainties of future costs related to the proposed sixth form and the level of funding from the Government going forward after 2014.

### Investment Policy

The governors' policy is to invest any surplus funds in low risk short term bank deposits using the advice of our bankers – Lloyds.

### **Plans for future period**

The school had notification on the last day of the summer term 2014 that it had been granted permission to develop a 16+ provision. The aim is to have this in place for September 2015 and this will be the main focus of activities in the school in the forthcoming year. However, the school has also set the following priorities for 2014-2015:

### Achievement and Standards

- a) levels of 3 and 4 level progress increase on the previous years' performance
- b) where levels of progress reduce, this does not come as a surprise as the reasons for this are known in advance and appropriate responses have been put in place to limit the reduction
- c) increased levels of literacy and numeracy to benefit the whole curriculum
- d) within-school gaps between groups compare well with national figures and are closing

### Teaching

- a) Teachers recognise outstanding teaching and understand variations where they happen
- b) Students make rapid progress within lessons

# Alderbrook School

## GOVERNORS' REPORT (INCLUDING THE STRATEGIC REPORT)

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- c) Teaching is 100% good and at least 30% outstanding
- d) Progress over time is clearly evidenced
- e) Reduction in variations in marking within and between subject areas
- f) Clear evidence of consistent student response to written feedback and impact on learning

### Curriculum and other Activities

- a) national requirements are fully met within the curriculum and mapped where necessary
- b) KS3 provision provides a broad range of high quality curriculum experiences which are enriching while preparing them well for KS4 choices
- c) KS4 options offer all students suitable KS4 level 1 and 2 courses to allow appropriate progression to post-16 academic or work-related study
- d) subject content is mapped to avoid repetition and courses which are too closely related to offer suitable breadth
- e) SMCS is well planned and clearly mapped so that it has a significant impact on the personal development of all students
- f) all students achieve well compared to their peers in other schools
- g) the curriculum facilitates excellent performance in terms of current and future accountability measures
- h) Information, advice and guidance is useful, relevant and timely

### Student Behaviour

- a) Consistent application of a clear behaviour policy with specified sanctions for each type of poor behaviour
- b) Students understand the consequences of their actions
- c) Parents support rather than challenge sanctions
- d) Fixed term exclusions in all year groups drop without a compromise in standards of behaviour
- e) Reduction in incidents that disturb learning
- f) Reduction in incidents at break and lunch time
- g) Programme of rewards and praise events for all year groups which are valued and develop an aspirational ethos
- h) Staff have faith in the system and feel well informed about sanctions

### Leadership and Management

- a) Whole school and departmental monitoring calendars (work scrutiny/teaching/homework/planners) are synchronised, well-focused and show standards are improving
- b) Deadlines for data capture are met and analysis shows outcomes improving
- c) The Cloud is used by all staff for recording H&S and other training, H&S audits etc.
- d) Form time is valued by staff and students

### Communication with Parents

- a) All parents are fully aware of how they access or receive information about their child from the school – Gateway, planners, reports, Parents evenings etc.
- b) Parents value the information as it is pertinent and timely
- c) Parents actively engage in using various mechanisms for accessing information and to feedback to school

### Communication with Stakeholders

- a) Develop links with Primary/junior feeder schools to increase the positive attitude towards Alderbrook
- b) Increased parental awareness of what is in planners and how these should be used
- c) Parents are aware of how to support their child to be successful throughout their school career
- d) Governors are well – informed about school life and value the distinctive qualities of the school

# Alderbrook School

## GOVERNORS' REPORT (INCLUDING THE STRATEGIC REPORT)

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### **Auditors**

The arrangement with Baker Tilly UK Audit LLP as auditors has come to the end of its 3 year agreement. A retendering exercise has been done and new auditors, Chantrey Vellacott, have been selected to audit the accounts from the academic year 2014/15.

### **Statement as to disclosure of information to auditors**

The governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the governors have confirmed that they have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Governors' Annual Report is approved by order of the board of governors and the Strategic Report (included therein) is approved by the board of governors in their capacity as the directors at a meeting on 11<sup>th</sup> December 2014 and signed on its behalf by:



**A Scott**  
**Chair**

# Alderbrook School

## GOVERNANCE STATEMENT

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### Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Alderbrook 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 Headteacher, 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 Alderbrook School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors Responsibilities. The Governing Body has formally met 5 times during the year although governor participation in the school is more involved than this with several other visits made and attendance at informal meetings and school events. The formal meetings were well attended and were all quorate. Reasons for non-attendance were tabled and accepted. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of possible
WM Sedgwick (Headteacher to 31.12.13)	2	2
T Lord (Headteacher from 1.1.14)	5	5
A Scott (Chair)	5	5
DS Higham	2	5
TM Coggan	5	5
A Allen	4	5
AM Quigley (Responsible Officer)	5	5
AJ Coupland	4	5
A McGill	4	5
D Evans	2	5
RC Leitch	5	5
S Howells	4	5
P Johnson	5	5
R Holt	4	5
SE Pitrolino	5	5
HP Armstrong	5	5

The Business Management Committee has had 5 meetings over the year. Its purpose is to lead and manage for the governors the areas of finance and facilities. The expertise within this group within the governors is accountancy, health and safety, business marketing and promotion. Attendance at these meetings during the year is as follows:

Governor	Meetings attended	Out of possible
WM Sedgwick (Headteacher to 31.12.13)	2	2
T Lord (Headteacher from 1.1.14)	5	5
A Scott (Chair)	5	5
DS Higham	3	5
R Leitch	4	5
TM Coggan	3	5
A McGill	4	5
D Evans	1	5
A Coupland	5	5
R Holt	3	5

# Alderbrook School

## GOVERNANCE STATEMENT

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The Curriculum & Staffing Committee has had 4 meetings over the year. Its purpose is to lead and manage for governors the areas of teaching and learning, staffing and staff development. The expertise within this group within the governors is project management, special needs, child protection, training and curriculum development 14-19. Attendance at these meetings during the year is as follows:

Governor	Meetings attended	Out of possible
WM Sedgwick (Headteacher to 31.12.13)	2	2
T Lord (Headteacher from 1.1.14)	4	4
S Howells (Chair)	4	4
A Allen	4	4
AM Quigley (Responsible Officer)	4	4
P Johnson	4	4
HP Armstrong	3	4
SE Pitrolino	4	4

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Alderbrook for the period ended 31 August 2014 and up to the date of approval of the governors' annual report and financial statements.

### Capacity to handle risk

The board of governors 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 board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ended 31 August 2014 and up to date of approval of the Governor's report and financial statements.

### 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. It was recognised in the accounts last year that the reporting of financial information was not as effective as it should be. There is now a regular reporting process with monthly statements and commentary produced on the Academy's performance. The following are now in place:

- a robust annual budget process
- regular reviews by the Business Management Committee of reports related to school payments, premises developments, building costs and staff salaries
- provision of information on 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 with development of a system based risk register

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. The school does use the services of Solihull Internal Audit to provide support and a report for the school's Responsible Officer (RO). The governors have appointed Andrea Quigley, a governor, as RO. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Once a term the RO reports to the Governing Body on

# Alderbrook School

## GOVERNANCE STATEMENT

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the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

### **Responsible Officer Recommendations**

The recommendations in the previous accounts as listed below have been addressed:

- 1 Finalise and then periodically review the Academy Finance Handbook
- 2 Review financial delegation to staff and governors and include in Financial Handbook
- 3 Finance team to be clear about their responsibilities
- 4 Review the process for checking and signing off the payroll, and evidence the checks
- 5 Periodically test the market for best value with regular suppliers and record the reasons why decisions were made to use that supplier
- 6 Become more effective and efficient in the use of CORERO
- 7 Develop checking systems to ensure ParentPay transactions have been received
- 8 Ensure that bank and salary reconciliations are undertaken at appropriate times
- 9 Ensure that there is a timetable for the Business Management Committee to scrutinise the key areas of finance throughout the year including the RO's reports, Audit reports etc.
- 10 To review the Academy's register of pecuniary interest each year to ensure all staff with financial authority make a formal declaration
- 11 Review and develop the risk register to ensure ownership of key risks, actions to be undertaken, the impact of the actions and their approval by governors.

### Outcome

An Academy Finance Handbook has been approved and published and is now reviewed annually with the next review due in May 2015. All job descriptions have been updated alongside all the other Finance policies of the Academy. A robust payroll checking process is now in place with sign off by the Headteacher at each stage. Staff in the Finance team are proficient in the use of Corero and ParentPay and share best practice with other members of the team. Benchmarking and Best Value exercises have been done in the year on certain categories of expense and it was agreed in the year that all expenditure over £1,000 should have three quotes (or a good reason why not) which makes budget holders consider the commitments they are making. With a regular monthly reporting process in place, all bank accounts and supporting financial systems are reconciled as part of this process. There is a published timetable of Governor meetings with the list of pecuniary interests reviewed annually at the first meeting of the year. The risk register has been improved with an online system in place to manage the risk and will continue to be developed in 2014/15.

### Going Forward

The recommendations for 2104/15 are to ensure the new controls continue to be implemented and financial processes continue to be reviewed.

### **Review of effectiveness**

As Accounting Officer, the Head teacher 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 Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Business Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

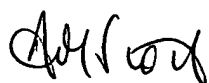
# Alderbrook School

## GOVERNANCE STATEMENT

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Approved by order of the members of the Governing Body on 11<sup>th</sup> December 2014 and signed on its behalf by:

Signed



**A Scott**  
**Chair**

Signed



**T Lord**  
**Accounting Officer**



# Alderbrook School

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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As accounting officer of Alderbrook School I have considered my responsibility to notify the academy trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust 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 irregular, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and EFA.

Signed



**T Lord**  
**Accounting Officer**

**11<sup>th</sup> December 2014**

# AlderbrookSchool

## STATEMENT ON GOVERNORS' RESPONSIBILITIES

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The governors (who act as trustees for charitable activities of Alderbrook 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 Academies Accounts Direction 2013 to 2014 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 in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The 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 11<sup>th</sup> December 2014 and signed on its behalf by:



A Scott  
Chair

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDERBOOK SCHOOL**

We have audited the financial statements of Alderbrook School for the year ended 31 August 2014 on pages 20 to 40. 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 to 2014 issued by the Education Funding Agency.

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

### **Respective responsibilities of governors and auditor**

As explained more fully in the Statement of Governors' Responsibilities set out on page 17, the governors (who act as trustees for the charitable activities of the charitable company, and 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

### **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 2014 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies: Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

### **Opinion on other requirement of the Companies Act 2006**

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

**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:

- the charity has not kept adequate accounting records, 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

*Baker Tilly UK Audit LLP*

MICHAEL HUGGINS (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

St Phillips Point

Temple Row

Birmingham

West Midlands

B2 5AF

*15 December* 2014

**Alderbrook School**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
(including Income & Expenditure Account)  
for the year ended 31 August 2014

	Notes	Unrestricted Funds £	Restricted Funds General £	Fixed assets £	Total 2014 £	Total 2013 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	1	-	-	116,224	116,224	228,156
Activities for generating funds	2	573,850	-	-	573,850	650,119
Investment income	3	12,037	-	-	12,037	7,822
Incoming resources from charitable activities:						
Funding for academy's educational operations	4	-	6,196,428	-	6,196,428	6,349,709
<b>TOTAL INCOMING RESOURCES</b>		<b>585,887</b>	<b>6,196,428</b>	<b>116,224</b>	<b>6,898,539</b>	<b>7,235,806</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities:						
Academy's educational operations	6	-	(6,131,931)	(405,587)	(6,537,518)	(6,841,773)
Costs of generating funds	8	(503,898)	-	-	(503,898)	(588,171)
Governance costs	9	-	(31,816)	-	(31,816)	(41,758)
<b>TOTAL RESOURCES EXPENDED</b>	<b>5</b>	<b>(503,898)</b>	<b>(6,163,747)</b>	<b>(405,587)</b>	<b>(7,073,232)</b>	<b>(7,471,702)</b>
<b>NET INCOMING/(OUTGOING) RESOURCES &amp; NET INCOME/(EXPENDITURE) FOR THE PERIOD</b>		<b>81,989</b>	<b>32,681</b>	<b>(289,363)</b>	<b>(174,693)</b>	<b>(235,896)</b>
<b>TRANSFERS</b>						
Gross transfers between funds		-	(60,653)	60,653	-	-
<b>OTHER RECOGNISED GAINS/LOSSES</b>						
Actuarial gains/ (losses) on defined benefit pension schemes	16	-	(496,000)	-	(496,000)	38,000
<b>NET MOVEMENT IN FUNDS</b>		<b>81,989</b>	<b>(523,972)</b>	<b>(228,710)</b>	<b>(670,693)</b>	<b>(197,896)</b>
<b>RECONCILIATION OF FUNDS</b>						
Fund balances brought forward At 1 September 2013		600,629	(811,383)	22,362,964	22,152,210	22,350,106
<b>FUND BALANCES CARRIED FORWARD AT 31 August 2014</b>	<b>17</b>	<b>682,618</b>	<b>(1,335,355)</b>	<b>22,134,254</b>	<b>21,481,517</b>	<b>22,152,210</b>

The net movement in funds for the period arises from the charitable company's continuing operations.

No separate statement of total recognised gains and losses has been presented as all such gains and losses are dealt with in the statement of financial activities.

# Alderbrook School

## BALANCE SHEET

as at 31 August 2014

	Notes	2014		2013	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	13		22,404,254		22,624,322
<b>CURRENT ASSETS</b>					
Debtors	14	227,195		197,633	
Cash at bank and in hand		1,202,672		1,259,700	
		<u>1,429,867</u>		<u>1,457,333</u>	
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	15	(442,604)		(528,445)	
<b>NET CURRENT ASSETS</b>			<u>987,263</u>		<u>928,888</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES &amp; NET ASSETS EXCLUDING PENSION LIABILITY</b>			<u>23,391,517</u>		<u>23,553,210</u>
Creditors: Amounts falling due in more than one year	15	(270,000)		(270,000)	
Defined benefit pension scheme liability	16	(1,640,000)		(1,131,000)	
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u><u>21,481,517</u></u>		<u><u>22,152,210</u></u>
<b>FUNDS OF THE ACADEMY</b>					
<b>RESTRICTED FUNDS</b>					
Fixed asset fund	17 & 18		22,134,254		22,362,964
General	17 & 18		304,645		319,617
Pension reserve	16, 17 & 18		(1,640,000)		(1,131,000)
<b>TOTAL RESTRICTED FUNDS</b>	17 & 18		<u>20,798,899</u>		<u>21,551,581</u>
<b>UNRESTRICTED FUNDS</b>					
General fund	17 & 18		682,618		600,629
<b>TOTAL UNRESTRICTED FUNDS</b>	17 & 18		<u>682,618</u>		<u>600,629</u>
<b>TOTAL FUNDS</b>	17 & 18		<u><u>21,481,517</u></u>		<u><u>22,152,210</u></u>

The financial statements on pages 20 to 40 were approved by the governors and authorised for issue on 11 December 2014, and are signed on their behalf by:

A Scott  
Chair



Company number: 07687619

**Alderbrook School**  
**CASH FLOW STATEMENT**  
for the year ended 31 August 2014

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	Notes	2014	2013
NET CASH FLOW FROM OPERATING ACTIVITIES	11	230	199,084
Returns on investments and servicing of finance	11	12,037	7,822
Capital expenditure	11	(69,295)	(10,571)
		<hr/>	<hr/>
(DECREASE)/ INCREASE IN CASH IN THE YEAR	11&12	(57,028)	196,335
		<hr/>	<hr/>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
NET FUNDS AT 1 SEPTEMBER		1,259,700	1,063,365
		<hr/>	<hr/>
NET FUNDS AT 31 AUGUST		1,202,672	1,259,700
		<hr/>	<hr/>

# Alderbrook School

## ACCOUNTING POLICIES

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### **BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies: Accounts Direction 2013 to 2014 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

### **GOING CONCERN**

The Governors assess whether the use of the going concern basis 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 on a regular basis during the year and in respect of one year from the date of approval of the financial statements.

At the balance sheet date the Academy had net assets of £21,481,517 after providing for long term pension scheme commitments of £1,640,000 in respect of the support staff defined benefit pension scheme and had net current assets of £987,263.

The Trustees have reviewed and approved budgets and cashflow forecasts for 2014/15 and future years, and consider in the light of this review that it is appropriate to prepare the financial statements on a going concern basis.

### **INCOMING RESOURCES**

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

#### **Grants receivable**

Grant income is 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.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

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

#### **Other income**

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

#### **Interest receivable**

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.



# Alderbrook School

## ACCOUNTING POLICIES

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### **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 to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges 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 on the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust'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.

### **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 General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, donor, where the asset acquired or created is held for a specific purpose.

### **TAXATION**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 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 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.

### **LEASED ASSETS AND OBLIGATIONS**

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

# Alderbrook School

## ACCOUNTING POLICIES

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### TANGIBLE FIXED ASSETS

Tangible fixed assets costing £1,000 or more or desirable portable items under £1,000 are capitalised at cost 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. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy, the corresponding amount charged to the restricted fixed asset fund in the Statement of Financial Activities.

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

Leasehold land	- 0.8% straight line (life of lease)
Leasehold buildings	- 2% straight line
Computer equipment	- 25% straight line
Fixtures and fittings	- 20% straight line
Motor vehicles	- 20% straight line

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

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

### PENSION CONTRIBUTIONS

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 16, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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.

# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2014 £	Total 2013 £
<b>1. VOLUNTARY INCOME</b>					
Capital grants	-	-	116,224	116,224	228,156
	<u>-</u>	<u>-</u>	<u>116,224</u>	<u>116,224</u>	<u>228,156</u>
<b>2. ACTIVITIES FOR GENERATING FUNDS</b>					
Trip income	109,222	-	-	109,222	222,652
Catering income	340,248	-	-	340,248	276,380
Sales of goods/services	57,826	-	-	57,826	91,945
Sundry lettings and hire of facilities	66,554	-	-	66,554	59,142
	<u>573,850</u>	<u>-</u>	<u>-</u>	<u>573,850</u>	<u>650,119</u>
<b>3. INVESTMENT INCOME</b>					
Bank interest receivable on short term cash deposits	12,037	-	-	12,037	7,822
	<u>12,037</u>	<u>-</u>	<u>-</u>	<u>12,037</u>	<u>7,822</u>
<b>4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS</b>					
Core academy funding:					
General Annual Grant (GAG)	-	5,605,084	-	5,605,084	6,047,432
Other government funding:					
Pupil premium	-	180,436	-	180,436	152,998
Special Education Needs income	-	389,779	-	389,779	105,914
Golden Hello income	-	-	-	-	11,519
PE Teachers Grant	-	-	-	-	7,600
Other	-	21,129	-	21,129	24,246
	<u>-</u>	<u>6,196,428</u>	<u>-</u>	<u>6,196,428</u>	<u>6,349,709</u>

**Alderbrook School**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 31 August 2014

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**5. RESOURCES EXPENDED**

	Staff costs £	Non pay expenditure Premises £	Other costs £	Total 2014 £	Total 2013 £
Costs of generating voluntary income	-	-	503,898	503,898	588,171
<i>Academy's educational operations:</i>					
Direct costs	4,662,615	425,060	385,465	5,473,140	5,806,378
Allocated support costs	288,257	-	776,121	1,064,378	1,035,395
	<u>4,950,872</u>	<u>425,060</u>	<u>1,665,484</u>	<u>7,041,416</u>	<u>7,429,944</u>
Governance costs including allocated support costs	-	-	31,816	31,816	41,758
	<u>4,950,872</u>	<u>425,060</u>	<u>1,697,300</u>	<u>7,073,232</u>	<u>7,471,702</u>
Incoming/(outgoing) resources for the year				2014 £	2013 £
Operating leases - plant and machinery				-	-
- other				101,907	83,406
Fees payable to Baker Tilly UK Audit LLP and its associates for:					
- audit				12,739	11,300
- other services				4,450	3,000
Loss on disposal of fixed assets				444	-
				<u></u>	<u></u>

# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2014

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2014 £	Total 2013 £
<b>6. ACADEMY'S EDUCATIONAL OPERATIONS</b>					
Direct costs:					
Teaching – staff costs	-	4,573,393	-	4,573,393	4,615,378
Teaching – other costs	-	350,596	-	350,596	382,665
Premises – other costs	-	425,060	-	425,060	695,076
Premises – staff costs	-	89,222	-	89,222	80,571
Recruitment and training	-	34,869	-	34,869	32,688
Support costs – see note 7	-	658,791	405,587	1,064,378	1,035,395
	-	6,131,931	405,587	6,537,518	6,841,773
<b>7. SUPPORT</b>					
Staff costs	-	288,257	-	288,257	351,178
Net finance expense on pension scheme assets and liabilities – see note 16	-	35,000	-	35,000	36,000
Depreciation	-	-	405,143	405,143	389,254
Other costs	-	335,534	444	335,978	258,963
	-	658,791	405,587	1,064,378	1,035,395
<b>8. COSTS OF GENERATING FUNDS</b>					
Trips	109,222	-	-	109,222	222,652
Catering	326,471	-	-	326,471	291,388
Lettings – staff costs	5,113	-	-	5,113	3,870
Lettings – other costs	21,236	-	-	21,236	34,896
Other services/products	41,856	-	-	41,856	35,365
	503,898	-	-	503,898	588,171
<b>9. GOVERNANCE COSTS</b>					
Legal and professional fees	-	3,645	-	3,645	9,207
Auditor's remuneration:					
Audit of the financial statements	-	12,739	-	12,739	11,300
Other services	-	8,497	-	8,497	14,701
Responsible officer	-	1,500	-	1,500	2,500
Staff costs preparing for and participating in governors meetings	-	5,435	-	5,435	4,050
	-	31,816	-	31,816	41,758

# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2014

10. STAFF NUMBERS AND COSTS	2014 £	2013 £
<b>Staff costs</b>		
Staff costs during the period were:		
Wages and salaries	4,087,391	4,176,571
Social security costs	293,623	302,049
Pension costs	569,858	568,507
	<u>4,950,872</u>	<u>5,047,127</u>

### Staff severance payments

Included in wages and salaries are non-statutory/ non-contractual severance payments totalling £25,000 (2013: £nil). This amount related to one employee.

### Staff numbers

The average number of persons (including senior management team) employed by the Academy Trust during the year expressed as full-time equivalents (which is not materially different to the Academy head count) was as follows:

	2014 Number	2013 Number (restated)
Educational operations		
Teachers	82	80
Administration and support	65	59
Management	6	7
	<u>153</u>	<u>146</u>

### Highest paid staff

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

	2014 Number	2013 Number
£110,001 - £120,000	-	1

In 2013, one of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £nil (2013: £15,524).

The former Headteacher resigned on the 31 December 2013. Their emoluments and pension contributions for this period were £37,066 and £5,226 respectively.

The incoming Headteacher was appointed on the 1 January 2014. Their emoluments and pension contributions for this period were £48,595 and £7,416 respectively.

No other member of staff received total emoluments in excess of £60,000 during the current period.

# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2014

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### 10. STAFF COSTS (Continued)

#### **GOVERNORS' REMUNERATION AND EXPENSES**

The Head teacher and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Head teacher and staff members under their contracts of employment and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees.

W Sedgwick (resigned 31 December 2013), the Headteacher, received remuneration of £37,066 in 2014 (2013: £110,097) and was accruing retirement benefits under the Teachers' Pension Scheme. The contributions paid in the year amounted to £5,226 (2013: £15,524).

T Lord (appointed 1 January 2014), the Headteacher, received remuneration of £48,595 in 2014 (2013: £nil) and is accruing retirement benefits under the Teachers' Pension Scheme. The contributions paid in the year amounted to £7,416 (2013: £nil).

Staff trustees received remuneration of £83,428 (2013: £66,703). The staff trustees are accruing retirement benefits under the Teachers' Pension Scheme. The contributions paid in the year amounted to £11,746 (2013: £9,439).

Other than as disclosed above, none of the governors received any remuneration for services as a trustee of the charity or as a director of the company during the current period. No governors received reimbursement for travel expenses incurred in relation to the charitable company.

Related party transactions involving the trustees are set out in note 22.

#### **GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim.

The cost of this insurance is included in the total insurance cost and cannot be separately identified.

# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2014

	2014 £	2013 £	
11. RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES			
Net income	(174,693)	(235,896)	
Capital grants from DfE and other capital income	(116,224)	(228,156)	
FRS 17 pension service cost less contributions paid (note 16)	(22,000)	22,000	
FRS 17 pension finance expense (note 16)	35,000	36,000	
Depreciation	405,143	389,254	
Interest receivable	(12,037)	(7,822)	
(Increase)/ decrease in debtors	(29,562)	52,143	
(Decrease)/ increase in creditors	(85,841)	171,561	
Loss on disposal	444	-	
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>230</u>	<u>199,084</u>	
INTEREST RECEIVED	<u>12,037</u>	<u>7,822</u>	
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets	(185,519)	(238,727)	
Capital funding received from DfE/EFA	116,224	228,156	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<u>(69,295)</u>	<u>(10,571)</u>	
12. ANALYSIS OF CHANGES IN NET FUNDS			
	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash in hand and at bank	1,259,700	(57,028)	1,202,672
	<u>1,259,700</u>	<u>(57,028)</u>	<u>1,202,672</u>



# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2014

13.	TANGIBLE ASSETS	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
	Cost:					
	1 September 2013	23,155,091	138,205	50,615	49,240	23,393,151
	Additions	99,427	15,385	70,707	-	185,519
	Disposals	-	-	(776)	-	(776)
	31 August 2014	23,254,518	153,590	120,546	49,240	23,577,894
	Depreciation:					
	1 September 2013	713,913	31,195	16,335	7,386	768,829
	Charge in the year	345,400	28,949	20,946	9,848	405,143
	Eliminated on disposal	-	-	(332)	-	(332)
	31 August 2014	1,059,313	60,144	36,949	17,234	1,173,640
	Net book value:					
	31 August 2014	22,195,205	93,446	83,597	32,006	22,404,254
	31 August 2013	22,441,178	107,010	34,280	41,854	22,624,322

The leasehold land and buildings inherited by the charitable company upon conversion were valued at £22,984,990 on a depreciated replacement costs basis by Solihull Metropolitan Council. The land element of this valuation was £9,808,490.

Depreciation includes £345,400 (2013: £343,415) charged on leased assets and £59,743 (2013: £47,256) charged on owned assets.

14.	DEBTORS	2014 £	2013 £
	Amounts falling due within one year:		
	Trade debtors	2,232	20
	Other tax and social security	81,097	31,962
	Other debtors	1,233	12,187
	Prepayments and accrued income	142,633	153,464
		<u>227,195</u>	<u>197,633</u>

# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2014

15.	CREDITORS	2014 £	2013 £
	Amounts falling due within one year:		
	Trade creditors	140,454	246,388
	Other creditors	83,501	94,036
	Deferred income (trips occurring 2014/2015)	48,502	32,495
	Accruals	87,909	63,974
	Other taxation and social security	82,238	91,552
		<u>442,604</u>	<u>528,445</u>
	Deferred income		£
	Deferred income at 1 September 2013		32,495
	Resources deferred in the year		48,502
	Amounts released from previous years		(32,495)
	Deferred income at 31 August 2014		<u>48,502</u>
	CREDITORS	2014 £	2013 £
	Amounts falling due after more than one year:		
	Loan	270,000	270,000
		<u>270,000</u>	<u>270,000</u>
	ANALYSIS OF DEBT MATURITY		
		2014 £	2013 £
	Amounts repayable by instalments as falling due:		
	In one year or less or on demand	-	-
	In more than one year but not more than two years	-	-
	In more than two years but not more than five years	270,000	270,000
		<u>270,000</u>	<u>270,000</u>

In 2002, the Solihull Society of Arts (SSA) provided £270,000 to the Academy (formerly Alderbrook School) for the development of 'the Edge' meaning the Gantry Theatre and Box Office, the Dance Studio, the Link Gallery and other amenities. A new agreement was signed on the 6<sup>th</sup> December 2012 and under the terms of the agreement the Academy has to pay a percentage of the lettings income (net of costs) to the SSA on an annual basis and if any of the terms and conditions of the contract are broken then the loan is repayable in full on demand. In addition, the £270,000 is repayable on the 6<sup>th</sup> December 2017 unless the agreement is renewed for a further 5 year period. There is no interest accruing on the loan.

# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2014

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### 16. PENSION AND SIMILAR OBLIGATIONS

The Academy Trust'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 Solihull Metropolitan Council. Both are defined-benefit schemes.

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

Contributions amounting to £69,149 (2013: £71,204) were payable to the schemes at 31 August 2014 and are included within creditors.

#### **Teachers' Pension Scheme**

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

#### Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. 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, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended.

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.

# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2014

### 16. PENSION AND SIMILAR OBLIGATIONS (continued)

#### Teachers' Pension Scheme (continued)

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 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. 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%.

#### Employer and employee contribution rates

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 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

HM Treasury has published the final Directions and the expected outcome of the TPS valuation is a total contribution rate of 26%. The new TPS employer rate will be 16.4% from September 2015. The rate is subject to confirmation following the scheme actuaries valuation report is finalised, and will be payable until the next valuation. The Public Service Pensions Act 2013 provides the legal framework for full actuarial valuations to be carried out every 4 years.

The pension costs paid to TPS in the year amounted to £399,858 (2013: £404,507).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £238,000, of which employer's contributions totalled £192,000 and employees' contribution totalled £46,000. The agreed rates for future years are 18.5 per cent for employers and is variable for employees.

#### Principal actuarial assumptions

	2014 %	2013 %
Rate of increase in salaries	3.85	4.15
Rate of increase for pensions in payment	2.10	2.40
Discount rate	3.90	4.50
Inflation (CPI)	2.10	2.40

# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2014

### 16. PENSION AND SIMILAR OBLIGATIONS (continued)

#### Local Government Pension Scheme (continued)

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

	2014 %	2013 %
Retiring today:		
Males	22.9	22.1
Females	25.5	24.8
Retiring in 20 years:		
Males	25.1	26.6
Females	27.8	26.7

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	7.0%	499	7.0%	428
Bonds	6.7%	201	7.8%	198
Property	6.2%	96	5.7%	88
Cash	0.5%	49	0.5%	41
Other	7.0%	262	7.0%	255
<b>TOTAL MARKET VALUE OF ASSETS</b>		<b>1,107</b>		<b>1,010</b>
Present value of scheme liabilities				
- Funded		(2,747)		(2,141)
<b>DEFICIT IN THE SCHEME</b>		<b>(1,640)</b>		<b>(1,131)</b>

The actual return on scheme assets was £118,000 (2013: £87,000).

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The return on bonds is assumed to be the gilt yield and corporate bond yield at the relevant date. The return on equities and property are then assumed to be a margin above gilt yields.

**Alderbrook School**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 31 August 2014

16. PENSION AND SIMILAR OBLIGATIONS (continued)

Amounts recognised in the statement of financial activities	2014 £'000	2013 £'000
Current service cost (net of employee contributions)	170	164
Past service cost	-	-
Total operating charge	<u>170</u>	<u>164</u>
<b>Analysis of pension finance income/(costs)</b>		
Expected return on pension scheme assets	66	49
Interest on pension liabilities	(101)	(85)
Pension finance income/(costs)	<u>(35)</u>	<u>(36)</u>

The actuarial gains and losses for the current year are recognised in the SOFA. The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is £604,000 loss (2013: £108,000 loss).

Movements in the present value of defined benefit obligations were as follows:	2014 £'000	2013 £'000
At 1 September	2,141	1,861
Current service cost	170	164
Interest cost	101	85
Employee contributions	46	47
Actuarial loss	320	-
Benefits paid	(31)	(16)
At 31 August	<u>2,747</u>	<u>2,141</u>
Movements in the fair value of Academy Trust's share of scheme assets:		
At 1 September	1,010	750
Expected return on assets	66	49
Actuarial (loss)/gain	(176)	38
Employer contributions	192	142
Employee contributions	46	47
Benefits paid	(31)	(16)
At 31 August	<u>1,107</u>	<u>1,010</u>

The estimated value of employer contributions for the year ending 31 August 2015 is £140,000.

# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2014

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### 16. PENSION AND SIMILAR OBLIGATIONS (continued)

#### Local Government Pension Scheme (continued)

The experience adjustment summary is as follows:

	2014 £'000	2013 £'000
Present value of defined benefit obligations	(2,747)	(2,141)
Fair value of share of scheme assets	1,107	1,010
	<hr/>	<hr/>
Deficit in the scheme	(1,640)	(1,131)
	<hr/>	<hr/>
Experience (losses)/ gains on share of scheme assets	(176)	38
Experience (losses)/ gains on scheme liabilities:	(242)	-

# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2014

### 17. THE FUNDS OF THE CHARITY

	Brought forward £	Income resources £	Resources expended £	Gains, losses and transfers £	Balance at 31-Aug-14 £
Restricted fixed assets funds:					
DfE/EFA capital grants	22,362,964	116,224	(405,587)	60,653	22,134,254
	<u>22,362,964</u>	<u>116,224</u>	<u>(405,587)</u>	<u>60,653</u>	<u>22,134,254</u>
Restricted general funds:					
Pension reserve	(1,131,000)	-	(13,000)	(496,000)	(1,640,000)
General Annual Grant	319,617	5,579,204	(5,533,523)	(60,653)	304,645
Other DfE/YPLA grants	-	617,224	(617,224)	-	-
	<u>(811,383)</u>	<u>6,196,428</u>	<u>(6,163,747)</u>	<u>(556,653)</u>	<u>(1,335,355)</u>
Unrestricted funds	600,629	585,887	(503,898)	-	682,618
	<u>600,629</u>	<u>585,887</u>	<u>(503,898)</u>	<u>-</u>	<u>682,618</u>
Total funds	<u>22,152,210</u>	<u>6,898,539</u>	<u>(7,073,232)</u>	<u>(496,000)</u>	<u>21,481,517</u>

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Agency (formerly the Young People's Learning Agency) by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy. The academy is allowed to carry forward up to 12% of the current GAG, and of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes.

The pension reserve deficit fund has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The Capital grants fund has been created to recognise the restricted grant funding received from all sources towards capital expenditure projects undertaken throughout the school. Transfers are made to the Capital grants fixed asset fund for expenditure incurred that is in respect of tangible fixed assets. Depreciation charged on those tangible assets is allocated to the fund.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 August 2014.



# Alderbrook School

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2014

### 18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Tangible fixed assets	60,653	(60,653)	22,404,254	22,404,254
Net current assets	621,965	365,298	-	987,263
Long term liabilities	-	-	(270,000)	(270,000)
Pension scheme liability	-	(1,640,000)	-	(1,640,000)
	<u>682,618</u>	<u>(1,335,355)</u>	<u>22,134,254</u>	<u>21,481,517</u>

### 19. MEMBERS' LIABILITY

Alderbrook School is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

### 20. CAPITAL COMMITMENTS

At the balance sheet date, the charitable company had no capital commitments.

### 21. COMMITMENTS UNDER OPERATING LEASES

	2014 £	2013 £
At 31 August 2014, the charitable company was committed to make the following payments during the next year under non-cancellable operating leases as follows:		
In respect of plant and machinery leases –		
expiring within one year	99,397	-
expiring within one and two years	-	83,406
	<u>99,397</u>	<u>83,406</u>

### 22. 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 considered inevitable that transactions will take place with organisations in which a governor may have an interest. All transactions involving such organisations would, of course, be conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

Fizz Yearbooks (which is a trading name of Fizz Digital Limited) is a company in which A McGill, a Trustee (until 18<sup>th</sup> November 2014) is a Director.

Transactions totalling £8,394 (2013: £7,684) net of VAT, relating to the purchase of stationery and related products took place in the period. An amount totalling £660 (2013: £nil) was outstanding at the year end.

Incentives Plus is a company in which A Scott, a Trustee is a Director.

Transactions totalling £1,065 (2013: £nil) net of VAT, relating to the purchase of stationery and related products took place in the period. There were no amounts outstanding at 31 August 2014 (2013: £nil).

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ALDERBROOK SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 13 September 2013 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Alderbrook School during the period 1 September 2013 to 31 August 2014 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 Alderbrook School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Alderbrook 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 Alderbrook School and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Alderbrook School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Alderbrook School's funding agreement with the Secretary of State for Education dated 1 August 2011 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 to 2014. 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 September 2013 to 31 August 2014 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 to 2014 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

**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 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Baker Tilly UK Audit LLP*

**BAKER TILLY UK AUDIT LLP**

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

Date

*15 December*

2014